

Impact of human resource management practices on the financial and operational performance of commercial banks listed on the Nigerian stock exchange

by
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ABSTRACT

Considering the increasing influence of globalisation and the nature of the present business environment, Human Resource Management (henceforth HRM) is important to ensuring organisations' existence and performance. Recognising this fact, several studies have investigated the relevance and impact of HRM in organisations. Notwithstanding such scholarly endeavours, these studies have neglected the impact of HRM practices on both the financial and operational performance of commercial banks listed on the Nigerian Stock Exchange (NSE). Therefore, this study has empirically examined the impact of HRM practices on the operational and financial performance of commercial banks listed on the NSE since the banking reform of 2009, relying on a mixed-method research approach that collected both primary and secondary data.

The primary data made use of questionnaires which were administered in 2023 among staff of selected banks to gain responses on the survey questions. The secondary data were based on financial reports sourced from the websites of the selected banks to determine the return on assets of those banks for the period 2011 and 2022. The data were analysed through descriptive and inferential statistics such as frequency counts and Pearson correlation coefficient.

The outcome of the research indicates that respondents believe that an HRM department and its activities were crucial to the banks (93.0%) and the employees (80.2%). Respondents further believed that HRM practices, such as the recruitment process (RP-56.4%), performance assessment (PAs-52.4%), training (T-52.4%) and compensation (C 51.3%) will influence the financial performance of the banks. Furthermore, they believe that HRM practices such as the RP, employee participation (EP) and training (T) influence operational performance in terms of product quality, productivity and new product development. There was a statistically significant relationship between HRM practices and financial performances (where $p < 0.05$, $p = 0.05$) except for RP (where $p > 0.05$, $p = 0.438$). Similarly, there was a statistically significant relationship between HRM practices and new product development, but none with productivity.

In conclusion, the study revealed that HRM offices and practices impact on the activities of commercial banks and therefore influence its financial and operational performance. However, the study admits the role of other variables and therefore suggests further investigation into isolating other variables when determining the impact of HRM activities on the ROA of organisations.

ABSTRAK

Inaggenome die toenemende invloed van globalisering en die aard van die huidige besigheidsomgewing, is Menslike Hulpbronbestuur (MHB) van kritieke belang om die voortbestaan en prestasie van organisasies te verseker. Met erkenning aan hierdie feit, het verskeie studies die relevansie en impak van MHB in organisasies ondersoek. Desnieteenstaande hierdie skoolastiese ondernemings, het hierdie studies die impak van MHB-praktyke op beide die finansiële en operasionele prestasie van kommersiële banke wat op die Nigeriese Beurs gelys is nagelaat. Hierdie studie het dus die impak van MHB-praktyke op die operasionele en finansiële prestasie van kommersiële banke wat op die Nigeriese Beurs gelys is sedert die bankhervorming van 2009 empiries ondersoek, deur gebruik te maak van 'n gemengde navorsingsbenadering wat sowel primêre as sekondêre data ingesamel het.

Die primêre data het gebruik gemaak van vraelyste wat onder die personeel van geselekteerde banke geadministreer is in 2023 om antwoorde op die vrae in die opname te verkry. Die sekondêre data is gebaseer op finansiële verslae wat van die webwerwe van die geselekteerde banke verkry is om die opbrengs op bates van daardie banke vir die periode 2011 tot 2022 te bepaal. Die data is geanaliseer deur beskrywende en inferensiële statistiek soos frekwensietellings en Pearson se korrelasiekoëffisiënt.

Die uitkoms van die navorsing dui daarop dat die respondente glo dat 'n MHB-departement en sy aktiwiteite deurslaggewend was vir die banke (93.0%) en die werknemers (80.2%). Respondente het verder geglo dat MHB-praktyke, soos die werwingsproses (56.4%), prestasiebepaling (52.4%), opleiding (52.4%) en kompensasie (51.3%) die finansiële prestasie van die banke sal beïnvloed. Verder het hulle geglo dat MHB-praktyke soos die werwingsproses, werknemerdeelname, en opleiding die operasionele prestasie sal beïnvloed ten opsigte van produkgehalte, produktiwiteit en nuwe produkontwikkeling. Daar was 'n statisties-noemenswaardige verwantskap tussen die MHB-praktyke en finansiële prestasie (waar $p < 0.05$, $p = 0.05$) behalwe vir die werwingsproses (waar $p > 0.05$, $p = 0.438$). Soortgelyk was daar 'n statisties-noemenswaardige verwantskap tussen MHB-praktyke en nuwe produkontwikkeling, maar geen verwantskap met produktiwiteit nie.

Ter afsluiting het die studie aan die lig gebring dat MHB-kantore en praktyke 'n impak het op die aktiwiteite van kommersiële banke en dus hulle finansiële en operasionele prestasie beïnvloed. Die studie erken egter die rol van ander veranderlikes en stel dus verdere ondersoeke voor om hierdie ander veranderlikes te isoleer wanneer die impak van MHB-aktiwiteite op die opbrengs op bates van organisasies bestudeer word.

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LIST OF ABBREVIATIONS/ACRONYMS

C	Compensation
CA	Competitive advantage
CBN	Central Bank of Nigeria
CP	Career Planning
CS	Compensation system
EP	Employee Participation
EWB	Employee well-being
FP	Financial performance
FPSB	Financial Performance Scoreboard
GTB	Guaranteed Trust Bank
HR	Human resource(s)
HRM	Human resources management
HRP	Human resource planning
ISO	International Organization for Standardization
JD	Job description
KPI	Key performance indicator
MSSC	Malaysian State Sports Council
NSE	Nigerian Stock Exchange
OLS	Ordinary Least Square
OP	Organisational performance
OpP	Operational performance
PAp	Performance appraisal
PAs	Performance Assessment
PAT	Profit after tax
PM	Personnel management
RBV	Resource-based View
ROA	Return on assets
ROE	Return on equity
ROI	Return on investment
ROR	Return on resource
RP	Recruitment Process
SD	Standard deviation
SEM	Structural Equation Modelling

SHRM	Strategic human resource management
SMEs	Small and medium enterprises
SPSS	Statistical Package for the Social Sciences
T	Training
UBA	United Bank of Africa
VRIN	valuable, rare, inimitable, and non-substitutable (resources)

CHAPTER 1

INTRODUCTION

1.1 Background to the Study

Due to globalisation, organisations or firms must constantly be prepared to face the challenges of the ever-increasing competition among several industries. This situation demands organisations to constantly develop new ways of incorporating modern knowledge into their activities (Dahie & Mohamed, 2017:78 Riana et al., 2020). As Daniel (2018) and Usman and Duggah (2014) posit, humans remain the most important organisational asset because humans can combine other resources to carry out organisational activities.

Consequently, human resources (HR) must be managed efficiently to support an organisation in achieving its set objectives. Human resource management (HRM) entails "the capability of organisations to train, develop, compensate and lead employees to improve business performance" (Usman & Duggah, 2014: 2).

Considering the present-day level of competition and constant change in the business environment, organisations, particularly in the service industry, must develop different means of optimising their resources, ensuring their survival and competitive advantage. Several studies have indicated that by managing valuable, rare, inimitable, and non-substitutable resources (VRIN), organisations can establish and maintain a competitive edge against their competitors in the same industry (Dahie & Mohamed, 2017). Chukwuka (2016: 2) defines HRM as "people's dimension in management since every organisation constitute people, acquiring their services, fine-tuning their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organisation are prerequisites to achieving organisational objectives". According to Daniel (2018), HRM's objectives in an organisation are to maximise human development and establish good working relationships across the organisation and other resources.

Throughout the world, an organisation's primary business purpose is to accomplish its initial goals. Such goals can be accomplished through the engagement and management of organisational resources. Chukwuka (2016) further opines that how these resources are used effectively and strategically makes the difference between organisations. It is a fact that human resources certainly determine the survival and growth of any business because, irrespective of

how perfect organisational regulations, ideas, objectives, and perspectives are, the execution is based on human beings. Therefore, to be competitive in the business environment, organisations need to be goal-performance oriented, and their HRM will play a key role in accomplishing the set goals (Chukwuka & Nwakoby, 2018; Minner, 1982).

Organisational performance (OP) has therefore been adopted as an indicator that gives evidence of the organisation's performance based on the obtainable business standard. An organisation is regarded as being "healthy" when its HRM practice results in profit-making (Omar, Ali & Masrom, 2020). With its attendant value over the years, the use of organisational performance in ascertaining the effectiveness of various forms of resource management has been widely adopted. The constant change in the business environment, influenced by globalisation, market deregulation, change in demand and many more, means that market competition has become the norm among organisations (Sabiou, Kura & Reni, 2018; Saleh, Zien & Kaid, 2014). This suggests that organisations cannot operate in an empty environment and must put together various resources to create the desired products and services.

In this connection, Chen (2005) notes that organisations, irrespective of their sector, are constantly searching for means to enhance their performance and accomplish competitive advantage (CA) over others in their sector. Nevertheless, recent studies are centred on understanding the mechanism of improving performance and ensuring competitive advantage to accomplish an improved organisational performance; however, management activities should be approached from an organisational behaviour perspective (Agami, Saleh & Rasmy, 2012; Sabiu et al., 2018).

Ultimately, human capital is regarded as one of the most essential resources in modern-day organisations because humans can combine many resources to achieve a CA over their competitors. The features of the human capital satisfy the VRIN criteria of the competitive resource developed by Barney (2001) and Gituma and Beyene (2018); hence the management of human resources is regarded as an essential component in present-day CA of any organisation. Undoubtedly, HRM activities over the years have transformed from mere organisation policy templates to the practice that ensures that organisations maintain their CA and performance. In other words, HRM practices can support organisations to be capable, non-rigid and more competent than their competitors through the engagement of activities and policies that ensure that recruiting, selecting, training and directing of skilled employees are done in the best possible manner for efficient use of other resources of the organisation (Dahie

& Mohamed, 2017). This can strengthen an organisation's performance and establish the needed CA.

In concluding this section, therefore this research sought to empirically investigate and analyse the influence of various HRM practices on organisational performance types such as financial and operational performance among the commercial banks listed on the Nigerian Stock Exchange (NSE).

1.2 Statement of Research Problem

The continuous existence of many organisations or firms, both in the short and long term, greatly depends on the competence of their HR and the way their resources are managed by the HR (Ugoani, 2020).

As a societal component, organisations demand synergy to sustain their infrastructure, technology, and operating environment. The primary agent that can make such synergy possible is the human element. The human agent is responsible for the blueprint, development, and organisational process, which allows the engagement of technology and infrastructure towards accomplishing the organisation's objectives. Organisations are therefore expected to carefully adopt the right HR strategies that influence the organisation's performance (Ugoani, 2020). Considering the increasing globalisation and the nature of the present business environment, HRM is important to ensuring organisations' existence and performance.

The financial institutions of Nigeria, particularly the banking sector, have witnessed various reforms (including the banking reform of 2009) to operate at a globally acceptable level, leading to various degrees of outcome among the banks. The banking reform of 2009 represented the post-intervention era of the Central Bank of Nigeria (CBN), refocusing more on the activities and importance of HRM to banks as they are restricted to banking activities only. Hence, there was a need to ensure that HRM practices guarantee expected performance outcomes.

Several studies have been conducted to establish the relationship between HRM and organisational performance from several industries (Dahie & Mohamed, 2017; Gitahi & K'Obonyo, 2018; Gituma & Beyene, 2018; Omar et al., 2020; Riana et al., 2020). However, many of these studies were conducted during the post-intervention era in Nigeria (Abosedo, Eze & Sowunmi, 2018; Ayanda, Lawal & Ben-Bernard, 2014; Chukwuka & Nwakoby, 2018;

Daniel, 2018; Sabiu et al., 2018; Ugoani, 2020; Usman & Duggah, 2014) and they were based on the financial performance (FP) indicators with or without the operational performance and for other industries other than the banking sector, thereby creating an academic gap which needs to be filled.

The present study therefore sought to empirically examine the impact of HRM practice on the operational and financial performance of commercial banks listed on the NSE since the post-intervention era.

1.3 Research Aim

The aim of the study was to empirically examine the impact of HRM practice on the operational and financial performance of commercial banks listed on the NSE.

1.3.1 Objectives of the Study

Following from the main aim, the specific objectives of the study included to:

- i. explore the HRM practices adopted by commercial banks listed on the NSE;
- ii. examine the trends in the financial performance of commercial banks since the post-intervention era;
- iii. assess the impact of HRM practice on the financial performance of the banks; and
- iv. assess the impact of HRM practice on the operational performance of the banks.

1.3.2 Research Questions

The research study provided answers to the following research questions:

- i. What HRM practices are adopted by financial institutions listed on the NSE?
- ii. What are the trends in the institution's financial performance since the post-intervention era?
- iii. What is the impact of HRM practice on the financial performance of the banks?
- iv. What is the impact of HRM practice on the operational performance of the banks?

1.3.3 Hypotheses of the Study

The null hypotheses tested were:

- i. There is no significant relationship between the HRM practice and the financial performance of commercial banks.
- ii. There is no significant relationship between the HRM practice and the operational performance of commercial banks.

1.4 Methodology

For this study, a pragmatic research philosophy and methodology were adopted because it deals with principles of HRM and its effect on organisational performance. In addition, it allows for the consideration of outcome(s) from the research to be essential, providing freedom to the researcher's choice of methodology, techniques and procedures that suit the research itself.

The paradigm adopted for the study was a methodology based on mixed-method research approach. The method allows the adoption of various quantitative and qualitative research techniques in a single study. In order for the researcher to explain the impact of HRM on performance of banks, a descriptive research approach was adopted. This is because the descriptive research approach helps to answer the question of "who, what, when, where, and how".

The research design or strategy selected for this study was a cross-sectional research strategy which is based on the survey research method. Survey research is a specific type of field study that involves collecting data from a sample of elements drawn from a well-defined population through a questionnaire (Visser, Krosnick & Lvrakas, 2002). The method also allows quantitative and qualitative approaches, which can be achieved through questionnaires, focus group discussions and key informant interviews. Survey research is an inexpensive method of conducting research, practical in the means of data gathering, efficient outcome, scalability and data gathering through multiple sources. These advantages notwithstanding, the survey research exposes research to the risk of dishonest feedback, indifference in the understanding of the phenomenon of interest and a lack of interest that could affect the validity and reliability of feedback.

The Cochran sample size and probability or random sampling methods were applied to five of the Tier 1 banks listed on the NSE to select 384 respondents. Data were collected from respondents using questionnaires with open-ended and close-ended questions. Additional secondary data were obtained from financial statements sourced from the CBN.

Completed questionnaires were collated, coded and analysed using Statistical Package for the Social Sciences (SPSS). Descriptive analysis and correlation analysis were used to interpret data. In order to analyse the relationship between HRM and operational and financial performance (Return on Assets - ROA), the Pearson correlation formula was used.

1.5 Ethical Considerations

Written requests for consent were addressed to the commercial banks, to permit their staff to participate in the study. A written consent form was also attached to the research instrument, allowing individuals (staff) to decide whether to participate in the study or not. The research instrument removed personal questions irrelevant to the study. Thus, no names were requested on the instrument (questionnaire), while information gained was used solely for this research. For the respondents, a consent form was placed on the front page of the instrument, which detailed the purpose of the study and allowed respondents to either accept or reject participation in the study.

The researcher had approached regional managers, or representatives, of the different banks and submitted letters requesting permission for the participation of each of their staff in the research (letter attached in Appendix I). The letters specifically requested support in the form of allowing their staff to participate in the study as respondents, by filling out the study questionnaires. Approval was granted by each of the banks and ethical clearance was also obtained from Stellenbosch University (Ref Number: MIL-2023-26420) to proceed with the study.

1.6 Significance of Study

The research is significant in a number of ways. Financial institutions, like other organisations in contemporary business environments, acknowledge the importance of effective HRM. Commercial banks, for instance, face enormous challenges from tough competition, globalisation and rapid technological development. These have constantly put more pressure on their organisational operations requiring them to be up to date. Consequently, banks have realised the importance of continually enhancing the capacity of their HR (personnel) capacity to ensure maximum performance outcomes.

This study will undoubtedly serve as a baseline for further investigation into HRM practices and organisational performance, contributing to the pool of knowledge in the field of

organisation resource management. The findings from the study will also give organisations insight into various attributes that could improve their performance.

1.7 Scope of the Study

The study was limited to commercial banks on the NSE under the category “Tier 1” banks based on the CBN categorisation for commercial banks in Nigeria. The banks included Guarantee Trust Bank (GTBank), Access Bank, Zenith Bank, First Bank of Nigeria and United Bank of Africa (UBA). The financial performance of the banks was based on the ROA which was based on the financial activities in the period 2011 to 2022.

1.8 Limitations

Based on the research methodology outlined, the limitations likely observed in this study included the following:

- i. The researcher might have to adjust to different settings in carrying out the study since the respondents (staff of banks) are located in multiple places.
- ii. The organisations (banks) could demand a drop-and-pickup-later approach for the questionnaires, and this might lead to loss of some questionnaires, or some might be unattended to by the respondents.
- iii. Some of the respondents could decide against participating in the exercise due to fear of indicting their organisation with their response.

1.9 Chapter Breakdown

The chapter layout of the study is as follows.

Chapter 1 begins with the Introduction. The chapter contains aspects such as background to the study, statement of research problem, research aim and objectives, research questions and hypotheses, significance of the study and scope of the study.

Chapter 2 focuses on the review of related literature (Literature Review) and Theoretical Framework. While the first aspect of the review focused on the conceptual clarification of related terms in organisations and commercial banks such as human resource management, human resource, operational performance, competitive advantage, among others, the second part of the review paid more attention to empirical review of studies within the field so as to

create clear research gaps in the previous studies in order to establish the relevance of the present study. The theoretical framework of the study was also explained in terms of how it is applicable to the current study.

Chapter 3, Research Methodology, discusses the research design adopted for the study as well as related aspects, such as sample size estimation, data collection instrument, method of data analysis and analytical framework adopted by the study.

Chapter 4 presents Results and the study's findings from data analysis based on the data collected from the respondents and other related sources.

Chapter 5, the final chapter, presents the Conclusion and Recommendations drawn from the findings of the study.

CHAPTER 2

LITERATURE REVIEW

The goal of this chapter is to review literature related to the study in terms of not only the conceptual clarification, but also the general objectives and perspectives of previous empirical studies, without losing sight of the research focus which was on the impact of human resource management (HRM) practices on the financial and operational performance of commercial banks listed on the Nigerian Stock Exchange (NSE). The chapter is therefore organised under various sub-sections in order to establish the relevance of the study and possible relationship or influence among the main variables of the study, that is human resource management and organisational performance (which is based on financial and operational performance). The review is captured under the following sub-sections: conceptual framework, theoretical framework, and empirical review.

2.1 Conceptual Framework

Based on the focus of this research, that is the impact of human resource management practices on the financial and operational performance of commercial banks listed on the NSE, it was essential to establish a foundational understanding of the key variables of the study. The study conceptually highlighted the variables, namely human resource management and its practices, financial and operational performance.

2.1.1 Human Resource Management and its Practices

Human resource management as a concept and its practices are generally familiar and many authors have established several definitions for human resource management based on their understanding. At the same time, there are continuous innovations around human resource management practices. Like any other field, human resource management, without a doubt, has faced various controversies in establishing the objectives, responsibilities, and functions of human resource management in an organisation. Among the new school of thought around human resource management is personnel management (PM) and strategic human resource management (SHRM). However, scholars like Osibanjo and Adeniji (2012) posit that human resource management is still going through a transformational stage.

While Storey (1995:23) defines human resource management as “a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques”, Byars and Rue (2004) see human resource management as "activities designed to provide for and coordinate the human resources of an organisation". In addition, Boxall and Purcell (2000:184) argue that “human resource management includes anything and everything associated with the management of employment relationships in the firm". To Boxall and Purcell (2000:184), the expression *anything and everything* as regards the management of employees implies that human resource management encompasses many attributes (operators) and must be perceived as a closed system where there is interaction and feedback among the attributes; hence, the human resource management practices.

Clarifying the concept further, Guest (1987) postulates four key dimensions of human resource management to include:

- i. *Commitment*: Employees are expected to identify the interests and goals of the organisations and be aligned and committed to achieving these goals.
- ii. *Flexibility*: Employees are expected to adapt willingly to change within the organisational structure without strife or prejudice.
- iii. *Quality*: High levels of performance attainment of an organisation depend on the quality of staff members and management of such an organisation.
- iv. *Integration*: It involves matching human resource strategies to the needs of the business strategy (Guest, 1987).

According to Osibanjo and Adeniji (2012), practices and operations of human resource management systems have replaced fundamental personnel management in organisations. Organisations with either few or large numbers of employees are said to have replaced the title 'personnel' department with 'Human Resource' department, although the practice still needs to be enforced. Worthy of mention is that human resource activities have been modelled in various dimensions.

For instance, Purcell and Ahlstrand's (1994) model identified nine (9) core activities in which human resource management departments should engage. They argued that these activities should apply to most medium and large organisations depending on the nature of their operations. The model is presented in Table 2.1 below.

Table 2.1: HRM Activities and Practices

HR Activities	HRM practices
Employment of HR	<ul style="list-style-type: none">• Human Resource Planning• Job Analysis and Design• Staffing Process• Retention• Socialisation
Management and Development of HR	<ul style="list-style-type: none">• Managing Careers• Performance Appraisal and Management• Employee Training and Management Development• Compensation Management• Occupational Safety and Health
Employee Relations	<ul style="list-style-type: none">• Grievance Handling• Disciplinary Action• Trade Unions• Collective Bargaining and Workers' Participation in Management

Source: Adapted from Osibanjo and Adeniji (2012)

Mathis and Jackson's (2006) model regarding the role of the human resource department is composed of seven (7) activities concerning external forces, such as legal, economic, cultural, political, technological, global, environmental and social, and how they interact with human resource activities.

Notwithstanding the various models, the present study adopted the model proposed by Osibanjo and Adeniji (2012), which cuts across activities such as employment of HR, management and development of HR, and employee relations. As such the human resource management activities and practices (operators) as listed in Table 2.1 was used in this research and questionnaire.

The human resource management practices adopted for the study based on their importance to the performance of financial institutions include Recruitment Process (RP), Performance

Assessment (PA), Employee Participation (EP), Training (T), Compensation (C) and Career Planning (CP) which cut across the three human resource management activities.

Recruitment Process (RP)

The recruitment process can be described as a series of operations employed by an organisation to attract competent and capable job seekers who can contribute towards the organisation's objectives (Alzu'bi, Omar & Aburumman, 2021). The recruitment process involves the decision-making process of selecting the most eligible candidates for a job opening from a large pool of applications. The primary significance of the recruiting process in human resource management is to mitigate the recruitment of unsuitable individuals for job assignments (Alzu'bi et al., 2021). There is a prevailing inclination to recruit individuals with similar perspectives and values in the business realm. Consequently, this practice gives rise to an organisation that is uniform and resistant to change, lacking diversity and adaptability. The core tenet of the selection process is gathering the most comprehensive information on candidates to assess their suitability for a particular work post. This endeavour is influenced by several elements that impact on the search for relevant information (Alzu'bi et al., 2021). In this context, the selection of applicants is facilitated by utilising diverse methodologies to evaluate their suitability for a particular post (Armstrong, Landers & Collmus, 2016). These methodologies encompass individual interviews, interviewing panels, selection boards and assessment centres. Implementing recruitment processes within organisations might present numerous barriers despite a well-established plan for choosing and engaging qualified management teams in these activities.

Performance Assessment (PA)

Performance assessment is a purposeful process of evaluating the level of success that an individual or organisation has attained in carrying out assigned activities or reaching established objectives within a specific timeframe (Obisi, 2011). This indicates that performance appraisal practises should be intentional rather than coincidental, requiring a diligent approach to assessing an individual's performance in completing their tasks. The overall objective of performance assessment is to enhance the productivity of an organisation by striving to harness the utmost potential of its employees (Cumming, 1972; Obisi, 2011). The assessments serve four purposes: conducting compensation reviews, facilitating the development and training of workers, organising job rotations, and assisting in promotions

(Obisi, 2011). Performance assessment is widely regarded as a crucial and essential tool for obtaining valuable information for the organisation that is highly beneficial in making decisions related to personnel matters, such as promotions and merit increases (Muriuki & Wanyoike, 2021). Performance measurements establish a connection between the collection of information and the process of making decisions, serving as a foundation for evaluating the efficiency of personnel sub-divisions, including recruitment, selection, training, and remuneration (Muriuki & Wanyoike, 2021; Obisi, 2011). Organisations must acknowledge that performance assessment is insufficient unless the appraisee is informed of their strengths and weaknesses. Without this knowledge, the appraisee's performance cannot be enhanced in the future, which ultimately undermines the purpose of periodic reviews.

Employee Participation (EP)

Employee participation refers to a range of practices that allows employees to be involved in making decisions about matters that affect them, resulting in a dedicated workforce (Triantafyllidou & Koutroukis, 2022). Employee participation refers to the inclusion of employees and their representatives in decision-making processes pertaining to the organisation's administration, particularly in matters that directly affect the employees (Njehia, Wasike & Muturi, 2019). Employee participation encompasses activities aimed at optimising employees' level of engagement in their work. The human resource management practices that improve employee commitment throughout the organisation are referred to as employee participation (Njehia et al., 2019; Wachira, 2013). Participatory management practice promotes equitable engagement of both managers and their subordinates in organisational decision-making, information processing and problem-solving activities (Njehia et al., 2019).

Employee participation has been associated with numerous advantages. According to Franca and Pahor (2012), employee participation impacts directly on the work environment. One possible solution to the problem of employees lacking control over their work and feeling disconnected is through involvement. Rothmann and Rothmann (2010) have observed that employees are prone to encountering physical, emotional and psychological anguish when they do not engage in their duties. Employees have the opportunity to participate in management at all levels. The variations are solely discernible in the extent and character of involvement (Kapur, 2020). The employees' engagement is contingent upon a multitude of conditions. These factors encompass the type of work, the type of tasks performed, the calibre of the workforce,

the culture of the organisation, the objectives of the organisation, and the terms and interactions with other members of the organisation (Kapur, 2020).

Training (T)

Training and development are crucial factors in ensuring that individuals have the appropriate skills, knowledge and abilities to fulfil their job responsibilities successfully. Thus, choosing appropriate training programmes guarantees staff the requisite competencies to manage the organisation effectively. This process is continuously enhanced by implementing optimal human resource strategies (Alzu'bi et al., 2021). In response to businesses' current and anticipated needs, the training and development process has adopted a strategic approach supported by several researchers. For instance, Stavrou, Brewster and Charalambous (2010) examined training and development practices in cross-national contexts. Apospori et al. (2008) posit that a significant portion of organisational performance is contingent upon training, necessitating a comprehensive training and development strategy to optimise staff productivity and enhance job quality (Alzu'bi et al., 2021). Furthermore, implementing such a strategic approach reduces staff turnover and absenteeism while contributing to employee motivation. In order to maintain a competitive advantage, organisations should prioritise integrating training and development initiatives into their strategic plans, aligning them with business objectives and performance outcomes (Alzu'bi et al., 2021).

Compensation (C)

Compensation refers to the remuneration or reward provided to an employee in exchange for their services rendered to an employer (Afriyie et al., 2020). It frequently relies on remuneration such as wages, salaries, incentives, or bonuses. Brown Sturman and Simmering (2003) perceive remuneration as a result of the reciprocal relationship between employees and the organisation, either as a justified entitlement for being an employee or as a form of recognition for exemplary performance. In business, compensation or pay is a pivotal component within employers' human resource management practices to oversee their workforce effectively. It is worth noting that compensation also represents a significant expenditure for employers (Usrof & Elmorsey, 2016). When negotiating an employment agreement, it is customary for the employee to focus primarily on the important concerns that are most apparent. The concise and lucid formulation of an employment agreement can effectively depict the duties and anticipations of both the employer and the employee to

mitigate potential disputes in the future (Usrof & Elmorsey, 2016). Numerous studies have demonstrated that compensation schemes are widely recognised as highly effective incentives for enhancing employee motivation and facilitating improvements in various crucial aspects of a productive work environment, such as safety, quality, creativity and innovation (Usrof & Elmorsey, 2016). The compensation system is a mechanism used to categorise employee behaviours, aiming to enhance their current positions and facilitate future prospects. Furthermore, it is widely held among scholars and practitioners that organisations with a higher level of employee engagement tend to outperform their counterparts in various aspects of organisational performance (Usrof & Elmorsey, 2016).

Career Planning (CP)

Career development is a programme within HR that involves intervention. A career refers to the overall path that individuals select to follow in their jobs throughout the course of their lifetime (Yahya, Yean & Idris, 2014). It goes beyond simply expediting career progression through a structured system that categorises members of an organisation based on authority levels, responsibilities, financial rewards and time dedicated to work. Career planning is a deliberate process of recognising the opportunities and limitations present in the work environment, as well as setting career goals that involve determining the direction, timing and necessary actions (Khan, Samsudin & Ismai, 2015). It also enables employees to proactively adapt to change and develop confidence in how organisational changes align with the evolving environment (Alzu'bi et al., 2021). Additionally, it enhances job prospects and broadens the range of duties accessible to workers, thereby augmenting the organisation's worth through its growth and commitment to its workforce (Alzu'bi et al., 2021). A well-designed career development plan facilitates identifying and utilising internal talent, enabling the organisation to connect employee skills and capabilities with organisational objectives. This tool also enables managers to make well-informed decisions on compensation, succession planning, recruitment, and employee retention, fostering employee engagement and driving performance (Alzu'bi et al., 2021).

In this sub-section, human resource management as a concept and its practices were discussed. Various related human resource management practices based on four key human resource management activities were mentioned and elaborated on to better understand human resource management practices associated with banking activities. The next sub-section will discuss the

organisational performance and focus on two types of organisational performance, that is operational and financial performance.

2.1.2 Organisational Performance

Performance is the ability to achieve a specific task or action. To ascertain the extent of the performance, it is measured against attributes such as accuracy, speed, costs and levels of completeness (Lebas, 1995). Peterson, Gijbers and Wilks (2013) note that organisational performance is primarily centred on the ability and capability of an organisation to engage its accessible resource effectively, leading to the achievement of its set goals. Considering this, Moulin (2005) defines organisation performance as "an analysis of an organisation's actual performance compared to the preset goals and objectives". Performance assessment practices entail the mechanisms developed to measure the extent of performance of a system over a specific benchmark (such as overtime, output, etc.). Performance assessment can be regarded as an analytical tool that records measures, shows outcomes and determines subsequent actions in the process (Jenatabadi, 2015). According to Kamau (2016), performance practices include:

- i. *Metrics* include management of the organisation processes, clear roles and responsibilities, continuous learning and model success.
- ii. *Approaches* include financial and non-financial approaches. According to Jenatabadi (2015), the central focus of financial performance measures is generally on the resulting impact on production activities and financial characteristics such as profit, while non-financial performance focuses directly on actual production activities such as product quality and lead time.
- iii. *Tools* include key performance indicators, balanced scorecards, self-evaluation and feedback.
- iv. *Processes*.

Considering the focus of this study, the impact of human resource management practices on the financial and operational performance of commercial banks listed on the NSE, organisational performance based on the "Approaches" practice was adopted for the study. Hence, the organisation's financial and non-financial (interchangeable with "operational" henceforth since it focuses on production and related operational activities) performance needs further exploration in the next sub-section.

2.1.3 Operational Performance

Performance assesses the proficiency with which a reporting entity succeeds by the economic acquisition of resource and their efficient and effective deployment in achieving its objectives. Performance measures may be based on non-financial as well as financial information (Barrett, 2004). It is the process of developing measurable indicators that can be tracked systematically to assess progress made in achieving predetermined goals and using such indicators to determine progress in achieving these goals (Busco et al., 2006). The essence of performance is the creation of value, which is the essential overall performance criterion for any organisation.

Operational performance is the backbone of organisational performance (Salem, 2003). Organisational performance is the capability of an organisation to fulfil its mission through governance, excellence and dedication to meeting its goals and objectives. Operational performance, on the other hand, is the performance of an organisation against its set standards, such as waste reduction, productivity, cycle time, environmental responsibility and regulatory compliance (Kamau, 2016). According to Azim, Ahmed and Khan (2015), Operational performance refers to the measurable aspects of the outcomes of an organisation's processes such as reliability, production cycle time and inventory turns. Operational performance, in turn, affects business performance measures such as market share and customer satisfaction (Voss, Åhlström, & Blackmon, 1997).

Operational performance determines organisational performance. The operations in an organisation should be efficient and effective to achieve organisational goals. Effectiveness is the extent to which customers' needs are fulfilled, whereas efficiency measures how economically the organisation's resources are utilised. To enable the accurate assessment and evaluation of Operational performance, the correct measurement approaches must be designed, implemented and maintained well by the users of the particular process. They may identify the necessity of measuring the effectiveness of process, efficiency, quality impact and the overall productivity (Kamau, 2016). A systematic performance measurement system should be in place to achieve operational excellence in the financial sector.

Operational performance measures assess the firm's non-financial aspects, including workforce development, customer satisfaction, on-time delivery, product quality, innovation measures, attainment of strategic objectives, market share efficiency, productivity, leadership

and employee satisfaction (Kaplan & Norton, 1996). Unlike the financial measures that focus on the past and present state of the firm, non-financial or operational measures focus on the future survival of the firm. Ibrahim and Lloyd (2011) posit that high performance on non-financial performance measures is positively related to future financial performance. In this way, non-financial performance measures could prompt management to enhance the organisation's long-term goal.

2.1.4 Financial Performance

According to Singh et al. (2016), organisational performance lies at the heart of an organisation's existence and operations, and organisational performance can be examined based on the financial performance of an organisation, such as ROA and return on equity (ROE), market outputs (Tobin's q, market share, stock price and growth), human resource management practices (satisfaction, commitment) and operational performance (productivity, service quality, new product development) (Singh et al., 2016).

Financial performance principally reflects business sector outcomes and results that show the overall financial health of the sector over a specific period. It indicates how well an entity is utilising its resources to maximise the shareholders' wealth and profitability. Although a complete evaluation of a firm's financial performance considers many other measures, financial ratios are the most common performance measurements used in finance and statistical inference. Financial performance is the extent to which a company's financial health is measured over time. In other words, it is a financial action used to generate higher sales, profitability and worth for a business entity for its shareholders through managing its current and non-current assets, financing, equity, revenues and expenses. Its primary purpose is to provide complete point information to shareholders and stakeholders to encourage them to make decisions. It can be used to evaluate similar companies from the same industry or to compare industries in aggregation. Roberts and Amit (2004) adopted return on asset to estimate bank performance, while Zuniga-Vicente, de La Fuente-Sabate and Suarez-Gonzales (2004) used five financial performance measures: return on asset, return on equity, proportional growth in market share, growth in assets, and solvency to estimate bank performance.

From the above review, the measuring indicators of organisational performance adopted for the study based on their importance to the performance of financial institutions include

measurement. It is argued that the more effective HR is, the higher the ROA ratio will be. A higher ROA or return on investment (ROI) signifies a more favorable return based on superior organisational performance. The value mentioned in the statement reflects the financial gain obtained by the organisation by providing various resources (such as funding) to the organisation (Akinroluyo & Adeoti, 2022; Wild, 2005).

Return on asset (ROA) is a metric that measures an organisation's ability to generate profits using its assets. A higher ROA indicates that the organisation generates more profits relative to its assets (Akinroluyo & Adeoti, 2022). The higher the reported ROA, the greater the potential benefits for future growth and sustainability.

However, an asset represents economic resource owned and controlled by individuals or organizations. These assets do not include the people, processes, training and other activities that contribute to the after-tax returns earned. This is where a measure such as Return on Resource (ROR) could be considered. ROR is an internal metric employed to assess the effectiveness of an organisation in generating profits through utilising its resources (Akinroluyo & Adeoti, 2022; Wild, 2005). The efficacy of resource management within organisations is shown in the remarkable yield achieved, indicating the extent to which resources are utilised effectively to benefit each dollar of contributed assets (Akinroluyo & Adeoti, 2022).

From this review, it can be argued that there is link between ROA and HRM. As explained in previous paragraphs, ROA is the result of the product of profitability and the effective use of assets. Both these measures can be influenced with HRM activities and processes focussing on the improvement of the employee's ability to save on expenses and improve productivity and profitability.

The section has created a foundational understanding regarding the key concepts (HRM, organisational performance based on operational and financial performance) of the study. The next section will consider various theories that have been adopted over the years to explain the possible influence of HRM on performance.

2.2 Theoretical Framework

A few theories have been adopted in explaining the relationship or impact of human resource management and organisational performance on organisational activities, including resource-

based theory, human capital theory and expectation theory of motivation. It is the focus of these theories to establish the link between human resource management as an aspect of resource (resource-based theory), how various human resource management practices can improve or influence the set of skills required by an organisation (human capital theory), and how these skills and practices can motivate or lead to better performance in terms of financial performance and operational performance (theory of motivation).

2.2.1 Resource-based View (RBV) Theory

The resource-based view (RBV) is a perspective that highlights the crucial importance of resource and capabilities in generating a competitive advantage (McGee, 2014). The entire nomenclature for resource, skills, competencies, and capabilities has been transformed into a theoretically robust language of core competencies, strategic assets and distinguishing capabilities (McGee, 2014). The RBV theory of the firm blends concepts from organisational economics and strategic management (Barney, 2001). A fundamental assumption of this view is that organisations can be successful if they gain and maintain a competitive advantage (Porter, 1985).

Competitive advantage is gained by implementing a value-creating strategy that competitors need help to copy and sustain easily (Barney, 2001) and for which there are no ready substitutes. For competitive advantage to be gained, two conditions are needed. First, the resources available to competing firms must be variable among competitors, and second, these resources must be immobile (i.e. not easily obtained). Three types of resources associated with organisations are:

- i. Physical (plant; technology and equipment; geographical location);
- ii. Human (employees' experience and knowledge); and
- iii. Organisational (structure; systems for planning, monitoring, and controlling activities; social relations within and between the organisation and external constituencies).

Considering various approaches of resource-based empirical studies in financial (banking) organisations, Lin, Timothy and Gao (2010) opine that approaches related to bank resources, operation, and performance have the exceeding capacity to extend the RBV theory from just being a theoretical framework to a practical framework for a manager in the banking industry. The RBV theory attempts to elaborate an organisation's sustainable competitive advantage and performance (Lin et al., 2010; Peteraf, 1993), while studies have shown that the attribute of

banking activities cause competitive strategies to be adopted quickly, sustainability of competitive advantage remains challenging to attain (Lin et al., 2010; Zuniga-Vicente et al., 2004). However, scholars of the new school of thought indicate HRM as a means to sustainable competitive advantage.

HRM greatly influences an organisation's human and organisational resources and can be used to gain a competitive advantage (Schuler & Macmillan, 1984). Presumably, the extent to which HRM can be used to gain competitive advantage, and the means of doing so, are partly determined by the environments in which organisations operate (Wright, McMahan & McWilliams, 1993). For example, in some industries, technologies can substitute for human resources. In contrast, in others, the human element is fundamental to the business; to illustrate, the contrast between labour intensive and knowledge-intensive industries. The latter context may be more conducive to the use of HRM to gain a competitive advantage.

The next sub-section will consider the human capital theory and how it is connected to human resource management and organisational performance.

2.2.2 Human Capital Theory

Human capital represents a set of skills and assets possessed by individuals that can be used by an organisation to achieve its goals. Therefore, this section examines the theory of human capital and its influence on the subject of HRM and performance.

According to Goldin (2016), human capital is the talents the labour force possesses, which are considered valuable resources or assets. The concept entails the idea that investments in individuals, such as in education, training and health, can enhance their output. From an economic perspective, human capital refers to the productive capabilities of people (Becker, 1964). Skills, experience and knowledge have economic value to organisations because it enables them in being productive and adaptable; thus people constitute the organisation's human capital. Like other assets, human capital has value in the marketplace. Still, unlike other assets, the potential value of human capital can be fully realised only with the person's cooperation. Therefore, all costs related to eliciting productive behaviours from employees, including those related to motivating, monitoring, and retaining them, constitute human capital investments made in anticipation of future returns (Flamholtz & Lacey, 1981). Organisations can use HRM to increase their human capital (Cascio, 1991; Flamholtz & Lacey, 1981). For example, they can "buy" human capital in the market (e.g. by offering extensive training and

development opportunities). Investments of either type have associated costs, justifiable only to the extent that the organisation can utilise the accumulated capital productively (Tsang, Rumberger & Levin, 1991). In human capital theory, contextual factors such as market conditions, unions, business strategies and technology are essential because they can affect the value of the organisation's human capital and the value of the anticipated returns, such as productivity gains (e.g. Boudreau & Berger, 1985; Russell, Colella & Bobko, 1993).

Considering the relationship between human resource as a theory and management, Chan (2002:23) notes that “the new competitive advantage and the new barrier for organisations of the 21st century is the knowledge of human resource”. According to Buta (2015), knowledge is the most crucial resource of an organisation and belongs to the employee, and any activity affecting the employee affects such knowledge management. Furthermore, knowledge as economic resource consists of knowledge, intellectual capital and time, and human is the only resource that manipulates these attributes to effect productivity, hence, holding the central position of an organisation resource (Buta, 2015). If humans are considered the primary source of sustainable competitive advantage, then who is better at managing such HR than humans?

The next sub-section will consider Expectancy Theory of Motivation and how it is connected to human resource management and organisational performance.

2.2.3 Expectancy Theory of Motivation

For every activity, human expectation could be the basis for their motivation to perform well in such activity, and such notion has been examined through the expectancy theory of motivation, which is discussed in this sub-section.

According to expectancy theory, individuals are driven to perform when they are aware that their additional effort will be acknowledged and compensated (Vroom, 1964). This theory was developed by Vroom (1964); it has to do with what motivates employees to perform. It can also be related to what motivates an organisation to attain efficiency and effectiveness in pursuing organisational goals. An expectancy approach postulates that an employee's motivation level depends on three fundamental beliefs: expectancy, instrumentality, and valence.

Expectancy refers to the employee's perception of the likelihood or possibility that their efforts will enable them to attain the desirable performance goal instrumentality; on the other hand, performance will be followed by a particular favourable outcome.

Instrumentality is the belief that a person will receive a reward if the performance expectation is met. This reward may present itself in the form of a pay increase, promotion, recognition or sense of accomplishment.

Valence refers to an outcome's value for the employee contemplating it (Ezigbo, 2011). The implications of the expectancy theory to managers of organisations are memories. In the first instance, the increased expectancy enables a work environment that facilitates good performance, sets realistic, attainable performance goals, and provides employees with training, support and encouragement. These give them confidence that they can perform at the expected levels of extent, referred to as a confidence-building theory. This is so because the motivation, which the expectation stirs in employees, persuade them to action and injects the confidence that their performances can enable them to attain higher goals. Also, think about the fact that people want to get out to work, what they will provide and what has not presently been obtained but could be obtained in the nearest future, encourage high performance. All these, therefore, make performance instrumental to a positive outcome in an organisation (Ezigbo, 2011).

This section has considered three theories and their foundational application to the study of human resource management and organisational performance. The theories combined the aspects of resources (human and others), human capital (skills, assets) and their expectation to achieve the expected performance. The next section of the chapter focuses on the empirical studies that examine the association and influence of human resource management and organisational performance based on operational and financial performance.

2.3 Empirical Review

Over the years, various studies have been conducted in relation to human resource management and organisational performance using a series of methodologies and theories. This section/sub-section therefore focuses on empirically reviewing some of these studies as a means to establish the link with the present study as well as the extent the present study can reach.

2.3.1 Human Resource Management Practices

The importance of human resource management as a essential part of the organisation is well acknowledged worldwide, to the point where many organisations have created a dedicated department specialised in dealing with human resource issues and its management. HRM's contribution to any organisation's success cannot be overemphasised. Human resource management has become an essential aspect in the strategic means of CA in the operations of many organisations as it is capable of bridging the gap between employee performance and the organisation's desired objectives (Heracleous & DeVoge, 1998; Korang-Yeboah et al., 2021). Therefore, this sub-section considers previous studies regarding human resource management and its practices.

According to Quansah (2013), HR departments provide significant benefits to organisations if properly managed and handled by capable staff. Rana and Malik (2017) note that human resource management practices entail selection, training, compensation, performance assessment and employee involvement, which all contribute to and form the basis for organisational human capital operation.

The study conducted by Korang-Yeboah et al. (2021) to understand the current HRM practices among organisations indicated a great awareness of human resource management practices and acknowledgement of the practices in employee motivation, commitment and achievement of organisational goals. In the same vein, Nwachukwu and Chladkova (2017) posit that there is a significant correlation existing between human resource management practices and employees' compensation and satisfaction. Haider et al. (2015) in their study also concluded that there was a positive and direct correlation between HRM practice and employee's retention, while Sanchez, Marin and Morales (2015) assert that the HRM practice through high-performance work models indicated a positive impact on firm performance.

Chong, Ngolob and Palaong (2020) note that ineffective HRM practices bring about inadequate interest from employees, insufficient management support and a lack of employee engagement in decision-making; however, HRM practice could improve efficiency and support the productivity of employees effectively. On his part, Mensah (2014) argues that human resource management practices such as compensation, work-life balance and employee engagement are important to workers and the capability of an organisation to retain their workers. Furthermore, compensation is significant to every employee, considering that it creates a form of security

and can influence the commitment and performance of employees, and human resource management can help in achieving this.

Klein (2014) notes that employees are motivated and perform efficiently when the work is supported and engaged in various human resource management practices such as training and development, performance feedback, social support, and supervisory coaching. In concluding the significance of HRM practices, Chong et al. (2020) notes that HRM aims to ensure maximum productivity of an organisation through efficient and effective engagement of various resources, specifically HR (employees). Syed et al. (2014) notes that various HRM practices are essential to organisational performance. Specifically, training and development practices are closely linked to the ability to deliver quality services and overall growth. Furthermore, Syed et al. (2014) assert that financial institutions' recruitment and selection mechanisms have contributed to better performance.

Otoo (2019) examined the mediating influence of employee competency on the connection between human resource management practices and organisational success. In the study, 600 employees from a specific sample of hotels were provided with a standardised questionnaire to collect pertinent data. The collected data were then analysed using Structural Equation Modelling (SEM). The research study discovered that HRM practices play a crucial role in determining the competence of employees. Additionally, the study indicated that the relationship between human resource management practices and organisational performance is mediated by employee competence.

Taib et al. (2018) examined the mediating function of employee engagement, a constituent of employee outcomes, within the relationship between human resource management practices and organisational performance. A sample of 318 public sector employees in Malaysia was utilised to collect data, which was subsequently examined using SEM. The findings indicate a statistically significant correlation between HRM practices and levels of employee engagement. The research also revealed that employee engagement is crucial in mediating the relationship between HRM practices and organisational success.

Daniel (2018) opines that HRM involves target setting, co-operating value ethics, recruitment, remuneration, training, reward/recognition and retention. However, the main focus for HRM is to make sure that the best workforce is maintained and kept away from their competitors.

Therefore, attributes such as job fulfilment and staff attitudes must receive the necessary attention due to their influence on organisational wellness and effectiveness.

Jiang et al. (2012) examined the influence of HR on organisational performance, focusing specifically on the intervening elements that affect this relationship. The research collected data from 31,463 companies, which were analysed in 116 scholarly pieces. These articles collectively represented 120 distinct and impartial samples. The data were subjected to analysis using a Structural Equation Model. The study identified three components (training, compensation, and career planning) inside HR systems that positively affect employee behavioural outcomes and OP. The correlation between HR practices and organisational performance was also proven. The researchers discovered that one standard deviation (SD) rise in HR practises resulted in a corresponding SD increase in a firm's financial performance, with values of 0.13, 0.18, or 0.09 (Jiang et al., 2012). Positive changes in resource management implies increased financial performance.

This sub-section has been able to establish the importance of HRM and its practices to organisations in general. To further establish the influence of human resource management practices, the next sub-section of the empirical review will focus on studies related to human resource management practices and organisational performance.

2.3.2 Review of HRM Practices and Organisational Performance

Organisational performance forms the basis for the survival of an organisation. In business and management-related studies, organisational performance is the "central outcome" variable concerning different management entities such as HRM, marketing, operations management, international business, strategy and information systems (Singh et al., 2016). Operationally, for research basis, organisational performance can be examined based on the financial performance of an organisation such as ROA and ROE, market outputs (Tobin's q, market share, stock price and growth), HRM practices (satisfaction, commitment) and OP of an organisation (productivity, service quality, new product development) (Singh et al., 2016). Therefore, this sub-section reviews empirical studies on the association of HRM practices and organisational performance.

According to Singh and Gupta (2016), organisational performance is a essential variable in research related to management studies. In contrast, organisational performance has been combined with various key performance indicators (KPIs) to measure performance. In this

regard, Da Silva and Borsato (2017) assert that for an organisation to survive the present market competition, organisations need to monitor their practice and ascertain their performance through various KPIs with different performance criteria.

Usman and Dugguh (2014) adopted HRM attributes such as recruitment, training, mentoring and compensation in the performance assessment of a tertiary institution. They noted that the effectiveness of such practices can enhance the institution's performance. Mutua, Karanja and Namusonge (2012) express the need for balancing in the study of organisational performance through various KPIs such that the role and contribution of employees should form the foundation of the performance indicators. According to Dahie and Mohamed (2017), organisational performance is becoming much more significant and essential, especially for a highly dynamic market with higher competition, such as the banking system. Furthermore, attributes such as recruitment and selection have become important aspects of organisations concerning their employees, which form the basis for their performance and competitive advantage.

Through HRM-related attributes such as recruitment and selection, compensation and reward and assessment management, Dahie and Mohamed (2017) examined the organisational performance of the telecommunication industry. Using the questionnaire and correlation coefficient analysis, the study found that OP influenced HRM-related attributes significantly positively. The result of regression analysis found that the three attributes had statistically significant, positive and direct effects on organisational performance. Yazam and Ahmid (2011) opine that various HRM practices are positively correlated with organisational performance, and several studies have provided details of their tested relationship between the HRM practices and other KPIs to ascertain the organisational performance of organisations/institutions.

Tensay and Singh (2020) reported a positive correlation between human resource management practices and organisational performance in the public service sector in Ethiopia. Researchers have asserted that providing essential services to residents plays a crucial role in facilitating the development of HRM by enhancing service quality and customer satisfaction. Kitchot, Siengthai and Sukhotu (2021) discovered a clear and immediate impact of human resource management on business performance in the context of employees in Thailand. Researchers have asserted that human resource management plays a pivotal function as a strategic partner

in assisting the organisation in developing the necessary skills and abilities to implement its goals.

Akeel et al. (2019) indicates no statistically significant correlation between human resource management practices and the performance of employees in Libya's construction business. In their study, Hameed and Mohamed (2016) found no significant correlation between performance appraisal and organisational performance. Effective management in the appraisal system is not necessary for organisations to improve performance. Furthermore, the act of participating has a substantial impact on the performance of an organisation (Jashari & Kutllovci, 2020). Prior studies have indicated a discrepancy with the findings of Hanci-Donmez and Karacay (2019) since they have not discovered a correlation between participation and organisational performance.

According to Milon (2019), inadequate investment in HRM has led to adverse consequences for employees. This issue has hindered the organisation's operational efficiency. In a study conducted by Jashari and Kutllovci (2020) on the manufacturing industry in Kosovo, it was found that there is a notable correlation between recruiting and selection practices and organisational success. Demonstrating high professionalism during the hiring process will enhance the organisation's performance significantly (Jashari & Kutllovci, 2020).

Employees will exhibit greater confidence and motivation when participating in organisational objectives and the decision-making process (Tensay & Singh, 2020). This suggests that the organisation's provision of opportunities for open communication can enhance employee motivation. The outcome was consistent with a previous investigation conducted by Tensay and Singh (2020) regarding the correlation between the two variables. Providing employees with the chance to share their thoughts and comments fosters a sense of freedom and increases the likelihood of success for the organisation (Tensay & Singh, 2020).

Omar et al. (2020) assessed the relationship between human resource management practices and organisational performance in the construction industry through the employees' skills, attitudes, and behaviour. The study adopted 219 respondents from construction companies, and the gathered data were analysed using the SEM approach. The outcome showed an improved performance as a result of effective organisational management, indicating that effective HRM practice is essential in the industry to maintain competitiveness among their counterparts across the world.

Usman and Dugguh (2014) assessed tertiary institutions' HRM practices and organisational performance. The study posited that HR is an important asset in an organisation's well-being in present-day activities and, therefore, must ensure an attractive and healthy atmosphere to retain its human resources. The outcome indicated that human resource management activities, such as job design, recruitment, training, compensation, appraisal, mentoring and delegation, are important to organisational performance.

The link between HRM and organisational performance has been studied from several regions for different organisations and institutions, with varying outcomes. While most studies revealed that HRM positively and significantly affects organisational performance, few found an insignificant impact. For example, a study by Otulia et al. (2017) on the effect of organisational resources on the organisational performance of the International Organization for Standardization (ISO) certified organisations, indicated a reduction in performance. The study indicated that a lack of managerial capacity from the workers and inefficient use of resources leads to poor performance. Also, Gituma and Beyene (2018) note that adequate planning and implementation of HRM practices might yield a different organisational performance. Alinno and Igwe (2017) found that HRM, applied through recruitment and selection, has yet to enhance privatised firms' performance, especially their capacity to participate in international business competition.

Safwan et al. (2023) investigated the relationship between human resource management practices and organisational performance among employees of the Malaysian State Sports Council (MSSC). They utilised the Social Exchange Theory as a framework for their analysis. A total of 280 employees from the MSSC participated in this survey. The study instrument comprised 35 items that assessed human resource management practices and organisational performance. The data were subjected to regression analysis. The findings indicate a strong and direct correlation between HRM practices and organisational success among MSSC personnel. Ultimately, the organisation's exceptional framework of HRM practices facilitates employee dedication and adherence to organisational objectives. Future researchers should expand the study's sample to include other areas or public and private organisations to measure human resource management practices and organisational performance.

Zamzam et al. (2023) investigated the impact of human resource management practices on organisational performance, the impact of situational leadership on human resource management practices and organisational performance, the impact of employee involvement

on organisational performance, the impact of HRM practices on employee engagement, the impact of situational leadership on employee engagement, the impact of HRM practices on organisational performance through employee involvement mediation and the impact of situational leadership on organisational performance through employee engagement mediation. Participants in the study were public officials from the Secretariat of the Regional People's Representative Council of Kendari City, Indonesia. There were a total of 64 respondents. The sample selection technique used was the saturation approach, resulting in a sample size of 64 respondents and utilising questionnaires to gather data. The research model was characterised by its structural nature; hence the data were analysed via the smart PLS version 3 software. The practice of HRM, the study found, impacts positively on organisational performance, but this impact is not statistically significant.

Although few studies reported no influence or correlation between HRM practices and organisational performance, the review of studies in this sub-section indicates that HRM practices can have a positive influence on organisational performance; hence, effective HRM practices must be encouraged among organisations. Having established from the previous section on the conceptual framework that organisational performance can be measured from the perspectives of operational and financial performance, the next sub-section of the empirical review focuses on studies related to human resource management practices and organisational performance.

2.3.3 Review on HRM Practices and Operational Performance

In this sub-section, a review of empirical studies on the association of human resource management practices and operational performance is discussed.

Sothan, Baoku and Xiang (2016) examined the correlation between commitment and employee innovation. Employing SEM to analyse data collected from a sample of 342 respondents selected from hotels in Cambodia revealed that dedication plays a significant role in determining employee inventiveness, a crucial aspect of employee competence.

Riana et al. (2020) examined the HRM practices in establishing operational performance and innovation. The study engaged managers and middle managers from various small and medium enterprises (SMEs) in Bai, Indonesia, in examining the relationship using Likert scale questionnaires in data gathering. The outcome indicated that HRM significantly influences operational performance and innovation, and that innovation can improve operational

performance. The study concluded that a lack of attention to investments in human resources is one of the barriers to SMEs creating innovation.

Abosedo et al. (2018) assessed Nigeria's HRM and banks' performance. The study adopted reward management, employee performance management and employee resourcing attributes for HRM practices and non-financial performance attributes such as market share, employees' satisfaction, efficiency, productivity and service quality. Using Ordinary least squares (OLS), it was deduced that HRM affects banks' non-financial performance significantly. Furthermore, attributes such as reward management and employee performance management both have a significant effect on the non-financial performance of banks in Nigeria. However, the study revealed that employee resourcing does not have a significant effect on the non-financial performance of banks in Nigeria.

Ogunyomi and Bruning (2015) reveal that HRM positively relates to SMEs' financial and non-financial performance. Similarly, the impact of human resource management practice and telecommunication firms' performance was investigated by Dahie and Mohamed (2017), revealing that a direct relationship exists between human resource management and telecommunication firms' performance in Somalia. Onyinyechi and Ihendinihu (2017) found that human resource accounting affects the profit after tax positively and significantly of firms quoted on the NSE. Ezejiofor, John-Akamelu and Iyidiobi (2017) found that increased staff salary and retirement benefits affect organisational profitability directly and significantly.

Chukwuka and Nwakoby (2018) assessed the influence of HRM practice on employee retention and performance. The research indicated a positive and significant relationship between HRM practice and employee retention and performance. According to the study, HR is an important asset to an organisation in managing the performance, cost reduction and retaining skilful human resources needed to maintain competitive advantage.

Ngwenya and Aigbavboa (2017) explored the mechanism for enhancing employees' productivity in construction organisations through HRM practices, and the outcome indicated that HRM practices improve productivity and employee performance in the organisation. According to the study, the practice of HRM, if adequately established, can improve productivity and workers' performance, gaining and maintaining competitive advantage.

On his part, Arulrajah (2017) investigated the possibility of enhancing the productivity and quality of an organisation through HRM practices through a systematic review. The finding

indicates that human resource and HRM practices can improve productivity and quality enhancement and develop an organisation's quality and productive culture. In addition, organisations must introduce and sustain productivity and quality, promoting HRM systems, policies and practices through organisation HRM practices with effective feedback mechanisms, necessary to promote productivity and quality enhancement. In practice, it should work as a cycle or spiral model to ensure productivity and quality incessantly. HR professionals must always focus on productivity and quality management by embedding these in all HRM systems, policies and practices.

Juliana et al. (2019) examined the impact of HRM development on the performance of organisations based on the RBV theory by Barney (2001). The outcome identified employee remuneration and training and development costs to have a significant impact on the performance of organisations; however, the extent of responses showed a non-significant impact on the operational performance among the studied organisations.

Fatima and Izhar (2020) observed a direct relationship between HRM practices such as training and development, compensation, and organisation innovation, which are significant in manufacturing and services organisations. Through an empirical systematic review, Easa and El Orra (2020) established the relationship between HRM practices and innovation, and their finding indicates an association between HRM practices and product innovation. However, more empirical findings are required for more specific attributes contributing to the innovation.

Malik, Pereira and Tarba (2019) investigated the role of HRM practices in product development. They stated that HRM practices that are abilities-enhanced oriented can create an organisational culture of openness and risk-taking, which can facilitate the ability to develop the product. Cantarello, Filippini and Nosella (2012) assessed the association between HRM practices and product quality by hypothesising a mediating role of organisational commitment. The outcome indicated the essential influence of team-working, consolidation and multi-task training on product quality. At the same time, the mediator is HR practices of skills development that will aid interaction among workers and the ability to multi-task.

Armstrong (2009) notes that HRM practices and development are built to optimise workers' commitment, smooth transition into organisation-set objectives, unbounded in their activities and work at the best condition. HR practices are closely linked to operational performance which, through their effectiveness, add to the satisfaction of various agents of the organisation,

productivity, development of new ideas and creation of generally acceptable working conditions. The role of employees within organisations is essential in the management and survival of any organisation because their performance is influenced by a set of HRM practices. Similarly, the process of attracting, developing and maintaining a talented and energetic workforce to support the organisational goals and objectives is the ultimate aim of HRM.

Considering various HRM practices, Saleem and Khurshid (2014) empirically investigated the link between training and development to performance in three financial institutions based in Pakistan. The outcome revealed that the practices are positively connected to the employees' performance, contributing to the organisation's overall performance. A similar study was conducted by Akhtar, Azeem and Mustafa Mir (2014) for higher education institutions from an Asian perspective, and the outcome indicated that HRM practices are associated with the institution's performance. The analysis revealed that training and development mediate the organisation's performance. Considering a similar study for the hotel industry, Úbeda-García et al. (2013) revealed that training is positively significantly related to operational performance. Islam and Siengthai (2010) also investigated the connection between training and development in Bangladesh industries DEPZ and revealed a positively related association between the practices and operational performance.

In Nigeria's context, Sabiu et al. (2018) examined the link between HRM practices such as training and development and compensation and operational performance for the education sector in the country. The study revealed a positive and significant relationship between the practices and performance. Anwar and Abdullah (2021) investigated the relationship between HRM practices, such as compensation, training, recruitment, job security and decentralised, and self-managed government institution performance. The outcome indicates that among the studied practices, only decentralised and self-managed show a positive correlation with the performance of the institutions. However, the study by Hameed and Anwar (2018) revealed that HRM practices impact on the entire compensation and recruitment activities, and the HRM's capacity within an organisation is associated with the organisation's strategic management functions. Singh et al. (2020) opine that HRM practices entail the rules and regulations for handling various essential aspects of an organisation, including promotion of workforce engagement, evaluation, the application of knowledge, and capacity preparation, employee training, and retaining staff, along with the management of administration issues.

Some studies have considered HRM practices from strategic perspectives commonly referred to as Strategic Human Resource Management (SHRM) and the influence on organisational performance. Gituma and Beyene (2018) established the impact of SHRM practices on the organisational performance of insurance corporations. The outcome indicates that the corporations had supported a series of SHRM practices; however, establishing the practices needs to be clearly outlined, leading to various inadequacies in the personal improvement of employees' performance assessment, motivation and experience. Showkat, Shajan and Pathak (2019) explored the impact of SHRM practices on organisational performance while mediating the role of employee well-being (EWB) in the construction industry. The outcome indicates a connection between SHRM practice; and organisational performance is positively significant influenced by EWB. Furthermore, the trade-offs can be optimised by incorporating HR practices in the organisation's strategic planning, which will help to overcome various organisational challenges.

The study by Ugoani (2020) examined the SHRM practices and their link with organisational performance and indicated a strong positive association with operational performance. Similarly, Adegoroye and Moruf (2012) investigated the influence of SHRM practices on financial institutions' performance in the post-consolidation era in Nigeria. The practices, such as the role of the HR department, recruitment, retraining and redeployment, performance appraisal and compensation and enhanced corporate performance during the post-consolidation era were the focus. The outcome indicates that innovative recruitment and compensation practices were ranked higher in influencing their performance. Also, recruitment, the role of the HR department and compensation practices, are significantly changing within Nigerian banks in the context of consolidation.

Suhag et al. (2017) considered the relationship between innovation and operational performance using innovation, product innovation, and organisational innovation as an organisational culture, as moderating variables. The finding shows that product, process and organisational innovation positively impact on operational performance. The study shows similarities with that of Riana et al. (2020), which indicated that HRM practices could improve innovation and operational performance of an organisation; however, in the process of simultaneous testing of their mediators, it was revealed that innovation could not improve operational performance. This was linked to inadequate investments in human resources, which became a barrier to SMEs in creating innovation.

The study by El-Ghalayini (2017) indicated that HRM practices, especially training and development, enhance public institutions' performance. They used HRM practices (such as reward management, employee performance management and employee resourcing) and non-financial related mediators (such as market share, employees' satisfaction, efficiency, productivity and service quality). Abosede et al. (2018) investigated the association between HRM practices and non-financial institutions' performance. The finding indicates a significant correlation between HRM practices and non-financial performance, adding that reward management and employee performance management both have significant effects on non-financial performance. In contrast, employee resourcing does not have a significant effect on the non-financial performance of banks in Nigeria.

Several studies have indicated various outcomes between various mediators of HRM practices and organisational performance from various industries and organisations. The organisational performance considered financial and non-financial related mediators in examining performance. Ibrahim and Lloyd (2011) opine that high performance on non-financial performance measures is positively related to future financial performance. In this way, non-financial performance measures could prompt management to enhance the organisation's long-term goal. Hence, combining the mediators of financial and non-financial in studying the impact of HRM practices on organisational performance could provide a robust insight.

Having focused on the operational performance aspect of organisational performance, it was established that HRM practices could improve the operational activities of an organisation and subsequently improve performance. Therefore, the next sub-section of the empirical review focuses on studies related to HRM practices and financial performance.

2.3.4 Review on HRM Practices and Financial Performance

In this sub-section, a review of empirical studies on the association of HRM practices and financial performance is carried out. According to Ayanda et al. (2014), the impact of HRM practices on the financial performance of banks suggested the need for due consideration for practices such as selection, training, compensation and employee involvement to enhance banks' financial performance. Using stepwise regression, the HRM practices selected tested a positive correlation with the financial performance of banks in Nigeria. According to the study, the effective selection process will ensure that candidates with the required attitude, skills and knowledge are selected, required training based on needs analysis will improve the employee,

salary payment as and when due and meeting employees' expectations will motivate better performance, while providing an opportunity to an employee to participate in different professional matters with appropriate appreciation and acknowledgement will also ensure better performance.

In a similar vein, through the ROA, Kumar and Gulati (2010) assessed the efficiency, effectiveness and performance of various financial institutions in India, with positive findings. Sabiu et al. (2018), through HRM-related practices such as training and development and compensation systems, assessed the organisational performance of the Nigerian education sector and posited that such attributes could promote high employee performance, hence improved organisational performance.

Elumah, Shobayo and Adeleke (2017) investigated the connection between HRM practices and the financial performance of public and private organisations in Nigeria. Involving 285 firms, the outcome indicates that a significant connection in the practices and performance and the HRM practice is not limited to public or private organisations; however, the extent of its effectiveness differs. The practices of HRM functions differ from company to company, and so does the performance of those companies. The study's findings suggest that public and private firms should consolidate their well-articulated HRM policies and ensure some improvement in their practices. Furthermore, training and development programmes of organisations should also be revised and updated frequently to empower employees to be more flexible and respond effectively to environmental and organisational demands.

Many other studies have also assessed the connection between the HRM practices of an individual organisation and financial performance indicators such as ROA, sales growth and value of stocks, among others. IBM and Globoforce (2018) posit that any organisation that attains over 25% on HRM practice, such as employee experience, gains nearly three times the ROA compared to organisations in the bottom quartile.

Rahman and Akhter (2021) studied the impact of investment in human capital on bank performance and their finding reveals that investment in training, knowledge level and skills of the employee improve financial performance. Quresh et al. (2016) asserts that HRM practices such as selection, training, performance assessment system, compensation system and employee participation have correlation with financial performance among banks. Based on financial performance measured by ROA, Ogwoka, Namada and Sikalieh (2017) note a

significant connection between HRM practice and financial performance. Ogundajo, Siyanbola and Babatayo (2022) investigated the relationship between financial innovation, as an HRM practice, and the ROA, as a measure of financial performance, of deposit money banks. The outcome indicated that financial innovation is a strong determinant of ROA.

Studies such as Abosede et al. (2018) and Ayanda et al. (2014) on HRM for the banking sector focused on the performance based on the non-financial and organisational attributes using a questionnaire for data collection and OLS and stepwise regression for data analysis respectively. Although Ayanda et al. (2014) considered the financial performance based on the primary data and not from the financial reports of the banks, these attributes are more significant to the internal performance of the banks, which excluded the judgement of the intended investors with no information about the internal performance. Therefore, considering the influence of investors on the growth of organisations such as banks, it is important to consider external factors that could influence organisational performance based on their HRM practices, hence the gap in the literature.

In addition to the plethora of research in this area, Quresh et al. (2010) also investigated the influence of HRM practices on the financial performance of banks in Pakistan. This study also identified the determinants of HRM practices, encompassing employee participation, training, job description, career planning system, remuneration system, selection system, and performance assessment system. Based on this research, all of these criteria had a beneficial influence on financial performance. Similarly, Mildred (2012) investigated the impact of HRM on the financial performance of commercial banks in Kenya. The survey revealed that most commercial banks exhibited deficiencies in their HR planning, utilised inadequate recruitment and selection procedures, lacked efficient reward management systems, lacked practical training and development programmes, and lacked comprehensive career development programmes. The study reveals that the primary HRM practices that impacted on the financial performance of commercial banks were HR planning, recruiting and selection, reward management, training and development, career planning, and employee relations. Al-Zahrani and Almazari (2014) examined the influence of HRM practices on the financial performance of Saudi banks. The study demonstrates a direct and positive association between the implementation of good HRM practices and the financial performance of Saudi banks, as measured by the Financial Performance Scoreboard (FPSB). Furthermore, there existed a direct association between Job Description (JD), Performance Appraisal (PAp), Compensation

System (CS), and Human Resource Planning (HRP) with FPSB. Most of the participants in the sample concur that JD, PAp, CS, and HRP have a beneficial impact on the financial performance of Saudi banks.

Using the agricultural-related industry, Kiokorir (2013) investigated the relationship between HRM practices and the industry's financial performance. The finding indicates a positive association between various HRM practices and financial performance in the industry. In their study, Pirzada et al. (2013) investigated the influence of HRM practices on turnover and company FP, focusing on metrics such as overall quality management, waste reduction and HR information systems. The discovery demonstrates a favourable impact of HRM on the metrics and potential influence on business financial performance.

Vermeeren et al. (2014) also found that HRM practices directly or indirectly impact on financial, organisational and human resource results, as measured by multidimensional performance indicators. The utilisation of HRM practices is associated with enhanced financial outcomes, as measured by net margin; organisational outcomes, as measured by client satisfaction; and HR outcomes, as measured by sickness absence. The influence of HR practices on HR outcomes and organisational results was significantly greater than their influence on financial outcomes. On their part, Arumugam et al. (2011) investigated the influence of HRM practices on the financial performance of Malaysian industries, with work satisfaction as a mediator. The findings indicate that job happiness has a significant impact on the financial success of industries in Malaysia.

Ali et al. (2023) thoroughly evaluated the connection between the structure of HRM practices and the financial performance of organisations. The findings from a study conducted on a sample of banks in Pakistan indicate that these practices have a significant and quantifiable impact on the financial performance of organisations in both the short term and long term. The impact of HR practices on the financial success of an organisation is therefore contingent upon their interconnections. The mediating model is utilised to examine the relationship between HR practices as independent variables, perceived organisational support as a mediating factor, and the firm's financial performance as the dependent variable. The inquiry showcased the connection between the data collected from surveys through statistical methods, specifically correlation and regression. The study determined that all variables examined exhibit a positive correlation and influence on the financial performance of banks.

Similar to the outcome of the HRM practices influence on operational performance, the sub-section review has been able to showcase the association between HRM practices and financial performance using various finance-related indicators.

2.3.5 Summary of Empirical Review

The importance of HRM in organisational wellness and performance has been established over the years, and many organisations have maintained a high level of competitiveness through intensive investment in the HR department. The banking sector of Nigeria, like every other one in the world, is highly competitive, such that clients, personnel and products can be lost to direct competitors in the sector. Studies on the influence of HRM practices and organisational performance have been carried out for various organisations and industries using different methods. Such studies have also been carried out in the banking sector.

Therefore, the present study intended to examine the influence of HRM practices on operational performance attributes such as product quality, productivity and product development and financial performance, including ROA. This will indicate external organisational performance based on the influence of HRM practices in the banking sector.

The next chapter of the study focuses on the guiding principles and research methodology that were followed to ensure a scientific research process.

CHAPTER 3

METHODOLOGY

Introduction

Before the empirical analysis of the impact of HRM practices on the financial and operational performance of commercial banks listed on the NSE can be determined, it is necessary to understand the research methodology followed as well as other methodological research architecture.

3.1 Research Methodology

The research methodology followed was guided by the research problem, focus, and the aim and objectives of the study as well as the empirical research referred to in the previous chapter. The research problem for this study was the reforms within the Nigerian banking environment and the need for effective HRM to facilitate expected performance. Empirical research was therefore required to determine the effect of HRM of commercial banks listed on the NSE on their organisational, operational and financial performance, with specific reference to ROA.

To achieve the aim of the study, the following objectives were listed in Chapter 1, to:

- i. explore the HRM practices adopted by commercial banks listed on the NSE;
- ii. examine the trend in the financial performance of commercial banks since the post-intervention era;
- iii. assess the impact of HRM practice on the financial performance of the banks; and
- iv. assess the impact of HRM practice on the operational performance of the banks.

To achieve the above-mentioned objectives, the following research questions were posed to be answered:

- i. What HRM practices are adopted by financial institutions listed on the NSE?
- ii. What are the trends in the institution's financial performance since the post-intervention era?
- iii. What is the impact of HRM practice on the financial performance of the banks?
- iv. What is the impact of HRM practice on the operational performance of the banks?

The null hypotheses statements to be tested were:

- i. There is no significant relationship between the HRM practice and the financial performance of commercial banks.
- ii. There is no significant relationship between the HRM practice and the operational performance of commercial banks.

The goal of this chapter is therefore to:

- i. provide the scope;
- ii. highlight and adopt a specific research philosophy and paradigm through research design as a means of laying the foundation for the research methodology;
- iii. discuss the research type, strategy, sampling strategy, data collection and data analysis adopted;
- iv. discuss the ethical considerations; and
- v. highlight limitations of this study.

3.2 Scope of the Study

This study focuses on commercial banks listed on the NSE. However, the study was limited to the “Tier 1” bank category which covers commercial banks that maintain a minimum capital base of twenty-five billion Naira (₦25,000,000,000.00), capital adequacy ratio of 10% and operate within every state of the Nigerian federation. Commercial banks offer banking services that revolve around helping businesses; however, the majority of saving banks in Nigeria are also commercial banks. That is, the majority of banks that possess the licence to operate as saving banks also possess a licence to operate as commercial banks. Furthermore, this category of banks also offers loans to businesses. The researcher has approached regional managers (South-South region) of the different banks and submitted letters requesting permission to conduct research on each of them (Appendix I). The letters requested support in the form of administration and filling of questionnaires with the bank’s staff at the HRM and other supporting departments. Approval was granted by each of the banks. Ethical clearance was also obtained from Stellenbosch University (Ref Number: MIL-2023-26420) to proceed with the study (Appendix II).

3.3 Research Philosophy

In the general context, philosophy is perceived as a fundamental guiding principle for behaviour. Philosophy also refers to the guiding principle of research of how it should be

conducted. A researcher and their research must be anchored and guided by certain beliefs, assumptions and specific approaches. This indicates that the research philosophy guides the researcher towards the research itself.

According to Saunders et al. (2007), research philosophy is the establishment of research premises, understanding and nature to guide the research. The premises are perceived as an introductory statement based on the researcher's belief, understanding and insight based on knowledge gathered before the research. For instance, the understanding developed during the literature review becomes the philosophical premise by which the researcher is guided. Researchers also differ in their research premises and how they perceive reality and the understanding of what it becomes; however, irrespective of the premises adopted by research, there are four major research philosophies that researchers can adopt in the quest for understanding the phenomenon and its reality (Žukauskas et al., 2018). These include:

- i. *Positivist Research Philosophy*: based on the assumption that reality is permanent and it is measurable, knowable, and it is based on fact and reality. Researchers who adopt this philosophy operate from the objective perspective of reality. The philosophy emphasises the importance of quantitative research, such as a survey, to have an overview of a specific reality. The advantage of the philosophy is the robustness of the process of arriving at the reality through setting hypotheses, the empirical procedure of the hypotheses and vigorous analysis to obtain an outcome. However, there is no certainty that human behaviour (emotional response) can be separated from their observation and conclusion.
- ii. *Interpretive Research Philosophy* is the opposite of positivist research philosophy, which perceives reality from a subjective perspective. With interpretivism, the research is based on and depends on the researcher's interest, belief, motivation and reasoning. The philosophy holds that reality changes and multiplies, which must be measured indirectly (qualitatively) based on the perception of others and not the researcher's interpretation. The strength of interpretivism is the validity and near-the-truth of its feedback; however, unreliability and inconsistency in the feedback can exist within the same reality.
- iii. *Pragmatic Research Philosophy* assumes that research philosophy can do without the aspect of reality and truth as perceived by positivists and interpretivism and focus on “practical understandings” of concrete and real-world issues (Kelly &Cordeiro, 2020;

Patton, 2015). Pragmatic research can combine qualitative and quantitative approaches to arrive at the state of fact without needing to confirm if it is "universally true"; however, discrepancies may occur in interpreting "fact".

- iv. *Realistic Research Philosophy* is based on the principle of reality of both positivist and interpretivist philosophy. Realism is premised on "mind-dependent objectivity", which states that reality is a reality regardless of how it is perceived or believed. Although philosophy gives importance to practical and functional knowledge of reality and the development of dynamic and adaptable minds in the philosophical world, its weakness has been a lack of a solid foundational approach to other subjects areas other than science and technology, with no place for intuition and meditation (Patton, ,2015).

For this study, a pragmatic research philosophy was adopted. This research methodology was adopted because it deals with facts. Considering the research aim, which was the impact of human resources management practices on the financial and operational performance of commercial banks listed on the NSE, it was essential that facts about HRM and performance must and should be established. Also, the philosophy allowed the consideration of outcome(s) from the research to be essential, and freedom given to researcher's choice of methodology, techniques and procedures that suit the research itself.

3.4 Research Paradigm

Research philosophy can be further categorised based on the research paradigm. A research paradigm is "the set of common beliefs and agreements shared between scientists about how problems should be understood and addressed"(Kuhn, 1970:7). Paradigms influence the development of research problems and related questions or hypotheses and determine the overall research methodology, which entails the sampling method, data gathering and analysis. The paradigm adopted for the present study was a methodology based on a mixed-method research approach. Mixed-method methodology combines elements of quantitative and qualitative research to answer research questions and the adoption of such methodology helps to attain clearer feedback from the research question thana single/individual methods of quantitative or qualitative research. The method allows the adoption of various quantitative and qualitative research techniques in a single study (Creswell, 2003).

3.4.1 Research Types

Research is classified according to various types based on the perspective upon which the research is developed and conducted. Generally, there are three basic types of research which also accommodate some sub-types. They are:

- i. Research-based application: basic and applied research.
- ii. Research-based objectives: descriptive, co-relational, explanatory and exploratory research.
- iii. Research-based inquiry type: structured and unstructured approach type of inquiry.

Considering various types of research, the present study adopted the research-type-based objectives under the descriptive research type. As a research type, descriptive research is a "scientific enquiry that describes event, phenomena or fact systematically dealing with a certain area or population"(Oyegun, 2003:57). This type of research presents outcomes "the way they are" without any intervention. Adopting such a research type implied that the researcher could explain the population, situation or phenomenon behind the impact of HRM practices on the financial and operational performance of commercial banks listed on the NSE as observed. Considering the objectives and research questions of the study, descriptive research helped to answer the question of "who, what, when, where, and how" associated with a particular research question or problem, and most importantly, it is conclusive. A similar study by Kamau (2016) found descriptive research appropriate due to its accurate description of the subject situation.

3.5 Research Strategy

Research strategy, or research design, is a step-by-step plan of activities that gives and shows the direction and understanding of the researcher's actions, which enables the conduct of research systematically in a timely and scientific fashion (Oyegun, 2003). Considering the nature, the research objective and the research questions, the study adopted a cross-sectional research strategy, which is based on the survey research method.

Cross-sectional research design is observational studies that analyse data from a population at a single point in time (Wang & Cheng, 2020) and are able to deduce the opinion of the population towards a particular phenomenon (in this case; the impact of HRM practices on the operational and financial performance of commercial banks listed on the NSE) or event. The

research design was adopted due to its ability to work in a mixed-method approach, and it was inexpensive to execute.

Survey research is a specific type of field study that involves collecting data from a sample of elements drawn from a well-defined population through a questionnaire (Visser et al., 2002). The method also allows quantitative and qualitative methods, which could be achieved through questionnaires, focus group discussions and key informant interviews. Survey research is a cost-effective method of conducting research, practical in the means of data gathering, efficient in its outcome, scalability and data gathering through multiple sources. In spite of these advantages, survey research exposes research to the risk of dishonest feedback, indifference in the understanding of the phenomenon of interest and a lack of interest that could affect the validity and reliability of feedback. A similar research strategy was adopted in the study conducted by Onyinyechi and Ihendinihu (2017) which investigated a similar phenomenon.

3.5.1 Sampling Strategy

The sampling strategy outlines various sampling methods from a population that was adopted by the study, which were influenced by the research objectives, phenomenon of interest and available resources.

3.5.2 Population of the Study

A population is the complete group of elements to which one wishes to generalise findings obtained from a sample (Visser et al., 2002). The term element refers to the individual unit about which information is sought. In many studies, elements are the people who make up the population of interest, but elements could also be groups of people such as families, corporations/organisations and departments.

The research population refers to the aggregate of all possible respondents from which the sample is selected. The population of this study consisted of 23 operational banks on the NSE. For this study, however, Tier 1 banks were selected as explained earlier. The selected banks (sample) for the study were:

- i. Guarantee Trust Bank
- ii. Zenith Bank Plc
- iii. First Bank of Nigeria

- iv. United Bank of Africa
- v. Access Bank.

3.5.3 Sample Size

A sample is a small portion taken from a population to ensure a valid study. Since the generalisation of the population depends on the information obtained from the sample, the sample is carefully enumerated. The banks did not indicate what their employee compliment is and therefore the present study adopted an approach that was used in a similar study done by of Abosede et al. in 2018. Abosede et al. applied the Cochran formula (Cochrane, 1963):

$$N = \frac{Z^2 \cdot p \cdot q}{d^2} \dots\dots\dots (Eq. 3.1)$$

Where:

N= Sample Size

Z= Standard normal deviates correspondingly to the level of significance

p= Prevalence of the study population of staff of human resources, finance and strategy departments of banks (p= 0.51) from a related study conducted by Abosede et al. (2018).

q = 1-p

d = level of precision or minimum error at 95% confidence interval

Given that d= 0.05, p= 0.51, z= 1.96, q= 1-0.51=0.49

$$N = \frac{Z^2 \cdot p \cdot q}{d^2}$$

$$N = \frac{1.96^2 \times 0.51 \times 0.49}{0.05^2}$$

$$N = \frac{3.8416 \times 0.51 \times 0.49}{0.0025}$$

$$N = \frac{0.960}{0.0025}$$

$$N = 384$$

Therefore, the study's sample size was 384 staff of the selected commercial banks cutting across various headquarters, zonal headquarters and branches of the banks. It was then decided to share questionnaires equally between the five banks.

3.5.4 Sampling Techniques

The sampling method adopted for this study was the probability sampling method, which, according to Elder (2009), is sometimes known as a random sample. The probability sampling method allows the generalisation of the outcome drawn from a sample to represent the population of interest. To accept the generalisation, the population sample must be known with a "non-zero" chance of being selected in the study; this is known as simple random sampling. Therefore, the study used the simple random sampling to select respondents. By this technique, all the population members stand a chance of being selected in the probability sampling, which implies that only chance alone will determine who will be included or excluded in the sample, removing any possibility of selection bias. The randomness of the sampling was achieved through sampling without replacement, in which every selected respondent has only one chance of selection. The strength of the sampling techniques is simplicity and the ability of the conclusion of the sampled population to represent the entire population. The use of this technique is, however, limited to the availability of accuracy in population data.

3.6 Data Collection

The questionnaire (Appendix IV) was adopted to extract data from respondents because it offers a fast, efficient and inexpensive means of gathering large amounts of data from a drawn-out sample size. The questionnaire was designed in sections to collect information on the demographic attributes of the respondents, HRM practices adopted by banks, and the impact of HRM practices on financial and operational performance of the selected banks.

Through simple random sampling, the questionnaire was administered to the randomly selected respondents, based on the population's characteristics and the study's objective. The questionnaire was administered through self-administration and online administration based on the preferred options of the banks. The questionnaire made use of Likert scale, closed-ended and open-ended questions. This type of questionnaire is employed because it limits the freedom of expression and ensures uniformity of responses. The Likert scale was based on a 5-level scale where **1**: Undecided; **2**: Strongly Disagree; **3**: Disagree; **4**: Agree; and **5**: Strongly Agree. Similarly, Ngwenya and Aigbavboa (2017) adopted a questionnaire based on a 5-level Likert scale in their study of HRM and performance. Open-ended questions were included for qualitative data on what respondents propose HRM within banks could do to improve financial and operational performance.

Secondary data in the form of annual financial statements of the commercial banks involved in the study was sourced from the banks' websites and the Central Bank of Nigeria database to examine their financial performances.

3.7 Data Analysis

The completed questionnaires were collated, coded and analysed. The analysis of data was done through the Statistical Package for the Social Sciences (SPSS). The study objectives and hypotheses were subjected to appropriate statistical tools, and the findings were presented accordingly. The inferential statistics adopted for the study were done at a 95% significance level. Experts in the use of the SPSS software package were sourced from the University of Port Harcourt (Department of Mathematics and Statistics) to provide support in the data analysis to ensure maximum accuracy from the data analysis.

Table 3.1 highlights the research objectives, hypotheses and the analytical tool adopted by the study.

Table 3.1: Objective, Hypotheses and Adopted Analytical Tools

S/N	Objective/Hypotheses	Required Data	Data Source	Analytical Tool
1	Explore the HRM practices adopted by commercial banks listed on the NSE	Data related to HRM practices	Primary Data	Descriptive Statistics
2	Examine the trend in the financial performance of commercial banks since the post-intervention era (2011-2022).	Financial statement, CBN bulletin, etc.	Secondary Data	Descriptive Statistics
3	Assess the impact of HRM practice on the financial performance of the banks	Data related to HRM practices and financial performance	Primary and Secondary Data	Descriptive Statistics
4	Assess the impact of HRM practice on the operational performance of the banks	Data related to HRM practices	Primary Data	Descriptive Statistics

		and operational performance		
5	There is no significant relationship between the HRM practice and the financial performance of commercial banks	Data related to HRM practices and financial performance	Primary Data	Correlation Analysis (Pearson Correlation)
6	There is no significant relationship between the HRM practice and the operational performance of commercial banks	Data related to HRM practices and operational performance	Primary Data	Correlation Analysis (Pearson Correlation)

3.7.1 Analytical Framework

For the quantitative aspect of the study, the analytical framework was adopted to establish the relationship between human resource management, operational and financial performance of the selected banks from the NSE. Table 3.2 shows the various related variables adopted for this present study.

Table 3.2: Analytical Framework of the Study

Dependent Variables		Independent Variable
<i>Operational Performance (OP)</i>	<i>Financial Performance (FP)</i>	<i>HRM Practices</i>
Product Quality	Return on Asset (ROA)	Recruitment Process (RP)
Productivity		Performance Assessment (PAs)
New Product Development		Employee Participation (EP)
		Training (T)
		Compensation (C)
		Career Planning (CP)

3.7.2 Model Specification

Pearson correlation and a financial performance indicator (ROA) were adopted to analyse the relationship between the HRM practices, operational and financial performance, and the trends in the financial performance of the selected commercial banks.

ROA is mathematically expressed as:

$$ROA = \frac{Net\ Income}{Total\ Assets} \times 100 \dots \dots \dots (Eq\ 3.1)$$

Where:

Net income = Total Income – Tax and Other Expenditure

Total Asset = Liabilities + Equity

Pearson correlation is mathematically expressed as:

$$r = \frac{N\sum xy - (\sum x)(\sum y)}{\sqrt{[N\sum x^2 - (\sum x)^2][N\sum y^2 - (\sum y)^2]}} \dots \dots \dots (Eq\ 3.2)$$

Where:

N= the number of pairs of the score,

∑xy= the sum of the products of paired scores,

∑x= the sum of x (HRM practices among the selected banks) scores,

∑y= the sum of y (Operational and financial performance measures) scores,

∑x²= the sum of squared x (HRM practices among the selected banks) scores,

∑y²= the sum of squared y (Operational and financial performance measures) scores

3.8 Ethical Considerations

As already indicated, written requests for consent to participate was addressed to the commercial banks, seeking their permission to allow their staff to participate in the study. Approval was granted by each of the banks. Ethical clearance was also obtained from Stellenbosch University (Ref Number: MIL-2023-26420) to proceed with the study (Appendix II).

A written consent form was also attached to the research instrument, allowing individuals (staff) to decide whether to participate in the study or not. The research instrument removed

personal questions irrelevant to the study; hence no name was requested on the instrument (questionnaire), while information gained was used solely for this research. For the respondents, a consent form was placed on the front page of the instrument, which detailed the purpose of the study and allowed respondents to either accept or reject participation in the study.

Due to the nature of activities within the organisations (commercial banks), the researcher had to deliver the questionnaires to the management of the banks and then be provided with the time for collection. After collection, each questionnaire was tagged with the name of the commercial bank to prevent them from mixing up prior to the data analysis, while the questionnaires were further coded to develop a softcopy version for easy storage.

3.9 Limitations

During the administration of the data collection instrument and carrying out the study, the following limitations were encountered:

- i. The administration approach and budget had to be adjusted because the respondents (staff of banks) were located in multiple locations which increased the effort and administrative cost budgeted for the activities.
- ii. A few banks allowed their staff to participate in the study during their break while most banks requested for “drop-and-pickup later”; however, many of the drop-off led to lost questionnaires, and some left unattempted. This led to the extension of the exercise at extra cost.
- iii. Some of the respondents decided against participating in the exercise due to fear of indicting their organisation with their responses.

3.10 Conclusion

Having considered the aim and objectives, research problem and research questions in Chapter 1, along with previous studies concerning the present study from the literature review in Chapter 2, this chapter considered various aspects of research methodology that would assist in establishing the impact of HRM practices on the financial and operational performance of commercial banks listed on the NSE.

For this study, a pragmatist research philosophy and methodology were adopted because it deals with facts on HRM and its effect on organisational performance. Furthermore, it allowed for the consideration of outcome(s) from the research to be essential, and provided freedom in the researcher's choice of methodology, techniques and procedures that suited the research itself.

The paradigm adopted for the study was a methodology based on a mixed-method research approach. The method allowed the adoption of various quantitative and qualitative research techniques in a single study. In order for the researcher to explain the impact of HRM on performance of banks, a descriptive research approach was adopted. Descriptive research helps in answering the questions of "who, what, when, where, and how".

The research design or strategy selected for this study was a cross-sectional research strategy which is able to deduce the opinion of the population towards a particular phenomenon using a mixed-method approach of quantitative and qualitative techniques.

Survey research was used to collect data from the sample of elements through a questionnaire to gain quantitative and qualitative inputs.

The Cochran sample size and probability or random sampling methods were applied to five of the Tier 1 banks listed on the NSE to select 384 respondents. Data were collected from respondents using questionnaires with open-ended and close-ended questions. Additional secondary data were obtained from financial statements sourced from the CBN.

Completed questionnaires were collated, coded and analysed using SPSS. Descriptive analysis and correlation analysis were used to interpret data. In order to analyse the relationship between HRM and operational and financial performance (ROA), the Pearson correlation was determined.

The next chapter presents and discusses the findings of applying this methodology to determine the impact of HRM practices on operational and financial performance of listed banks on the NSE.

CHAPTER 4

FINDINGS AND DISCUSSION

Introduction

The previous chapter introduced the reader to the research design and methodology. A mixed-methods single case study was relevant for this research study as it allowed for a variety of sources to obtain data and to combine data to shed light on the case of listed banks in Nigeria. Case studies were considered and investigated in the literature review to extract the details of the viewpoint of previous participants by using multiple sources of data, as discussed in the previous chapter. Qualitative data were collected through open-ended questionnaires, and quantitative data were collected through close-ended questionnaires and financial reports.

This chapter reports the findings of the mixed-methods survey. It introduces the reader to the respondents, demographic details of survey participants, and the findings of questionnaires. Ultimately, the findings presented in this chapter present answers to the examination of HRM practices and its impact on the operational and financial performance of commercial banks listed on the NSE.

The study's respondents consisted of staff from the selected "Tier 1 Banks," including Guarantee Trust Bank, Zenith Bank Plc, First Bank of Nigeria, United Bank of Africa and Access Bank in Nigeria.

Questionnaire Administration and Retrieval

Table 4.1 illustrates that a total of 385 questionnaires were administered across the study area and the sourced respondents; however, only 273 of the questionnaires were adequately completed, returned and subjected to further analysis. Each bank was allocated 77 questionnaires, and the biggest response was from United Bank of Africa. Approximately 71% of questionnaires administered were retrieved.

Table 4.1: Questionnaire Administration and Retrieval

Response	Questionnaire Administered	Questionnaire Retrieved	Percentage (%)
Guarantee Trust Bank	77	48	71
Zenith Bank	77	51	
First Bank of Nigeria	77	53	
United Bank of Africa	77	62	
Access Bank	77	59	
Total	385	273	

Source: Researcher's fieldwork, 2023

4.1 Result of the Analysis

The feedback from the analysis of the research objectives and hypotheses are presented in this sub-section. For convenience and understanding of the report, the data obtained from the banks were combined and reported as composite for all the banks.

Socio-Demographic Details of the Respondent

The socio-demographic details of the respondents are presented in Table 4.2 of the study. The outcome indicated that all respondents are of Nigerian nationality (100%) with no form of disability (100%). The respondents' highest level of education indicates that most respondents possessed a Bachelor's degree certificate (41.0%), while very few had a Doctorate degree (4.4%). As can be seen in the table, all of the respondents either had a professional certification or a degree, which suggests that they should be well-grounded in understanding the content of the study and its importance.

Furthermore, most respondents are currently ranked within middle-level management (45.4%), while the least is ranked within the low-level management-LLM (23.8%). Considering the years of experience, most respondents have 5 to 10 years of experience (42.9%), with the least respondents having less than 5 years of experience. In conclusion, the demographic details indicate that the respondents are qualified, mostly at senior levels, and relatively experienced within the banking environment.

Table 4.2: Socio-Demographic Details of the Respondents

Variable	Frequency (n=273)	Percentage (%)
Nationality		
Nigerian	273	100
Any Disability		
No	273	100
Level of Educational		
Diploma Certification	38	13.9
Bachelor’s Degree	112	41.0
Master’s Degree	66	24.2
Doctorate	12	4.4
Professional Certification	45	16.5
Others	-	-
Current Rank/Position		
Supervisor	48	17.6
Top Level Management	36	13.2
Middle-Level Management	124	45.4
Others (LLM)	65	23.8
Years of Experiences		
Below 5 years	72	26.4
5-10 years	117	42.9
11-15years	55	20.1
More than 15years	29	10.6

Source: Researcher's fieldwork, 2023

4.1.1 Objective I: Explore the HRM Practices Adopted by Commercial Banks

Table 4.3 presents the feedback on the HRM practices adopted by the selected banks. From the outcome of the analysis, respondents (100%) confirm that their banks all have HRM departments, and their HRM activities are deemed crucial (93.0%) to the banks. Having been asked how important respondents rate the different HRM activities, it was indicated to be crucial (80.2%).

Table 4.3: HRM Practices Adopted by Commercial Banks

Variable	Frequency (n=273)	Percentage (%)
Having HRM Department		
Yes	273	100
No	-	-
Do Not Know	-	-
Importance of HRM Activities		
Crucial	254	93.0
Important	19	7.0
Less Important	-	-
Not Needed	-	-
Importance of HRM Activities to Self		
Crucial	219	80.2
Important	54	19.8
Less Important	-	-
Not Needed	-	-

Source: Researcher's fieldwork, 2023

The next question as illustrated in Table 4.3a focused on specific HRM practices with the aim of determining how crucial they are. Considering various HRM practices and their importance to the banks, it was indicated that the recruitment process was deemed 100% crucial, training and development 93.8%, performance assessment 75.8%, employee participation 72.5%, compensation 95.6%, and career planning 80.2%.

Table 4.3b presents the differences in the feedback among various management levels on the importance of HRM activities and practices to the commercial banks based on correlation analysis. The difference in the feedback across management level is an indication of their perception of how crucial or important HRM activities and practices are in their organisations. The exercise was done using Chi-square (X^2) analysis. The Chi-square considers the association/differences in the feedback across management level. Therefore, the p-value is to deduce association/difference or not.

Table 4.3a: HRM Practices Importance to Commercial Banks

Which of the following HRM practices do you deem necessary to your Bank				
	Crucial	Important	Less Important	Not Needed
Recruitment Process	273 (100%)	-	-	-
Training and Development	256 (93.8%)	17 (6.2%)	-	-
Performance Assessment	207 (75.8%)	66 (24.2%)	-	-
Employee Participation	198 (72.5%)	75 (27.5%)	-	-
Compensation	261 (95.6%)	12 (4.4%)	-	-
Career Planning	219 (80.2%)	54 (19.8%)	-	-

Source: Researcher's fieldwork, 2023

From the analysis, there is no significant difference in the feedback across management level on HRM practices related to the importance of HRM activities to organisations ($X^2 = 0.982$, p-value = 0.806), training and development ($X^2 = 0.039$, p-value = 0.0998), performance assessment ($X^2 = 6.953$, p-value = 0.073), compensation ($X^2 = 4.558$, p-value = 0.207) and career planning ($X^2 = 6.083$, p-value = 0.108). This is an indication of similar perceptions across management level on how crucial or important the HRM activities and practices are to the organisation, training and development, performance assessment, compensation and career planning in their organisations. However, there is a significant difference in the feedback across management level on HRM practices related to importance of HRM activities to self (employees) ($X^2 = 9.346$, p-value = 0.025) and employee participation organisation ($X^2 = 8.788$, p-value = 0.032). This is an indication of different perceptions across management level on how crucial or important the HRM activities and practices are to self (employees) and employees' participation in their organisations.

Considering the importance of HRM activities to the bank and the individual, there is a significant difference in the feedback across the management levels and a very strong correlation $X^2 = .982$, p-value = .806 between management levels on the importance of HRM practices for the bank. However, the correlation between different management levels on the importance of HRM to them as individuals is of a very low degree ($X^2 = 9.346$, p-value = .025).

Table 4.3b: Correlation Analysis between HRM practices and Level of Management Feedback

HRM Practices Adopted by Commercial Banks	Supervisor		Top Level Management		Middle-Level Management		Low-Level Management		Total		Pearson Correlation X2 (p-value)
	Crucial	Important	Crucial	Important	Crucial	Important	Crucial	Important	Crucial	Important	
Importance of HRM Activities	48	2	33	3	114	10	61	4	254	19	0.982 (0.806)
Importance of HRM Activities to Self	45	3	28	8	100	24	46	19	219	54	9.346 (0.025)*
Recruitment Process	48	-	36	-	124	-	65	-	273	-	-
Training and Development	45	3	34	2	116	8	61	4	256	17	0.039 (0.998)
Performance Assessment	31	17	32	4	93	31	51	14	207	66	6.953 (0.073)
Employee Participation	29	19	32	4	88	36	49	16	198	75	8.788 (0.032)*
Compensation	45	3	36	-	116	8	64	1	261	12	4.558 (0.207)
Career Planning	34	14	33	3	98	26	54	11	219	54	6.083 (0.108)

*Significant Differences

On the HRM practices and management feedback, there was no significant difference in the feedback across the managerial level on HRM practices such as training and development, performance assessment, compensation and career planning. However, there was a significant difference in the feedback regarding the importance of HRM practices of employee participation among various management levels ($X^2 = 8.788$, $p\text{-value} = 0.032$).

In conclusion, it can be said that the banks all have HRM departments, and that HRM activities are crucial to the banks themselves and the respondents who are employed by the banks. Furthermore, all HRM practices are deemed either important or crucial by respondents although there is some disagreement between the levels of management on the importance of HRM practices to individual and employee participation.

4.1.2 Objective II: Trends in Financial Performance of Selected Banks

The second objective of this research was to determine the trends of profitability since the banking reform of 2009 which represents the post-intervention era of the CBN. This reform refocused more attention on the activities and importance of HRM to banks as they are restricted to banking activities only.

The financial performance of the selected banks in the period 2011 to 2022 was analysed based on the ROA ratio. ROA is the product of profitability and the effective use of assets to generate income, and both these elements can be affected by HRM.

The ROA of the post-intervention period (2011-2022), as depicted in Table 4.4 and Figure 4.1, is compared to the pre-intervention ROA as illustrated in Table 4.5.

The analysis in general shows that the ROAs of the investigated banks are very similar and are therefore indicative of a very competitive environment. Secondly, it shows that the trend for the movement of ROA from year to year is very similar but there are exceptions, and these exceptions could be due to HRM activities. Thirdly, the comparison of the two periods indicates that the average ROAs increased since the intervention.

A more in-depth analysis of Table 4.4 indicates the following: GTBank had the highest ROA in 2017 at 7.70 and the lowest in 2020 at 5.14. GTBank's average ROA across the post-intervention period was 6.38. Zenith Bank's highest ROA was in 2013 at 6.09 and the lowest in 2020 at 3.53. Its average ROA across the post-intervention years of study was 4.72. The

ROA of UBA revealed that the highest was attained in 2012 at 4.83 and the lowest in 2014 at 3.51. UBA’s average ROA across the years of study was 3.85. The ROA of First Bank revealed that the highest was attained in 2019 at 9.5 and the lowest in 2018 at 5.5. The bank’s average ROA across the years of study was 7.14. The ROA of Access Bank revealed that the highest was attained in 2020 at 10.12 and the lowest in 2018 at 3.23. The bank’s average ROA across the years of study was 5.19. In summary, the banks achieved average ROAs between 3.85 and 7.14, with the lowest value of 2.79 and a highest of 10.12.

The standard deviation ranged between 0.54 to 2.59 which showed the extent of dispersion among the ROA of the banks across the studied years and since 2011 UBA had the lowest dispersion level and clustered around the mean.

Table 4.4: Return on Asset (ROA-Post Intervention) (2011-2022)

Year	GT Bank	Zenith	UBA	First	Access
2011	6.26	5.47	3.74	6.77	5.11
2012	7.60	6.07	3.87	7.42	5.61
2013	6.71	6.09	3.44	6.37	3.91
2014	6.05	5.42	3.51	6.17	4.47
2015	6.37	5.40	4.83	6.84	3.73
2016	6.54	4.94	4.28	7.30	3.75
2017	7.70	4.54	4.51	7.39	3.76
2018	6.95	4.92	3.80	5.5	3.23
2019	6.11	4.21	3.66	9.5	8.75
2020	5.14	3.53	4.34	8.86	10.12
2021	5.76	3.27	3.35	5.74	1.43
2022	5.40	2.79	2.95	7.92	8.47
Mean	6.38	4.72	3.85	7.14	5.19
SD	0.78	1.08	0.54	1.19	2.59

SD= Standard Deviation

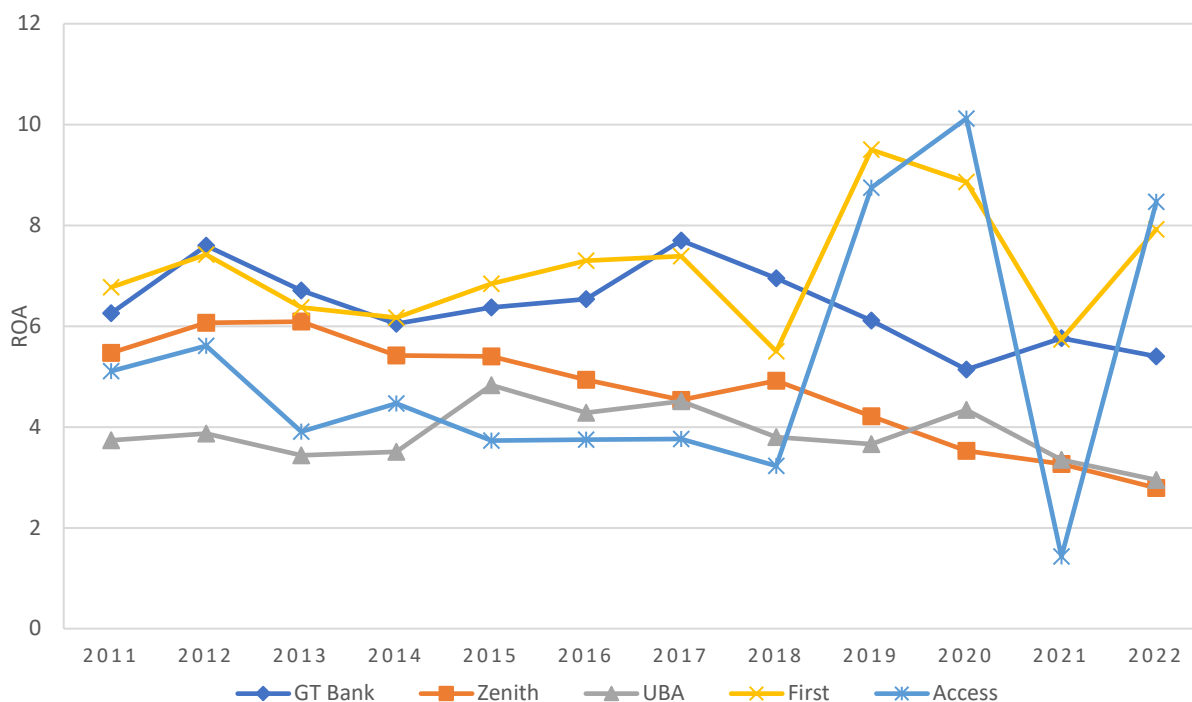


Figure 4.1: Return on Asset (ROA) (2011-2022)

When comparing the ROA from the pre-intervention and post intervention eras, it shows that GTBank improved its average ROA from 5.44 to 6.38, Zenith maintained its ROA performance across the era at 4.71 and 4.72, First Bank improved its average ROA performance from 5.75 to 7.14, Access Bank improved theirs from 3.52 to 5.19, but UBA’s declined from 4.16 to 3.85.

So, what HRM activities or practices are essential to achieving good FP in the form of ROA? For First Bank, with the highest post-intervention average ROA of 7.14, respondents (staff) indicated that practices such as RP is 100% crucial, Training and Development is 98.1% crucial, performance assessment is 77.8% crucial, employee participation is 77.8% crucial, compensation is 100% crucial, and career planning is 85.2% crucial.

The respondents of GTBank, with a post-intervention average ROA of 6.38, indicated that practices such as RP is 100% crucial, Training and Development is 91.7% crucial, performance assessment is 68.8% crucial, employee participation is 66.7% crucial, compensation is 91.7% crucial, and career planning is 75% crucial.

Access Bank had an ROA mean of 5.19 and their respondents (staff) indicated that the HRM practices such as RP is 100% crucial, Training and Development is 98.3% crucial, performance assessments are 71.2% crucial, employee participation is 67.8% crucial, compensation is 100% crucial, and career planning is 76.3% crucial.

Table 4.5: Return on Asset (ROA-Pre-Intervention) (2002-2010)

Year	GT Bank	Zenith	UBA	First	Access
2002	6.81	0.70	4.47	-	
2003	6.46	8.63	4.13	-	4.37
2004	4.50	6.40	-	-	3.01
2005	4.49	5.24	4.41	7.00	2.04
2006	3.80	-	3.80	5.48	2.79
2007	3.67	4.90	3.81	5.19	3.22
2008	4.98	5.23	4.69	6.35	2.17
2009	7.20	6.56	7.75	6.20	5.11
2010	7.13	4.69	4.39	4.27	5.48
Mean	5.44	4.71	4.16	5.75	3.52
SD	1.44	2.75	1.97	0.97	1.31
ROA Pre-Intervention	5.44	4.71	4.16	5.75	3.52
ROA Post-Intervention	6.38	4.72	3.85	7.14	5.19

Zenith Bank had an ROA mean of 4.72 and their respondents (staff) indicated that the HRM practices such as RP is 100% crucial, Training and Development is 82.4% crucial, performance assessment is 76.5% crucial, employee participation is 76.5% crucial, compensation is 84.3% crucial, and career planning is 76.5% crucial.

UBA had the lowest ROA mean of 3.85 and their respondents (staff) indicated that the HRM practices such as recruitment process is 100% crucial, Training and Development is 96.7% crucial, recruitment process is 83.6% crucial, employee participation is 73.8% crucial, compensation is 100% crucial, and career planning is 86.9% crucial.

Considering the relevance of HRM activities and their possible effect on ROA, the findings show that all respondents identify the recruitment process as the most important HRM practice which could affect ROA output. The recruitment process ensures that the right person is put in place to ensure efficient use of resources to achieve the objectives of the organisation.

Having compared the ROA performance of the banks during the two different eras (pre and post-intervention era), it was observed that most banks improved their ROA performance, which could be as a result of the organisations placing more focus on HRM practices and activities. However, it is not exclusive as ROA improvement could also be due to other external and internal factors.

In conclusion, this section has analysed the ROAs of the various banks to determine if HRM practices/activities could be linked to the change in ROAs. ROA is the product of profitability and the effective use of assets, and HRM could play an essential role in achieving this. In the next section of the questionnaire, questions were raised on the impact of HRM practices on financial performance.

4.1.3 Objective III: Impact of HRM Practice on the Financial Performance of the Banks

The impact of HRM practices on the financial performance of the banks was examined, and the outcome is presented in Table 4.6a. The first six items identify the HRM functions that are linked to financial performance. The last two items measure respondents' perception of how HRM influences financial performance. It shows that:

- i. 56.4% of respondents agreed that recruitment processes focus on attributes that can sustain the financial performance of banks, while 39.6% indicated that the recruitment processes do not focus on the attributes that can sustain financial performance.
- ii. 52.4% of respondents agreed that staff of the bank are assessed based on the effect of their activities on the overall financial performance of the bank, while 39.9% indicated that the staff of the bank are not assessed based on the effect of their activities on the overall financial performance of the bank.
- iii. 37.4% of respondents agreed that employees participate in various financial performance activities either organised by the bank or external bodies, while 53.1% indicate that the staff of the bank are not assessed based on the effect of their activities on the overall financial performance of the bank.
- iv. 52.4% of respondents agreed that banks organise training for the employees, specifically on activities that affect the bank's financial performance, and 35.2% indicated that the banks do not organise training for the employees, specifically on activities that affect the bank's financial performance.

Table 4.6a: Impact of HRM Practice on the Financial Performance of the Banks

SN	HRM Practices on the Financial Performance	Disagreed (%)	Undecided (%)	Agreed (%)	Total (%)	Mean	SD	Decision
1	Recruitment processes focus on the attributes that can sustain the financial performance of the bank	108 (39.6)	11 (4.0)	154 (56.4)	273 (100)	3.63	0.96	Agreed
2	The staff of the bank are assessed based on the effect of their activities on the overall financial performance of the bank	109 (39.9)	21 (7.7)	143 (52.4)	273 (100)	3.41	1.02	Agreed
3	Employees participate in various financial performance activities either organised by the bank or external bodies	145 (53.1)	26 (9.5)	102 (37.4)	273 (100)	2.96	1.08	Disagreed
4	Banks organise training for the employees, specifically on activities that affect the bank's financial performance	96 (35.2)	34 (12.5)	143 (52.4)	273 (100)	3.39	1.24	Agreed
5	Employees are compensated based on their contribution to the overall financial performance of the bank	109 (39.9)	24 (8.8)	140 (51.3)	273 (100)	3.45	1.17	Agreed
6	Career planning for employees of the bank is influenced by the financial performance of the bank	149 (54.6)	26 (9.5)	98 (35.9)	273 (100)	2.94	0.97	Disagreed
7	The HRM department plays an essential role in the financial returns of the bank	107 (39.2)	22 (8.1)	144 (52.7)	273 (100)	3.47	1.19	Agreed
8	The overall financial performance of the bank over the years can be linked to various HRM practices engaged by the bank	110 (40.3)	15 (5.5)	148 (54.2)	273 (100)	3.48	1.13	Agreed

Disagreed = Strongly Disagreed (SD) + Disagreed (D), Agreed = Strongly Agreed (SA) + Agreed (A), SD = Standard Deviation

v. 51.3% of respondents agreed that employees are compensated based on their contribution to the overall financial performance of the bank, and 39.9% indicated that employees are not compensated based on their contribution to the overall financial performance of the bank.

vi. 35.9% of respondents agreed that career planning for employees of the bank is influenced by the financial performance of the bank, and 54.6% indicated that the career planning for employees of the bank is not influenced by the financial performance of the bank.

The respondents also agreed that the HRM department plays an essential role in the financial returns of their banks (52.7%), and the overall financial performance of their banks can be linked to the HRM practices (54.2%). The average response for the eight questions is 68%, with an 11% standard deviation. These findings agree marginally with some of the research referred to in Chapter 2 that indicated that HRM practices do relate positively to financial performance of banks listed on the NSE.

Furthermore, the respondents were asked, “What more can HRM do to improve on the financial performance of the bank?” The respondents suggested more investment in training the employees to improve their technological or practical skills and information related to specific functional competencies. Also, respondents indicated that a requirement for an effective system of distributing corporate benefits is essential for HRM practices and developing high-quality human resources for firms.

Table 4.6b presents the differences in the feedback among various management levels on the influence of HRM practices on financial performance of the commercial banks based on correlation analysis. From the analysis, there is no significant difference in the feedback regarding the influence of HRM practices on financial performance across various managerial levels. In this regard, all levels of management shared similar opinions regarding HRM practices and financial performance, agreeing with the various opinions presented.

Table 4.6b: Correlation Analyses between HRM Practices, Financial Performance and Level of Management Feedback

HRM Practices and FINANCIAL PERFORMANCE	Supervisor			Top Level Management			Middle-Level Management			Low-Level Management			Total			Pearson Correlation X2 (p-value)
	D	U	A	D	U	A	D	U	A	D	U	A	D	U	A	
HRM-P/FP 1	18	2	28	14	2	20	49	3	72	27	3	35	108	10	155	4.338 (0.977)
HRM-P/FP 2	18	3	27	13	1	22	51	9	64	28	7	30	110	20	143	11.628 (0.476)
HRM-P/FP 3	22	4	22	17	4	15	69	9	46	38	9	18	146	26	101	13.854 (0.310)
HRM-P/FP 4	8	7	33	11	3	22	47	14	63	29	10	26	95	34	146	18.248 (0.108)
HRM-P/FP 5	21	3	24	10	3	23	47	13	64	31	5	29	109	24	140	7.492 (0.823)
HRM-P/FP 6	29	5	14	15	2	18	67	14	42	37	3	25	146	24	99	10.677 (0.557)
HRM-P/FP 7	18	3	27	12	2	22	52	12	60	24	5	36	106	22	145	5.848 (0.924)
HRM-P/FP 8	20	2	26	10	3	23	56	6	62	24	4	37	110	15	148	10.938 (0.534)

* D= Disagreed, A= Agreed, U= Undecided

HRM-P/FP 1: Recruitment processes focus on the attributes that can sustain the financial performance of the bank.

HRM-P/FP 2: The staff of the bank are assessed based on the effect of their activities on the overall financial performance of the bank.

HRM-P/FP 3: Employees participate in various financial performance activities either organised by the bank or external bodies.

HRM-P/FP 4: Banks organise training for the employees, specifically on activities that affect the bank's financial performance.

HRM-P/FP 5: Employees are compensated based on their contribution to the overall financial performance of the bank.

HRM-P/FP 6: Career planning for employees of the bank is influenced by the financial performance of the bank.

HRM-P/FP 7: The HRM department plays an essential role in the financial returns of the bank.

HRM-P/FP 8: The overall financial performance of the bank over the years can be linked to various HRM practices engaged by the bank.

In conclusion, this section has provided insight into the HRM practices performed by banks and their relationship with financial performance. The section concludes by stating that there is marginal evidence to suggest that HR departments and their practices contribute to the financial performance of banks listed on the NSE. Findings from the rest of the questionnaire on the impact of HRM practices on operational performance are reported in the next section.

4.1.4 Objective IV: Impact of HRM Practice on the Operational Performance of the Banks

This section reports the feedback of respondents on the operational performance of banks. The main indicators for operational performance are product quality, productivity, and new product development; and the aim was to determine if there is a link between HRM practices and performance at the different banks.

Table 4.7a of the study presents the respondents' feedback of the effect of HRM practices on the operational performance of the selected banks. Considering product quality as an operational performance indicator, the finding reveals that respondents agreed that the

Table 4.7a: HRM Practices on the Operational Performance

HRM Practices on the Operational Performance	Disagreed (%)	Undecided (%)	Agreed (%)	Total (%)	Mean	SD	Decision
Product Quality							
The recruitment processes ensure employees are placed in departments to ensure product quality	83 (30.4)	24 (8.8)	166 (60.8)	273 (100)	3.67	1.27	Agreed
The HRM department ensures employees are employed based on the capacity to improve the bank's product	81 (29.7)	10 (3.7)	182 (66.6)	273 (100)	3.86	1.09	Agreed
The HRM department organises training and workshops to improve product quality	95 (34.8)	12 (4.4)	166 (60.8)	273 (100)	3.72	1.04	Agreed
HRM ensures that promotion/compensation is based on the product quality provided/proposed by their staff	149 (54.6)	46 (16.8)	78 (28.6)	273 (100)	2.84	1.04	Disagreed
HRM department activities influence the product(s) of the bank	117 (42.9)	25 (9.2)	131 (47.9)	273 (100)	3.33	1.25	Agreed
Productivity							
The HRM department plays an essential role in the overall productivity of the bank	100 (36.6)	25 (9.2)	148 (54.2)	273 (100)	3.57	1.28	Agreed
The recruitment process ensures that the right personnel are placed in the right position	96 (35.2)	16 (5.9)	161 (58.9)	273 (100)	3.68	1.09	Agreed
The HRM department organises training and workshops to ensure better employee productivity	101 (37.9)	9 (3.3)	163 (59.7)	273 (100)	3.68	0.93	Agreed

HRM Practices on the Operational Performance	Disagreed (%)	Undecided (%)	Agreed (%)	Total (%)	Mean	SD	Decision
HRM ensures that promotion and compensation are based on productivity provided by their staff	186 (65.9)	4 (1.5)	82 (32.6)	273 (100)	3.11	0.74	Disagreed
HRM department activities influence the product(s) of the organisation	92 (33.7)	11 (4.0)	170 (62.3)	273 (100)	3.68	0.99	Agreed
New Product Development							
The ability to develop new products plays a significant role in the recruitment process of top-level management and supervisory categories	71 (26.0)	10 (3.7)	192 (70.3)	273 (100)	3.86	1.01	Agreed
The ability to develop new products plays a significant role in the recruitment process of middle-level management	85 (31.1)	3 (1.1)	185 (67.8)	273 (100)	3.86	0.79	Agreed
Employees are assessed based on their ability to develop new products and services for the organisation	95 (34.8)	16 (5.9)	162 (59.3)	273 (100)	3.57	0.99	Agreed
HRM ensures that promotion and compensation are based on new products developed by their staff	154 (56.4)	36 (13.2)	83 (30.4)	273 (100)	2.95	0.96	Disagreed
HRM department activities influence the development of new products for the bank	115 (42.1)	17 (6.2)	141 (51.7)	273 (100)	3.27	1.07	Agreed

Disagreed = Strongly Disagreed (SD) + Disagreed (D), Agreed = Strongly Agreed (SA) + Agreed (A), SD = Standard Deviation

recruitment process (60.8%), employee participation (66.6%) and training (60.8%) influence the product quality and operational performance of the banks. However, they disagreed that compensation (54.6%) as HRM practice has any impact on product quality. Among the respondents, 47.9% agreed that the HRM department's activities influence the banks' product quality.

The findings further reveal that 54.2% of the respondents agreed that HRM activities play a crucial role in the productivity of the banks. Considering the influence of HRM practices on productivity, the finding reveals that respondents agreed that the recruitment process (58.9%) and training (59.7%) influence the productivity of the banks; however, they mostly disagreed that compensation (65.9%) as an HRM practice has an impact on productivity. Among the respondents, 62.3% agreed that the HRM department's activities influence the banks' productivity.

Considering new product development as an indicator of operational performance, the respondents agreed that the ability to develop new products plays a significant role in the recruitment of top-level management and supervisory categories (70.3%), middle-level management (67.8%) and the performance assessment of all employees (59.3%). However, they disagreed that compensation (56.4%) as an HRM practice has any impact on new product development. Among the respondents, 51.7% agreed that the HRM department's activities influence the banks' new product development.

Table 4.7b presents the differences in the feedback among various management levels on the influence of HRM practices on operational performance of the commercial banks based on correlation analysis. Regarding the aspect of the product quality of operational performance, there was no significant difference in the feedback regarding the influence of HRM practices on product quality aspect of operational performance across various managerial levels. In this regard, all levels of management shared similar opinions regarding HRM practices and operational performance.

Considering the productivity of the commercial banks, there was no significant difference in the feedback regarding the influence of HRM practices on productivity of the commercial banks across various managerial levels. In this regard, all levels of management shared similar opinions regarding HRM practices and operational performance.

Table 4.7b: Correlation Analyses between HRM Practices, Operational Performance, and Level of Management Feedback

HRM Practices & OP	Supervisor			Top Level Management			Middle-Level Management			Low-Level Management			Total			Pearson Correlation X2 (p-value)
	D	U	A	D	U	A	D	U	A	D	U	A	D	U	A	
HRM-P/PQ 1	12	6	30	12	1	23	43	9	72	17	8	40	84	24	165	8.508 (0.744)
HRM-P/ PQ 2	13	1	34	13	1	22	38	6	80	16	2	47	80	10	183	5.149 (0.953)
HRM-P/ PQ 3	14	2	32	14	2	20	40	7	77	26	1	38	94	12	167	7.557 (0.819)
HRM-P/ PQ 4	26	8	14	19	4	13	70	26	28	35	8	22	150	46	77	9.392 (0.669)
HRM-P/ PQ 5	21	6	21	16	4	16	51	12	61	29	3	33	117	25	131	12.193 (0.43)
HRM-P/P 1	17	5	26	10	3	23	49	10	65	24	7	34	100	25	148	7.506 (0.822)
HRM-P/P 2	19	4	25	12	2	22	41	5	78	24	5	36	96	16	161	9.772 (0.636)
HRM-P/P 3	19	3	26	15	2	18	40	2	82	27	2	36	101	9	162	9.006 (0.702)
HRM-P/P 4	33	-	15	23	1	11	77	2	45	46	1	18	179	4	89	7.785 (0.556)
HRM-P/P 5	18	2	28	13	2	20	43	4	97	18	3	44	92	11	169	9.475 (0.662)
HRM-P/NPD 1	13	1	34	9	1	25	28	5	91	21	3	41	71	11	191	11.399 (0.495)
HRM-P/NPD 2	15		33	14		21	24	2	98	31	1	33	84	3	185	21.692 (0.041)*
HRM-P/NPD 3	20	4	24	14	2	19	34	8	82	27	2	36	95	16	161	15.774 (0.202)
HRM-P/NPD 4	22	7	19	19	5	11	69	19	36	44	5	16	154	36	82	7.476 (0.588)
HRM-P/NPD 5	22	4	22	13	1	21	48	8	68	32	4	29	115	17	140	8.188 (0.770)

*D= Disagreed, A= Agreed, U= Undecided

HRM-P/PQ 1: The recruitment processes ensure employees are placed in departments to ensure product quality.

HRM-P/PQ 2: The HRM department ensures employees are employed based on the capacity to improve the bank's product.

HRM-P/PQ 3: The HRM department organises training and workshops to improve product quality.

HRM-P/PQ 4: HRM ensures that promotion/compensation is based on the product quality provided/proposed by their staff.

HRM-P/PQ 5: HRM department activities influence the product (s) of the bank.

HRM-P/P 1: The HRM department plays an essential role in the overall productivity of the bank.

HRM-P/P 2: The recruitment process ensures that the right personnel are placed in the right position.

HRM-P/P 3: The HRM department organises training and workshops to ensure better employee productivity.

HRM-P/P 4: HRM ensures that promotion and compensation are based on productivity provided by their staff.

HRM-P/P 5: HRM department activities influence the product (s) of the organisation.

HRM-P/NPD 1: The ability to develop new products plays a significant role in the recruitment process of top-level management and supervisory categories.

HRM-P/NPD 2: The ability to develop new products plays a significant role in the recruitment process of middle-level management.

HRM-P/NPD 3: Employees are assessed based on their ability to develop new products and services for the organisation.

HRM-P/NPD 4: HRM ensures that promotion and compensation are based on new products developed by their staff.

HRM-P/NPD 5: HRM department activities influence the development of new products for the bank.

On the new product development of operational performance, there was no significant difference in the feedback regarding the influence of HRM practices on the product quality aspect of operational performance across various managerial levels. The exception was for the opinion which considers the “ability to develop new products plays a significant role in the recruitment process of middle-level management”, which shows a significant difference in the feedback across the managerial levels ($X^2 = 21.692$, $p\text{-value} = .041$).

It is therefore concluded from the opinion of respondents that HRM practices are mostly linked positively to the three main elements of operational performance as identified by Singh et al. (2016), namely: product quality, productivity and new product development. In addition, there are mostly no significant differences in the responses at the different employment levels.

4.1.5 Research Hypotheses

In this section, two hypotheses have been tested to determine, firstly, the impact of HRM on financial performance, and secondly, the impact of HRM practices on operating performance.

4.1.5.1 Research Hypothesis I

Hypothesis I: Relationship between HRM Practices and Financial Performance

From Table 4.8, the study's hypothesis was tested using the Chi-square, based on the following statement:

H_0 : There is no statistically significant relationship between the HRM practice and the financial performance of commercial banks.

H_i : There is a statistically significant relationship between the HRM practice and the financial performance of commercial banks.

Where: H_0 ; Null Hypothesis and H_i ; Alternate Hypothesis

Based on the decision rule that is mathematically expressed (where $p\text{-value} < \alpha$ (0.05) rejects null hypotheses; $p\text{-value} > \alpha$ (0.05) accepts the null hypothesis), the outcome reveals that HRM practices such as performance assessment (PA), employee participation (EP), training (T) and compensation (C) and career planning (CP) show a significant relationship with financial performance of the commercial banks (where $p < 0.05$, $p = 0.05$); however, recruitment process shows no relationship with financial performance (where $p > 0.05$, $p = 0.438$). Considering the

extent of the relationship, the Pearson correlation coefficient (r) indicated that performance assessment (0.367), employee participation (0.118), training (0.234) and compensation (0.213) and career planning (0.241) showed weak positive relationship with financial performance of the banks. Also, the (r) of recruitment process (-0.047) showed no or weak negative relationship.

Table 4.8: Test for Relationship between HRM Practices and Financial Performance

		RP	PA	EP	T	C	CP
FP	Pearson Correlation	-0.047	0.367**	0.118**	0.234**	0.213**	0.241**
	Sig. (2-tailed)	0.438	0.000	0.051	0.000	0.000	0.000
	N	273	273	273	273	273	273

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

Source: Researchers' Analysis, 2023

KEY:

- i **Recruitment processes (RP):** Recruitment processes focus on the attributes that can sustain financial performance of the bank.
- ii **Performance assessment (PA):** Staff of the bank are assessed based on the effect of their activities on the overall financial performance of the bank.
- iii **Employees participation (EP):** Employees participate in various financial performance activities either organised by the bank or external bodies.
- iv **Training (T):** Banks organise training for the employees specifically on activities that affect the bank's financial performance.
- v **Compensation (C):** Employees are compensated based on their contribution to the overall financial performance of the bank.
- vi **Career planning (CP):** Career planning for employees of the bank is influenced by the financial performance of the bank.

4.1.5.2 Research Hypothesis II

Hypothesis II: Relationship between HRM Practices and Operational Performance

From Table 4.9, the study's hypothesis was tested using the Chi-square, based on the following statement:

H₀: There is no statistically significant relationship between the HRM practice and the operational performance of the commercial banks.

H₁: There is a statistically significant relationship between the HRM practice and the operational performance of commercial banks.

Where: H₀; Null Hypothesis and H₁; Alternate Hypothesis

Based on the decision rule that is mathematically expressed (where $p\text{-value} < \alpha (0.05)$ rejects null hypotheses; $p\text{-value} > \alpha (0.05)$ accepts the null hypothesis), the outcome reveals that HRM practices such as recruitment process (RP), employee participation (EP), and training (T) show no significant relationship with operational performance such as product quality of the commercial banks (where $p < 0.05$, $p = 0.850$; 0.621 and 0.12 ; however, compensation (C) shows a significant relationship with product quality (where $p > 0.05$, $p = 0.000$). The Pearson correlation coefficient (r) indicated that recruitment process (0.012), employee participation (0.30) showed weak and positive relationship with operational performance while training (0.94) showed strong positive correlation with operational performance such as product quality. Also, that compensation (0.338) showed a weak and positive relationship with operational performance such as product quality.

Also, the outcome reveals that HRM practices such as recruitment process (RP), training (T) and compensation (C) show no significant relationship with operational performance such as productivity of the commercial banks (where $p < 0.05$, $p = 0.271$, 0.834 and 0.27). The Pearson correlation coefficient (r) indicated that recruitment process (-0.67) showed a strong negative relationship with productivity, training (-0.013) showed weak and negative a relationship with productivity while compensation (0.134) showed a weak positive relationship with productivity.

The outcome reveals that HRM practices such as performance assessment (PA), employee participation (EP) and recruitment process (RP) show a significant relationship with operational performance, such as new product development of the commercial banks (where $p < 0.05$, $p = 0.000$); however, compensation (C) shows no significant relationship with product quality (where $p > 0.05$, $p = 0.115$). The Pearson correlation coefficient (r) indicated that recruitment process (0.136 and 0.252), employee participation (0.295) showed weak positive relationship with new product development while compensation (0.96) showed strong positive no relationship with new product development as operational performance indicator.

Table 4.9: Test for Relationship between HRM Practices and Operational Performance

		RP	PA	EP	T	C
Product Quality	Pearson Correlation	0.012	-	0.30	0.94	0.338**
	Sig. (2-tailed)	0.850	-	0.621	0.12	0.000
	N	273	-	273	273	273
Productivity	Pearson Correlation	-0.67	-	-	-0.013	0.134
	Sig. (2-tailed)	0.271	-	-	0.834	0.27
	N	273	-	-	273	273
		RP	RP2	EP	-	C
New Product Development	Pearson Correlation	0.136*	0.252*	0.295*	-	0.96
	Sig. (2-tailed)	0.024	0.00	0.000	-	0.115
	N	273	273	273	-	273

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

Source: Researchers' Analysis, 2023

KEY:

Product Quality:

- i Recruitment Process (RC):** The recruitment processes ensure employees are placed in departments to ensure product quality.
- ii Performance Assessment (PA):** employees are employed based on the capacity to improve the bank's product.
- iii Training (T):** organise training and workshops to improve product quality.
- iv Compensation (C):** Promotion/compensation is based on product quality provided/proposed by their staff.

Productivity:

- i Recruitment Process (RC):** The recruitment processes ensure that the right personnel are placed in the correct position.
- ii Training (T):** Organise training and workshops to ensure better employee productivity.
- iii Compensation (C):** HRM ensures that promotion and compensation are based on productivity provided by their staff.

New Product Development:

- i Recruitment Process (RP):** The ability to develop a new product plays a significant role in the recruitment process of top-level management and supervisory categories.

- ii **Recruitment Process 2 (RP2):** The ability to develop new products plays a significant role in the recruitment process of middle-level management.
- iii **Employee participation (EP):** Employees are assessed based on the ability to develop new products and services for the organisation.
- iv **Compensation (C):** Promotion and compensation are based on a new product developed by their staff.

4.2 Discussion

Explore the HRM Practices Adopted by Commercial Banks

From the outcome, respondents indicated that all the commercial banks have an HRM department, and the department's activities are crucial to the banks and the employees. Considering the importance of various activities of the HRM department, the respondents revealed that all activities, ranging from the recruitment process, training and development, performance assessment, employee participation, compensation, and career planning, are crucial to the commercial banks.

The outcome supports the notion of Syed et al. (2014), which indicated that HRM is a crucial aspect of the operation that every organisation cannot do without. Similarly, Elumah et al. (2017) confirm that HRM practices are commonly practised in many organisations in Nigeria.

Although all HRM practices were deemed either important or crucial by respondents, there were some disagreements between the levels of management on the importance of employee participation and performance assessment.

The Trend in Financial Performance of Selected Banks

The trend of financial performance of the banks was evaluated using the ROA, and more specifically the ROAs from pre-intervention and post-intervention periods. ROA is the product of profitability and the effective use of assets to generate income, and both these elements can be affected by HRM.

The analysis in general shows that the ROAs of the banks investigated are very similar, and are therefore indicative of a very competitive environment. The banks achieved average ROAs between 3.85 and 7.14 in the post-intervention period, with the lowest value of 2.79 and a highest of 10.12. The standard deviations in the post-intervention period varied between 0.54

and 2.59, which is very low. In the pre-intervention period, ROAs varied between 0.7 and 8.63 for the different banks and the standard deviation between 0.97 and 2.75.

Secondly, it shows that the trend for the movement of ROA from year to year is very similar but there are exceptions, and these exceptions could be due to HRM activities or other influences. Some banks illustrated bigger standard deviations than others in average ROAs. Although it would be quite interesting to determine the reason for the standard deviations it falls outside the scope of this research.

Thirdly, the comparison of the two periods indicates that the average ROAs increased since the intervention when banks had to adjust their HRM activities. Four of the five banks reported a higher ROA for the post-intervention period compared to the pre-intervention period. Furthermore, the difference in standard deviation in ROAs decreased significantly.

In conclusion, this section has made use of the ROAs of the various banks to determine if HRM practices/activities could be linked to the changes in ROAs. ROA is the product of profitability and the effective use of assets, and HRM could play an essential role in achieving this. The research by Ogundaju et al. (2022), as quoted in Chapter 2, indicates the influence of financial innovation as a function of HRM through asset management on ROA. A similar outcome has been reported by Akinroluyo and Adeoti (2022), which indicates that the financial performance of an organisation is a result of the management of capital assets and their adequacy. Similarly, Rahman and Akhter (2021) and Quresh et al. (2016), as quoted in Chapter 2, assert that investment in human capital and HRM practices have positive feedback on financial performance, as well as performance measure by ROA, based on Ogwoka et al. (2017) as quoted in Chapter 2.

Impact of HRM Practice on the Financial Performance of the Banks

The third objective of the research was to determine the impact of HRM on financial performance of the banks. Responses indicate that practices such as recruitment process, performance assessment, training and compensation influence the financial performance of the banks. The HRM department plays essential role in the financial returns of the banks since it involves recruiting the right personnel to perform in a manner that will ensure the progress of the bank.

4.3 Conclusion

In conclusion, this section has provided insight into the HRM practices performed by banks and their relationship with organisational, and more specific, operational and financial performance. Evidence has been found suggesting that HRM activities are important and that they contribute to operational and financial performance. This research therefore has similar outcomes to the study conducted by Dahie and Mohamed (2017), amongst many others, indicating a positive relationship between HRM practices and organisational performance. As such, this study agrees with and supports the opinion of Onyinyechi and Ihendinihu (2017), which asserts that organisations must develop various HRM practices to establish effective financial performance.

This research supports Hypothesis (I): There is a statistically significant relationship between performance assessment, training and compensation and financial performance of the banks. This outcome shows similarity to that of Ayanda et al. (2014), who observed a positive correlation between financial performance and HRM practices such as training, compensation and employee management. However, the relationships are not strong considering the value of the Pearson correlation. This indicates that factors other than HRM practices can influence the financial performance of commercial banks.

Impact of HRM Practice on the Operational Performance of the Banks

Investigating the impact of HRM on operational performance as the fourth objective focused on product quality, productivity, and new product development.

On product quality, findings reveal that HRM practices impact on the commercial bank's product quality, as indicated by the feedback from the respondents. Also, HRM practices play a crucial role in the banks' productivity. However, compensation as part of HRM practices is considered not to influence the banks' productivity. On new product development, HRM practices influence the activities of the banks towards new product development. Although compensation is not perceived to be influenced by the new product development, the outcome shares similarities with a study by Bassey and Tapang (2012), even though their study reported a significant impact between productivity and compensation.

It is therefore concluded from the opinions of respondents that HRM practices are mostly linked positively to the three main elements of operational performance as identified by Singh et al. (2016); namely: product quality, productivity and new product development. In addition,

no significant differences in the responses at the different employment levels have been observed.

Supporting Hypothesis (II), the analysis reveals a significant relationship between compensation and performance assessment, even though it is a weak positive relationship. It was also found that there is no relationship between productivity and recruitment process, training, and compensation. At the same time, there is a significant relationship between new product development and the top and middle management level recruitment process and employee participation. The finding corroborates the study by Riana et al. (2019), which posits that HRM could influence organisational performance and innovation significantly towards developing new products. The outcome is also similar to that of Abosede et al. (2018), which indicates a significant impact of HRM practices, such as compensation and performance assessment, on the operational-related performance of an organisation.

In summary, this chapter has addressed the findings of a mixed-methods survey. It introduced the reader to the respondents, demographic details of survey participants, and the findings of the questionnaires. The findings presented in this chapter present answers to the examination of HRM practices and their impact on the operational and financial performance of commercial banks listed on the NSE.

Having investigated the HRM practices, and their impact on financial and operational performance, the research concludes in Chapter 5 with a summary of findings, recommendations, limitations, and implications.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the Chapters

Many companies have continuously examined their HRM activities and practices to achieve a competitive advantage over their competitors. Bearing this in mind, the present study has empirically examined the impact of HRM practices on the operational and financial performance of commercial banks listed on the NSE. The objectives utilised in achieving the aim of the study were to explore the HRM practices adopted by commercial banks listed on the NSE, to examine the trend in the financial performance of commercial banks since the post-intervention era, and to assess the impact of HRM practice on the financial performance and the operational performance of the banks. The study was limited to the commercial banks within the “Tier 1” of the CBN categorisation. In achieving the aim and objectives of the study, five chapters have been developed to enhance the study outcome and it is therefore summarised along with the study findings below.

- i. Chapter 1: Introduction. The chapter sketched a background for this research in identifying the challenges that organisations face in creating and maintaining a competitive advantage.

HRM was identified as a capability to train, develop, compensate and lead employees to improve business performance. The research problem was then identified as the competency of HR and the way that it manages the resources so that organisations remain competitive and ultimately survive. In doing so, the human element was identified as the primary agent to achieve organisational objectives.

The scene was also set with reference to financial institutions and specifically banks in Nigeria, and the financial reform of 2009. This captured the period when the CBN instituted various reforms. Nigerian banks had to adjust to restrictions and apply various HRM practices to ensure that they remained profitable. Therefore, the question and main aim of this research were to examine the impact of HRM practices on the operational and financial performance of commercial banks listed on the NSE.

The objectives and research questions of the study were to explore the HRM practices adopted by commercial banks listed on the NSE; examine the trend of financial performance; and assess the impact of HRM on financial and operational performance.

A mixed-method research approach was applied in collecting responses from bank employees in a survey to answer the research questions.

The significance of the study is the recognition of the importance of HRM, as well as addressing the knowledge gap regarding the HRM practices and organisational performances. The chapter identified that earlier research focus has been on the extensive use of either operational or financial metrics in examining the impact of HRM practices, specifically for the banking sector. The present study went a step further by combining financial and non-financial performance indicators in assessing the impact of HRM practices on operational and financial performance of commercial banks in Nigeria.

- iv. Chapter 2: Literature Review. This chapter was based on three sub-sections which all contributed to the literature build-up of the present study. The aim of the literature review was to establish the relevance of the study and possible relationship or influence among the main variables of the study, that is Human Resource Management (HRM) and Organisational Performance (OP) (which is based on Financial Performance (FP) and Operational Performance (OpP)). The review of relevant literature was captured under the following sub-sections: conceptual framework, theoretical framework and empirical review.

The chapter started off by addressing HRM as a concept, and its practices. Various related HRM practices based on four key HRM activities were mentioned and elaborated on to better understand HRM practices associated with banking activities. The HRM practices adopted for the study, based on their importance to the performance of financial institutions, included Recruitment Process (RP), Performance Assessment (PAs), Employee Participation (EP), Training (T), Compensation (C) and Career Planning (CP), which cut across the three HRM activities.

The sub-section for empirical review considered previous research and studies as a base line for the current study. As will be seen in the discussion of the findings later on, the findings of the present study corroborated many of the reviewed studies such as Ayanda

et al. (2014), Syed et al. (2014), Dahie and Mohamed (2017), Abosede et al. (2018), Chong et al. (2020), and Omar et al. (2020).

- v. Chapter 3: Methodology. To address the research problem, aim and the study of the research questions, the researcher followed a scientific approach that aimed to ensure that the research strategy and other related activities would accomplish the research objectives.

Having considered the research problem, objectives and research questions in Chapter 1 of the study, along with previous studies concerning the present study from the literature review in Chapter 2, Chapter 3 considered various aspects of research methodology that could help in establishing the impact of HRM practices on the financial and operational performance of commercial banks listed on the NSE.

This study therefore adopted a pragmatist research philosophy and methodology because it deals with facts on HRM and its effect on organisational performance. Furthermore, it allows for the consideration of outcome(s) from the research to be essential and providing freedom for the researcher's choice of methodology, techniques and procedures that suit the research itself.

The paradigm adopted for the study was a methodology based on a mixed-method research approach. The method allows for the adoption of various quantitative and qualitative research techniques in a single study. For the researcher to explain the impact of HRM on the performance of banks, a descriptive research approach was adopted. Descriptive research helped in answering the "who, what, when, where, and how" questions.

The research design or strategy selected for this study was a cross-sectional research design based on survey research. The survey research was used to collect data from the sample of elements through a questionnaire to gain quantitative and qualitative inputs. The Cochran sample size was applied to five Tier 1 banks listed on the NSE to select 384 respondents, while a random sampling method was used during the questionnaire administration. Data were collected from respondents using questionnaires with open-ended and close-ended questions (the activities were carried out from 07 August to 05 September, 2023). Additional secondary data were obtained from financial statements sourced from the CBN.

Completed questionnaires were collated, coded and analysed using Statistical Package for the Social Sciences (SPSS). Descriptive analysis and correlation analysis were used to interpret the data. In order to analyse the relationship between HRM and operational and financial performance (ROA), the Pearson correlation was determined.

- vi. Chapter 4: Result and Discussion. Having adopted the research methodology and approach in the previous chapter, Chapter 4 presented the researcher's findings regarding the impact of HRM practices on operational and financial performance among commercial banks. The research questions and the corresponding feedback (findings) were presented as follows:

1. What HRM practices were adopted by financial institutions listed on the NSE?

Answer: All the commercial banks indicated having an HRM department, and the departments' activities were crucial to the banks and the employees. Considering the importance of various activities from the HRM department, the findings revealed that all activities, ranging from the recruitment process, training and development, performance assessment, employee participation, compensation, and career planning are crucial to the commercial banks, with recruitment processes having the highest rating. The findings on the importance and different activities of banks were corroborated among respondents at the different management levels. This study correlates with those that were researched in Chapter 2, that is Syed et al. (2014) and Elumah et al. (2017), which found similar results in their research, where they identified the importance of HRM in every institution, indicating that its importance cannot be overemphasised.

2. What is the trend in the institution's financial performance since the post-intervention era?

Answer: The ROA of the commercial banks from 2011 to 2022 gave a picture of the levels and trends of the ROAs for the different banks. On average, First Bank had the highest average ROA and UBA had the lowest average ROA for the period under investigation. Secondly, the ROAs for these banks were similar, indicating that the financial performance of these banks is close, competitive and requiring some exceptional skills to outperform each other. Thirdly, that the trends in the

change of ROA from year to year is not the same for each of them. This is where HRM practices and activities could have made a difference between the banks.

The implication is that banks can convert their HRM activities and asset management into higher net income, and a higher ROA. Considering the relevance of HRM practices on the financial performance of banks, as reported by respondents, it can be concluded with a high degree of confidence that HRM activities, since the intervention, have contributed positively to the financial performance of the studied banks. These findings corroborate those of Rahman and Akhter (2021) and Quresh et al. (2016), as identified in Chapter 2, which indicated that investment in human capital and HRM practices improve ROA. This basically affirmed most of the activities during the post-intervention era where banks invested more in human capital development.

3. What is the impact of HRM practice on the financial performance of the banks?

Answer: According to the respondents, HRM practices, such as the recruitment process, performance assessment, training and compensation, influence the financial performance of the banks positively. Thus, the HRM department plays an essential role in the financial returns of the banks since it involves recruiting the right personnel to perform in a manner that would ensure the progress of the bank. These findings corroborate those of Dahie and Mohamed (2017) and Onyinyechi and Ihendinihu (2017) which were reviewed in Chapter 2.

4. What is the impact of HRM practice on the operational performance of the banks?

Answer: HRM practices impact on the operational performance of commercial banks because of their influence on product quality, new product development, and productivity. As such, the HRM practices play a crucial role in ensuring productivity and the banks' ability to achieve their objectives. The study findings correlate with those of Bassey and Tapang (2012) and Singh et al. (2016) whose research were cited in Chapter 2.

In summary, the research identified HRM practices and activities relevant to commercial banks, and the respondents from the study confirmed the importance of HRM activities on the

operational and financial performance of the studied banks that operate within the banking sector of Nigeria.

5.2 Conclusion

The study used primary and secondary data to examine the impact of HRM practices on the operational and financial performance of commercial banks listed on the NSE. Based on the study's outcome, it is concluded that HRM and its practices play a crucial role in the activities of commercial banks in Nigeria. Furthermore, HRM practices impact on the financial and operational performances of commercial banks. Overall, it is concluded that HRM practices impact on commercial banks' financial and operational performance, but it is acknowledged that other internal and external factors could play a role in such performances.

5.3 Recommendations

The importance of HRM in an organisation is crucial for the performance of such an organisation; therefore, there is the need for an effective HRM department or section in every organisation to ensure optimum performance and coordination of various resources for the benefit of such organisation in achieving their objectives. Commercial banks must attract investors through operational and financial performance, and as such, there should be effective asset management, especially the human resources, within a favourable working environment.

5.4 Potential Areas for Future Research

The present study posits that future investigations may benefit from considering the following perspectives.

- i. Additional investigations could be conducted in different countries to determine if the HRM practices have similar outcomes on the operational and financial performance of commercial banks in those countries.
- ii. The replication of this study in other regions/states across Nigeria would yield a more thorough understanding of the impact of HRM practice on the operational and financial performance of commercial banks in rural areas of Nigeria.
- iii. Future researchers could investigate the impact of HRM practice on the operational and financial performance of commercial banks other than “Tier 1” category to establish the influence of HRM practices at different levels of banking activities.

- iv. The measurement of ROA and the link with HRM practices should be further developed. Various other variables affect the ROA and should be isolated to ensure that the exact impact on ROA is determined.
- v. Lastly, future research is recommended to explore the potential applicability of the scope mentioned above to several other industries.

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APPENDIX I: EXAMPLE OF LETTER REQUESTING PARTICIPATION



UNIVERSITEIT • STELLENBOSCH • UNIVERSITY
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REQUEST LETTER FOR INSTITUTIONAL PERMISSION

INSTITUTION NAME & ADDRESS: Access Bank PLC, Plot 329a Olu Obasanjo Road, GRA Phase 2, Port Harcourt, Rivers State, Nigeria.

INSTITUTION CONTACT PERSON: Nnenna Alfred-Orlu

INSTITUTION CONTACT NUMBER: +23484240820

INSTITUTION EMAIL ADDRESS: contactcenter@accessbankplc.com

TITLE OF RESEARCH PROJECT: Impact of Human Resources Management Practices on the Financial and Operational Performance of Commercial Banks Listed on the Nigerian Stock Exchange

RESEARCHER: Cdr Uchendu Nicholas Akalezi

DEPT NAME & ADDRESS: Military Science Stellenbosch, Military Academy, Saldanha, South Africa

CONTACT NUMBER: +23480909800900

EMAIL ADDRESS: akalezi@gmail.com

Dear Managing Director,

Kindly note that I am a **Masters researcher/student** at the Faculty of Military Science at Stellenbosch University, and I would appreciate your assistance with one facet of my research project.

Please take some time to read the information presented in the following five points, which will explain the purpose of this letter as well as the purpose of my research project, and then feel free to contact me if you require any additional information.

1. A short introduction to the project:

Considering the increasing globalization and the nature of present business environment, Human Resources Management (HRM) is seen as a critical tool that will ensure organizations' existence and performance. In reality, organizations must be goal-performance oriented considering the level of competition in the business environment and their HRM plays a vital role in accomplishing such goal. HRM is expected to manage, orientate and integrate various resources to achieve the desired performance and goal. An organization is reckoned to be "healthy" when its HRM practice results in profit-making while organizational performance (in form of operational and financial performance) is adopted as an indicator that give evidence of the performance of the organization based on the obtainable business standard. Therefore, there is a

Institutional permission request template. REC: Humanities (Stellenbosch University) 2017

need to empirically understand the influence of HRM-practices on the organizational performance with specific interest in the commercial banks of Nigeria.

2. The purpose of the project:

The purpose of the project (study) is to examine the impact of HRM-practices on the operational and financial performance of commercial banks listed on the Nigerian Stock Exchange (NSE). To achieve this, the study intends to explore various HRM-practices adopted by the commercial banks, examine their trend in their financial performance and impact of the HRM-practices on the banks financial and operational performances.

3. Your assistance would be appreciated in the following regard:

To achieve the purpose of the study, your organization has been identified to be among the required organizations and is therefore requested for institutional permission to allow the researcher to conduct the research with the staff of your establishment. The staff will be required to participate in a survey by completing a questionnaire in order to gain insight into their opinion (perception) as regard to the impact of HRM-practices on the operational and financial performance of the organization.

4. Confidentiality:

Individual (staff) have the right to decide whether to participate or not participate in the study (survey) and their identity will not be required as the questionnaire is designed without any form of personal information such as name and home address. Furthermore, the completed questionnaire will be strictly used for academic purposes only.

5. Timeframe of research project

The research requires the staff of the organization to participate in completing the research questionnaire, and this activity can be completed within 10-15mins.

If you have any further questions or concerns about the research, please feel free to contact me via email (akalezi@gmail.com) or telephonically (+2348098800900). Alternatively, feel free to contact my supervisor, Lt Col (Dr) Bernard van Nieuwenhuyzen via email bernardvn@sun.ac.za or telephonically +27227023132

Thank you in advance for your assistance in this regard.

Kind regards,

Cdr Uchendu Nicholas Akalezi

Principal Investigator

APPENDIX II: ETHICAL CLEARANCE



PROJECT APPROVED WITH STIPULATIONS

REC: Social, Behavioural and Education Research (SBER) - Initial Application Form

14 November 2023

Project number: 26420

Project title: Impact of human resources management practices on the financial and operational performance of commercial banks listed on the Nigerian stock exchange

Dear Mr UN Akalezi

The Social, Behavioural and Education Research Ethics Committee (REC: SBE) has reviewed your REC: Social, Behavioural and Education Research (SBER) - Initial Application Form submitted on 16/05/2023 16:36 and approved it with stipulations on 14 November 2023 .

You can proceed with your research activities as long as you adhere to the conditions specified below.

This approval is only valid until the end of the protocol approval period:

Protocol approval date (Humanities)	Protocol expiration date (Humanities)
14 November 2023	13 November 2026

REC STIPULATIONS/CONDITIONS:

Title	Comment
5.14.1 Please explain how you will manage the withdrawal of participants and their data should the situation arise (make sure that you inform participants of this in your consent process/form)	The researcher needs to be clear that no sensitive information from any other participants will be shared with persons who withdraw. Moreover, he must confirm that if a person withdraws they may withdraw the use of their information and data from the study without any prejudice.
8.1.1 Gatekeeper	The researcher indicates that if the banks do not give permission it would not put the research at risk. However, it seems that their permission is necessary to be able to conduct this research. The research must please just clarify this point.

How to respond to the REC: SBE's stipulations:

If you require a final letter from REC: SBE confirming that you have complied with the stipulations mentioned above, please submit your response using the steps provided in the links below. This is a necessary step to receive the confirmation letter.

[Instructional video](#) (See: How to edit your online application)

[FAQ guide](#) (See: Form FAQs -> How to revise/edit my online form)

[Template for response letter](#) (See Other templates -> Response letter template)

INVESTIGATOR RESPONSIBILITIES

1. Please read the General Investigator Responsibilities attached to this approval letter.
2. Always use your project ID number (26420) in all correspondence with the REC: SBE concerning your project.
3. The REC: SBE has the prerogative to ask further questions, seek additional information, and monitor the conduct of your research, where required.

List of documents approved by the REC: SBE:

Document Type	File Name	Date	Version
Request for permission	Application Letter for First Bank of Nigeria Permission	25/09/2022	26420
Request for permission	Application Letter for First Bank of Nigeria Permission	25/09/2022	26420
Budget	THE STUDY BUDGET	12/12/2022	5.1
Non-disclosure agreement	NDA INTERNAL-FIELDWORKER_GENESIS-1	13/12/2022	
Non-disclosure agreement	NDA INTERNAL-FIELDWORKER_AFOLABI	13/12/2022	
Non-disclosure agreement	NDA INTERNAL-FIELDWORKER_EZE	14/12/2022	
Non-disclosure agreement	NDA INTERNAL-FIELDWORKER_SUNNY	14/12/2022	
Non-disclosure agreement	NDA INTERNAL-FIELDWORKER_WALI E.-1	14/12/2022	
Default	TEMPLATE FOR RESPONSE LETTER 1	08/02/2023	
Informed Consent Form	consent form final copy for submission 2 (2)	15/03/2023	
Default	TEMPLATE FOR RESPONSE LETTER 16 March 23	20/03/2023	
Request for permission	SU HUMANITIES Permission request letter for Access Bank ank	16/05/2023	1.1
Request for permission	SU HUMANITIES Permission request letter for Zenith-2	16/05/2023	1.1
Request for permission	SU HUMANITIES Permission request letter for First Bank	16/05/2023	1.1
Request for permission	SU HUMANITIES Permission request letter for Guarantee Trust Bock Final Copy Corrected was Mr Bernard	16/05/2023	1.1
Request for permission	SU HUMANITIES Permission request letter for United Bank	16/05/2023	1.1
Research Protocol/Proposal	Proposal for ethical clearance after col. Bernards Correction	16/05/2023	1.1
Data collection tool	Alakezi Questionnaire for masters with stellenbosch_ 16 may 23	16/05/2023	1.1

If you have any questions or need advice pertaining to the contents of this letter, please contact the REC administrative officer, Mr Aden Williams at aden@sun.ac.za.

Sincerely,

Mrs Clarissa Robertson (cgraham@sun.ac.za)

Secretariat: Social, Behavioural and Education Research Ethics Committee (REC: SBE)

National Health Research Ethics Committee (NHREC) registration number: REC-050411-032.

The Social, Behavioural and Education Research Ethics Committee complies with the SA National Health Act No.61 2003 as it pertains to health research. In addition, this committee abides by the ethical norms and principles for research established by the Declaration of Helsinki (2013) and the Department of Health Guidelines for Ethical Research: Principles Structures and Processes (2nd Ed.) 2015. Annually a number of projects may be selected randomly for an external audit.

Principal Investigator Responsibilities

Protection of Human Research Participants

Once Research Ethics Committee approval is confirmed, you are responsible for the following:

Conducting the Research: You are responsible for ensuring that the research is conducted according to the REC-approved research plan. You are jointly responsible for the conduct of all co-investigators and any research staff involved with this project. The research must be conducted according to the recognised standards of your research field/discipline and according to the principles and standards of ethical research and responsible research conduct.

Informed Consent: You are responsible for obtaining and documenting affirmative informed consent using the REC-approved consent documents/process, and ensuring that no participants are involved in research without obtaining their affirmative informed consent. Please store the originally signed informed consent form(s) in a secured, REC-approved location for at least five (5) years after the research is complete.

Extension of project approval: You are required to submit a progress report to the REC: SBE at least two (2) months before the approval lapses. There is **no grace period**. Once REC approval of your research lapses, all research activities must cease, and you must contact the REC immediately.

Amendments and Changes: Any planned changes to any aspect of the research (such as research design, activities, procedures, participant groups, informed consent documents, data collection instruments, surveys or recruitment materials, etc.), must be submitted to the REC for review and approval before implementation. Amendments may not be implemented without written REC approval.

The **only exception** is when a deviation is deemed necessary to eliminate apparent immediate hazards to participants and the REC should be immediately informed of this necessity.

Adverse or Unanticipated Events: Any serious adverse events, participant complaints, and all unanticipated problems that involve risks to participants, or research team members, as well as any research-related injuries, occurring at this institution or at other performance sites must be reported to the REC within **five (5) days** of discovery of the incident. The PI must also report any instances of serious or continuing problems, or non-compliance with the RECs requirements for protecting human research participants.

Research Record Keeping: The PI must keep the following research-related records, at a minimum, in a secure location according to the approved data management plan: the REC approved research proposal and all amendments; all informed consent documents; recruiting materials; continuing review reports; adverse or unanticipated events; and all correspondence and approvals from the REC.

Provision of Counselling or emergency support: When a dedicated counsellor or a psychologist provides support to a participant without prior REC review and approval, to the extent permitted by law, such activities will not be recognised as research nor the data used in support of research. Such cases should be indicated in the progress report or final report.

Final reports: When the research is completed (no further participant enrolment, interactions or interventions), the PI must submit a Final Report to the REC to close the study.

On-Site Evaluations, Inspections, or Audits: If the researcher is notified that the research will be reviewed or audited by the sponsor or any other external agency or any internal group, the PI must inform the REC immediately of the impending audit/evaluation.

APPENDIX III: INVITATION TO PARTICIPATE

School for Defence Organisation and Resource Management
Faculty of Military Science
Stellenbosch University

Dear Respondent,

I am a Post Graduate student of the above named institution, conducting a research on the topic *“impact of human resources management practices on the financial and operational performance of commercial banks listed on the Nigerian stock exchange”*. The purpose of this questionnaire is to enable me collect detailed information on the above subject matter, and how this applies to your organization. Kindly give an unbiased response to the questions to the best of your knowledge by filling or ticking on the right option most suitable. I guarantee that all information provided will be used solely for academic purposes and would be treated as confidential.

Thank you for your anticipated co-operation.

Yours faithfully,

LtCdr, U. N. Akalezi

NN/2880

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APPENDIX IV: QUESTIONNAIRE

Some information will be required from you. The reason is to interpret the impact of **Human Resource Management Practices on the Financial and Operational Performance of Commercial Banks Listed on the Nigerian Stock Exchange.**

Instruction: Tick appropriate box () or complete where necessary.

Section A: Socio-Demographic Details of the Respondent

1. Nationality	2. State of Origin	3. Any Disability	4. Primary Language	
5. Level of Education				
Diploma			Y	N
Bachelor's degree			Y	N
Master's degree			Y	N
Doctorate			Y	N
Professional Certificate			Y	N
Other (please specify)				
6. Current Rank/Position		7. Years of Experience		
Supervisor	Y	Less than 5 years	Y	
Middle Managerial	Y	5-10 years	Y	
Top Managerial	Y	11-15 years	Y	
Other (please specify)		More than 15 years	Y	

Section B: HRM-practices adopted among Commercial Banks listed on the NSE

8. Does your bank have a Human Resource Management (HRM) Department?				
Yes		No		Do not know
9. If Yes, how important is HRM activities to your bank?				
Crucial	Important	Less important	Not Needed	
10. If Yes, how important is HRM activities/Practice to yourself?				
Crucial	Important	Less important	Not Needed	
11. Which of the following HRM practices do you deem important to your bank?				
Recruitment Process	Crucial	Important	Less important	Not Needed
Training & Development	Crucial	Important	Less important	Not Needed
Performance Assessment	Crucial	Important	Less important	Not Needed
Employee Participation	Crucial	Important	Less important	Not Needed
Compensation	Crucial	Important	Less important	Not Needed
Career Planning	Crucial	Important	Less important	Not Needed

Section C: Impact of HRM Practices on the Financial Performance of the Banks

12. The following statements are possible descriptions of the impact of HRM-practices on the financial performance of the banks listed on the NSE. Please agree or disagree with the statement in the continuum: Strongly Agree (SA), Agree (A), Disagree (D), Strongly Disagree (SD), Undecided (UN)

HRM Practices on the Financial Performance	SA	A	D	SD	UN
Recruitment processes focus on the attributes that can sustain financial performance of the bank	SA	A	D	SD	UN
Staff of the bank are assessed based on the effect of their activities on the overall financial performance of the bank	SA	A	D	SD	UN
Employees participate in various financial performance activities either organised by the bank or external bodies	SA	A	D	SD	UN
Banks organise training for the employees specifically on activities that affect the bank's financial performance	SA	A	D	SD	UN
Employees are compensated based on their contribution to the overall financial performance of the bank	SA	A	D	SD	UN

Career planning for employees of the bank is influenced by the financial performance of the bank	SA	A	D	SD	UN
The HRM department plays an important role in the financial returns of the bank	SA	A	D	SD	UN
Overall financial performance of the bank over the years can be linked to various HRM practices engaged by the bank	SA	A	D	SD	UN

13. What more can HRM do to improve on the financial performance of the bank:

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Section D: Impact of HRM Practices on the Operational Performance of the Banks

14. The following statements are possible descriptions of the impact of HRM-practices on the operational performance of the banks listed on the NSE. Please agree or disagree with the statement in the continuum.

KEY: Strongly Agree (SA), Agree (A), Disagree (D), Strongly Disagree (SD), Undecided (UN)

HRM Practices on the Operational Performance	SA	A	D	SD	UN
Product Quality					
The recruitment processes ensure employees are placed in departments to ensure product quality	SA	A	D	SD	UN
The HRM department ensure employees are employed based on the capacity to improve the Bank’s product	SA	A	D	SD	UN
The HRM department organize training and workshops to improve product quality	SA	A	D	SD	UN
HRM ensures that promotion/compensation are based on product quality provided/proposed by their individual staff	SA	A	D	SD	UN
HRM department activities have influence on the product (s) of the bank	SA	A	D	SD	UN

Productivity					
The HRM department plays an important role in the overall productivity of the bank	SA	A	D	SD	UN
The recruitment processes ensures that the right personnel are placed in right position	SA	A	D	SD	UN
The HRM department organize training and workshops to ensure better employee productivity	SA	A	D	SD	UN
HRM ensures that promotion and compensation are based on productivity provided by their individual staff	SA	A	D	SD	UN
HRM department activities have influence on the product (s) of the Organization	SA	A	D	SD	UN
New Product Development					
The ability to develop new product plays a major role in the recruitment process of top-level management and supervisory categories	SA	A	D	SD	UN
The ability to develop new product plays a major role in the recruitment process of middle level management	SA	A	D	SD	UN
Employees are assessed based on the ability to develop new products and services for the organization	SA	A	D	SD	UN
HRM ensures that promotion and compensation are based on new product developed by their individual staff	SA	A	D	SD	UN
HRM department activities have influence on the development of new products for the bank	SA	A	D	SD	UN

15. What more can HRM do to improve on the operational performance of the bank?

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16. Do you think there is a direct correlation between HRM interventions and Operational Performance?

Yes	No	Do not know
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