

GLOBAL JOURNAL

OF MANAGEMENT AND BUSINESS RESEARCH: A

Administration and Management

Human Resources Information

Talent Management Strategies

Highlights

Market Capitalization Stocks

Augmenting Employee Productivity

Discovering Thoughts, Inventing Future

VOLUME 18

ISSUE 1

VERSION 1.0



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A
ADMINISTRATION AND MANAGEMENT



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A
ADMINISTRATION AND MANAGEMENT

VOLUME 18 ISSUE 1 (VER. 1.0)

OPEN ASSOCIATION OF RESEARCH SOCIETY

© Global Journal of
Management and Business
Research. 2018.

All rights reserved.

This is a special issue published in version 1.0
of "Global Journal of Science Frontier
Research." By Global Journals Inc.

All articles are open access articles distributed
under "Global Journal of Science Frontier
Research"

Reading License, which permits restricted use.
Entire contents are copyright by of "Global
Journal of Science Frontier Research" unless
otherwise noted on specific articles.

No part of this publication may be reproduced
or transmitted in any form or by any means,
electronic or mechanical, including
photocopy, recording, or any information
storage and retrieval system, without written
permission.

The opinions and statements made in this
book are those of the authors concerned.
Ultraculture has not verified and neither
confirms nor denies any of the foregoing and
no warranty or fitness is implied.

Engage with the contents herein at your own
risk.

The use of this journal, and the terms and
conditions for our providing information, is
governed by our Disclaimer, Terms and
Conditions and Privacy Policy given on our
website [http://globaljournals.us/terms-and-condition/
menu-id-1463/](http://globaljournals.us/terms-and-condition/menu-id-1463/)

By referring / using / reading / any type of
association / referencing this journal, this
signifies and you acknowledge that you have
read them and that you accept and will be
bound by the terms thereof.

All information, journals, this journal,
activities undertaken, materials, services and
our website, terms and conditions, privacy
policy, and this journal is subject to change
anytime without any prior notice.

Incorporation No.: 0423089
License No.: 42125/022010/1186
Registration No.: 430374
Import-Export Code: 1109007027
Employer Identification Number (EIN):
USA Tax ID: 98-0673427

Global Journals Inc.

(A Delaware USA Incorporation with "Good Standing"; Reg. Number: 0423089)

Sponsors: *Open Association of Research Society*
Open Scientific Standards

Publisher's Headquarters office

Global Journals® Headquarters
945th Concord Streets,
Framingham Massachusetts Pin: 01701,
United States of America

USA Toll Free: +001-888-839-7392
USA Toll Free Fax: +001-888-839-7392

Offset Typesetting

Global Journals Incorporated
2nd, Lansdowne, Lansdowne Rd., Croydon-Surrey,
Pin: CR9 2ER, United Kingdom

Packaging & Continental Dispatching

Global Journals Pvt Ltd
E-3130 Sudama Nagar, Near Gopur Square,
Indore, M.P., Pin:452009, India

Find a correspondence nodal officer near you

To find nodal officer of your country, please
email us at local@globaljournals.org

eContacts

Press Inquiries: press@globaljournals.org
Investor Inquiries: investors@globaljournals.org
Technical Support: technology@globaljournals.org
Media & Releases: media@globaljournals.org

Pricing (Excluding Air Parcel Charges):

Yearly Subscription (Personal & Institutional)
250 USD (B/W) & 350 USD (Color)

EDITORIAL BOARD

GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH

Dr. John D. Theodore

American Military University
JDT Management Consultants, President.
D.B.A., Business Economy
University of South Africa
Ph.D. Aristotelian University
Business Administration
Ph.D. Administration, University of Kansas
USA

Dr. R. Allen Shoaf

B.A., M.A., Ph.D. Cornell University
Cornell University, Teaching Assistant in the English
Department,
University of Florida, US

Dr. Mehdi Taghian

Senior Lecturer
Faculty of Business and Law
BL Deakin Business School
Melbourne Burwood Campus
Australia

Dr. Agni Aliu

Ph.D. in Public Administration,
South East European University, Tetovo, RM
Asociater profesor South East European University,
Tetovo, Macedonia

Dr. Wing-Keung Won

Ph.D., University of Wisconsin-Madison,
Department of Finance and
Big Data Research Center
Asia University,
Taiwan

Prof. Moji Moatamedi

Honorary Vice Chair
Ph.D., at The University of Sheffield,
MBA, Manchester Business School
University of Manchester
UK

Professor Maura Sheehan

Professor, International Management
Director, International Centre
for Management & Governance Research (ICMGR)
Ph.D. in Economics
UK

Dr. Carl Freedman

B.A., M.A., Ph.D. in English, Yale University
Professor of English, Louisiana State University, US

Dr. Tsutomu Harada

Professor of Industrial Economics
Ph.D., Stanford University, Doctor of Business
Administration, Kobe University

Dr. Xiaohong He

Professor of International Business
University of Quinipiac
BS, Jilin Institute of Technology; MA, MS, Ph.D.,
(University of Texas-Dallas)

Dr. Carlos García Pont

Associate Professor of Marketing
IESE Business School, University of Navarra
Doctor of Philosophy (Management),
Massachusetts Institute of Technology (MIT)
Master in Business Administration, IESE, University of
Navarra
Degree in Industrial Engineering,
Universitat Politècnica de Catalunya
Web: iese.edu/aplicaciones/faculty/facultyDetail.asp

Dr. Bassej Benjamin Esu

B.Sc. Marketing; MBA Marketing; Ph.D Marketing
Lecturer, Department of Marketing, University of Calabar
Tourism Consultant, Cross River State Tourism
Development Department
Co-ordinator, Sustainable Tourism Initiative, Calabar,
Nigeria

Dr. Ivona Vrdoljak Raguz

University of Dubrovnik,
Head, Department of Economics and Business
Economics,
Croatia

Dr. Charles A. Rarick

Ph.D.
Professor of International Business
College of Business
Purdue University Northwest
Hammond, Indiana US

Dr. Albrecht Classen

M.A. (Staatsexamen), Ph.D. University of Virginia,
German
Director, Summer Abroad Program, Medieval Europe
Travel Course

Dr. Söhnke M. Bartram

Department of Accounting and Finance
Lancaster University Management School
Ph.D. (WHU Koblenz)
MBA/BBA (University of Saarbrücken)
Web: lancs.ac.uk/staff/bartras1/

Dr. Dodi Irawanto

Ph.D., M.Com, B.Econ Hons.
Department of Management
Faculty of Economics and Business
Brawijaya University
Malang, Indonesia

Dr. Yongbing Jiao

Ph.D. of Marketing
School of Economics & Management
Ningbo University of Technology
Zhejiang Province, P. R. China

Yue-Jun Zhang

Business School,
Center for Resource and
Environmental Management
Hunan University, China

Dr. Brandon S. Shaw

B.A., M.S., Ph.D., Biokinetics, University of Johannesburg,
South Africa
Professor Department of Sport and Movement Studies
University of Johannesburg, South Africa

CONTENTS OF THE ISSUE

- i. Copyright Notice
- ii. Editorial Board Members
- iii. Chief Author and Dean
- iv. Contents of the Issue

1. Strategic Human Resource Management Practices and Organizational Performance: A Case of National Insurance Corporation of Eritrea (Nice). *1-14*
2. On Normalization Performance Scores Models: An Illustrative Case Study. *15-22*
3. Organisational Culture and Dynamics. *23-29*
4. Talent Management Strategies as a Critical Success Factor for Effectiveness of Human Resources Information Systems in Commercial Banks Working in Jordan. *31-43*
5. Augmenting Employee Productivity through Employee Engagement: Evidence from Indian Banks. *45-53*
6. Portfolio Construction: A Case Study on High Market Capitalization Stocks in Bangladesh. *55-59*

- v. Fellows
- vi. Auxiliary Memberships
- vii. Process of Submission of Research Paper
- viii. Preferred Author Guidelines
- ix. Index



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A
ADMINISTRATION AND MANAGEMENT
Volume 18 Issue 1 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Strategic Human Resource Management Practices and Organizational Performance: A Case of National Insurance Corporation of Eritrea (Nice)

By Muriithi Gituma & Tadesse Beyene

University of South Africa

Abstract- This study sought to establish the strategic human resource management practices and their effect on perceived organizational performance at the National Insurance Corporation of Eritrea. The research strategy was case study. The study population comprised all the 73 employees at the corporation's headquarters. Self-administered questionnaires and interviews were used to collect primary data. Descriptive statistics were computed to describe the characteristics of the variables in the study. The findings revealed that the corporation had embraced a number of SHRM practices but their systematic implementation was impeded by lack of clear formal policies/guidelines across the corporation and lack of a formal (written down) strategic plan. In addition, there is the problem of inadequate as well as lack of highly qualified personnel – only one employee in the entire corporation had a master's degree and none had undertaken a course in actuarial science, which is insurance-specific; problem of staff mobility as evidenced by the few number of employees with a working experience of between 5-15 years at the corporation. It was also observed that the corporation needed improvement in the areas of motivation and performance management.

Keywords: *strategic human resource management practices, organizational performance, capacity building, performance management, motivation & decision making.*

GJMBR-A Classification: *JEL Code: O15*



STRATEGICHUMANRESOURCEMANAGEMENTPRACTICESANDORGANIZATIONALPERFORMANCEACASEOFNATIONALINSURANCECORPORATIONOFERITREANICE

Strictly as per the compliance and regulations of:



Strategic Human Resource Management Practices and Organizational Performance: A Case of National Insurance Corporation of Eritrea (Nice)

Muriithi Gituma ^α & Tadesse Beyene ^σ

Abstract- This study sought to establish the strategic human resource management practices and their effect on perceived organizational performance at the National Insurance Corporation of Eritrea. The research strategy was case study. The study population comprised all the 73 employees at the corporation's headquarters. Self-administered questionnaires and interviews were used to collect primary data. Descriptive statistics were computed to describe the characteristics of the variables in the study. The findings revealed that the corporation had embraced a number of SHRM practices but their systematic implementation was impeded by lack of clear formal policies/guidelines across the corporation and lack of a formal (written down) strategic plan. In addition, there is the problem of inadequate as well as lack of highly qualified personnel – only one employee in the entire corporation had a master's degree and none had undertaken a course in actuarial science, which is insurance-specific; problem of staff mobility as evidenced by the few number of employees with a working experience of between 5-15 years at the corporation. It was also observed that the corporation needed improvement in the areas of motivation and performance management. It is recommended that the management embraces the use of a formal strategic plan; enhance capacity building by utilizing both qualified internal staff as well as external experts; training programs be based on training needs assessment; develop formal policies to guide SHRM practices implementation and institutionalization; appeal to the government through the Commission for Higher Education to introduce a degree course in actuarial science in the order to train insurance experts.

Keywords: *strategic human resource management practices, organizational performance, capacity building, performance management, motivation & decision making.*

I. INTRODUCTION

Human capital is considered to be one of the most important resources of contemporary firms because people possess tacit knowledge which the organization can use to leverage its competitive

advantages. This attribute of human capital fulfills the VRIN (valuable, rare, inimitable, and non-substitutable) criteria of a competitive resource as advocated by Barney (1991) thus making strategic management of human resources a central feature of contemporary competitive organizations.

Strategic Human Resource Management (SHRM) implies a managerial orientation that ensures that human resources are utilized in such a way that delivers value to the organization by giving it competitive advantages thus leading to the attainment of organizational goals, vision, and mission (Kiiru, 2015). The notion of SHRM evolved in the 1990s with an amplified prominence on a proactive, integrative and value-driven approach to human resource management that focuses on issues such as the fit between human resource management practices and organizational strategic goals, the incorporation of human resource management in the organizational strategic management, the participation of human resource role in senior management teams, the devolvement of human resource practices to line managers and taking of strategic approach to employee compensation, selection, performance appraisal and the value that is added to the organizational performance by human resource management (HRM) (Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Schuller, 2002; Kiiru, 2015; Begum, 2016).

Strategic Human Resource Management is pivotal in all organizations particularly the public ones where it facilitates those who work in the public service in adapting to the changing role of the government. The need for skills and knowledge in the public service in areas of policy development, management of organizations, public service delivery and tackling economic crises of global magnitude are required more than ever before. Public service leaders around the world are looking for new approaches to inspire integrity, accountability and motivation in public service in order to achieve coherence and coordination between government policies and various interests in a bid to spur effectiveness and efficiency, which are the

Author α: Department of Business Management & Marketing, College of Business and Economics – Halhale, Eritrea. Business Management Consultant & Trainer at Props Africa Consultants Ltd. (Kenya); Lecturer, Business Management. email: mgituma2013@gmail.com
Author σ: Senior Management Trainer & Consultant at ERCOE (Eritrea); Lecturer, Business Management. email: mnabdt@gmail.com

hallmarks of performance in public entities (Tompkins, 2003; Storey, 2010; Kiiru, 2015).

Globally, the transformation of systems, structures, and processes in public services has been well acknowledged over the past 20 years (Kiiru, 2015). The key rationale of these changes has been to improve the cost-effectiveness, efficiency and performance of public organizations. Government-owned entities have therefore been under immense pressure to follow private sector managerial practices such as performance management, customer orientation, and a heightened strategic focus (Truss, 2008). Truss further observes that improved HRM helps facilitate the acquisition, training and retention of esteemed employees thus serving to improve organizational cost-effectiveness and creates a performance-driven culture via the adoption of a more strategic HR function. However, the attendant benefits associated with SHRM notwithstanding, the question that begs for an answer is the extent to which public institutions especially in developing countries have employed SHRM practices in their operations.

Therefore, this study is an attempt to explore the SHRM practices at the National Insurance Company of Eritrea (NICE). The choice of this corporation was informed by the fact NICE is well managed by a board of directors and publicly declares its annual statements to internal and external stakeholders. The study employs exploratory research design as many institutes may be characterized by absence of clear management policies as well as lack of formal strategic management of organizations.

Consequently, this research paper seeks to achieve the following objectives:

- i. To explore the SHRM practices adopted by the National Insurance Company of Eritrea.
- ii. To establish the perceived effect of SHRM practices on performance of the National Insurance Company of Eritrea.

a) Background to the Insurance Industry

The National Insurance Corporation of Eritrea (NICE) is a share company that was formed as an autonomous public enterprise transacting all classes of insurance business through Proclamation No. 20/1992 by the Government of Eritrea which led to the establishment of the Insurance Corporation on 1 May 1992. By this proclamation, NICE became the sole insurance corporation offering a variety of insurance services to both individuals and companies (Rena, 2007).

NICE is a corporate company, which deals with both life and non-life risks. The Corporation's business is restricted to within Eritrea and operates out of three locations: Asmara (headquarters), Massawa and Assab. The corporation currently underwrites life and non-life classes of insurance including: motor, fire, accident, livestock, engineering, marine, and aviation. However, it

is reported that majority of its revenue stems from non-life underwriting with motor insurance playing a dominant role (Rena, 2006).

The corporation focuses on good governance as it is managed by the Board of Directors (BoD) comprising seven members. It espouses the core values of transparency and openness of its transactions through annual financial reports to shareholders (in the annual general meetings). It operates within the guidelines of the Board's Charter. In addition, the BoD oversees operations of the corporation in liaison with the standing committees of risk and audit, strategic investment, and adhoc committee for HRM. NICE is regulated by Bank of Eritrea (BoE) (Rena, 2007).

b) Strategic Human Resources Management Practices

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

Pfeffer (2000) opines that a number of HR practices are constantly superior to others and that all organizations ought to adopt them. He further argues that increased utilization of management practices, for instance selective recruitment, incentive pay, employment security, employee participation, performance management, training and promotion from within, results in increased output across organizations. Likewise, Osterman (2004) noted that a number of modern work practices, such as job rotation, job design, total quality management, and quality circles, result in efficiency in organizations. These practices identified by Pfeffer and Osterman are also referred to as high performance work practices, or simply best practices.

Stone (2005) observes that whereas the domain of traditional HRM covers the acquisition, development, reward and motivation, maintenance and turnover of employees; the typical areas of concern in SHRM include HR planning and capability audits, recruitment and selection of employees, skill development and training, career progression, performance appraisal, formulating employment conditions, and compensation and reward regardless of whether the firm is in the public or private sector. In this study, the researchers have focused on four categories of SHRM practices deemed critical to overall performance of the organization: capacity building, performance management, motivation, and involvement in decision making.

c) *Organizational Performance*

According to Kaplan & Norton (1996), organizational performance is a complex, multi-dimensional construct that cannot be measured in the short-run by the traditional financial measures such as profit without taking organizational goals into consideration. Pearson and Robinson (2002) argue that the traditional measures of financial performance give inadequate or inaccurate perspective to the status of the business and its ability to keep improving and contend that an organization should relentlessly try to find ways to improve and enhance its qualitative measures. These propositions are supported by Waiganjo, Mukulu & Kahiri (2012) who have argued for a wider performance construct that incorporates aspects of non-financial measures such as effectiveness, efficiency, quality, and company image.

The Institutional and Organizational Assessment Model (IOA); a framework used for Organization Performance Assessment (OPA), views the performance of an organization as a multidimensional idea, which is a balance between effectiveness, relevance, efficiency, and financial viability of the organization (Kiiru, 2015). The framework also posits that organizational performance should be examined in relation to the organization's motivation, capacity and external environment. Thus, organizational performance should be evaluated using various indicators such as effectiveness, efficiency, customer satisfaction and financial leverage depending on the nature of the organization (IDRC, 2002). The United Nations Development Programme (UNDP, 2010) defines organizational effectiveness as the extent to which a firm achieves its immediate objectives or fulfills its mission and Scott (2003) describes it as a measure of performance against a defined standard.

Organizational efficiency is the optimal transformation of inputs into outputs: accuracy, timeliness and value of service and program delivery, and it's a ratio that reflects a comparison of outputs accomplished, to the costs incurred in accomplishing these goals (UNDP, 2010; Njuguna, 2013). Organizational relevance denotes a firm's ability to gain the support of its priority stakeholders as well as meet their needs in the past, present and future, that is, the extent to which a firm adapts to changing conditions and its environment. It is the firm's ability to innovate and create new and more effective situations as a result of insight and new knowledge (Montalvan, 2002; Njuguna, 2013). Financial viability is the ability of a firm to raise the capital required to meet its operational requirements in the short, medium and long terms as well as financial sustainability (Lusthaus, 2002).

II. STATEMENT OF THE PROBLEM

Bhata and Stephanos (2000) observe that one of the challenges facing public sector performance in

Eritrea is entrenched in its human resources' ability to adapt to changing business environment, the degree to which employees identify themselves with the organizational goals (ownership and commitment); the extent to which the employees possess relevant knowledge, skills, and abilities to perform their job tasks competently (competence); the extent to which HR policies and practices are integrated with organizational goals, and the level of employee motivation.

These challenges are linked to the traditional approach of managing human resources which has an emphasis on administrative procedures associated with the Weberian centralized, hierarchical model of public services, where administrative rules are determined by national governments and implemented by public organizations. Such an approach reduces the human resources in public institutions to mere objects of executing organizational policies and strategies dictated from higher levels; to which they had no input consequently undermining their level of ownership, motivation, and ultimately performance (Bhata & Stephanos, 2000; Kamoche, 2003). Lankeu and Maket (2012) argue that modern HRM should involve the use of strategies that will ensure the optimal utilization of people in an organization through competitive recruitment, capacity building through training and development; involvement in decision making, and providing adequate motivation, thus calling for strategic management of human resources to improve their performance.

However, these observations notwithstanding, empirical literature reveals that most studies linking the relationship between SHRM practices and organizational performance have mainly been carried out in developed countries like United Kingdom and United States (Purcell, 2003; Guest, 2003; Marchington & Wilkinson, 2007; Grant, 2008) and mainly in the manufacturing sector. Additionally, very few similar studies have been carried out in the African context (Njuguna, 2013; Kiiru, 2015). Moreover, there is no such study that has been carried out in Eritrea and more specifically, in the insurance sector; and hence the focus of this study in seeking to establish the SHRM practices and their effect on perceived performance of parastatals with specific reference to the National Insurance Corporation of Eritrea.

III. LITERATURE REVIEW

a) *Theoretical Literature Review*

Various theories have been used to underpin studies on SHRM, which include but not limited to universalistic theory, resource based view theory, contingency theory, and configurational perspective theory (Njuguna, 2013; Kiiru, 2015; Begum, 2016). However, this paper adopts the postulates of universalistic theory which was proposed by Dewar and

Werbel (1979) and later rooted for by Delaney, Lewin, and Ichniowski, 1989; Terpstra and Rozell, 1993; Huselid, 1993, 1995; Osterman, 1994; and Pfeffer, 1994).

The universalistic theory posits that some SHRM practices hold across whole populations of organizations; and are constantly better than others and therefore all organizations should assume these best practices. Under a universalistic approach, strategic HR practices are regarded as those found to consistently lead to higher organizational performance. Its proponents contend that developing a set of "High Performance Human Resource Practices" progressively leads to improved organizational performance (Delaney and Huselid, 1996). Moreover, Universalists such as Pfeffer (1995) and Osterman (1994) argue that greater use of "high performance" practices such as participation and empowerment, incentive pay, employment security, promotion from within the firm, and training and skill development result in higher productivity and profits across organizations. This view is supported by Marchington and Wilkinson (2008) who posit that certain best human resource practices would result in improved organizational performance, manifested through improved worker attitudes and behaviors, decreased levels of turnover and absenteeism, increased skills levels and therefore increased productivity, better quality and efficiency and increased return on investment.

However, although universalistic arguments simply mean that the connection between a given independent variable and a dependent variable is universal across the populace of organizations, it should be acknowledged that what contributes to good results in one organization may not result in equally good results in another organization since it may not fit its plan or strategy, technology or working practices and hence the need to contextualize the study in a bid to examine the effect of SHRM practices on performance in a specific context.

b) *Empirical Review*

The postulation that organizational performance is influenced by a set of SHRM practices has been supported by various empirical evidences (Arthur, 1994; Huselid, 1995; MacDuffie, 1995, Gerhart, 2005, 2007; Kiiru, 2015 and Begum, 2016). Modern organizations have continuously become aware of the importance of SHRM and hence the shift from the bureaucratic model of public services where administrative rules are determined by national governments and implemented by public organizations with comparatively minimum scope for strategizing at a local level (Bach & Della Rocca, 2000).

Under the new ways of public management, the traditional HRM approach is seen as a liability, undermining performance and demotivating employees

(Bach & Della Rocca, 2000). According to Selden (2005) what were once seen as best practice concepts of employee management, resulting from the private sector such as reducing the costs of employment; employing performance-based rewards system for staff; improving elasticity in order to respond to customer demands; empowering organizations to take strategic decisions in the HRM field; increasing individualization of the employment relationship; and decentralization of decision making have since been promoted as standards that the public sector should emulate.

Empirical evidence on the relationship between HRM and organizational performance suggests that labor productivity and organizational performance are positively related to diverse features of HR management systems such as recruitment and selection (Kochy McGrath, 1996); training programs (Bartel, 1994); performance evaluation (McDonald and Smith, 1995); compensation and benefits (Gerhart and Trevor, 1996; Gómez-Mejía, 1992); and innovative practices (Delaney and Huselid, 1996; Huselid, 1995).

Similarly, researches by Begum (2016), Kiiru (2015), Njuguna (2013), Barton (2004), Black and Lynch (2001, 2004); Ichniowski *et al.*, (1997); have shown that firms characterized by the use of the Strategic HR practices outperform those that display inflexible HR strategies within the same economic sector. Becker and Gerhart (1996), Boxall and Purcell (2003), and Gerhart (2005; 2007) have made comprehensive reviews of the seminal work on the relationship between HRM practices and firm performance as done by Arthur (1994), MacDuffie (1995), and Ichniowski *et al.* (1997) in manufacturing and by Batt (2002) in the service sector and made similar conclusions.

The findings of various empirical studies seem to converge at the conclusion that human resources represent an asset that can be a source of competitive advantage because they are difficult to duplicate by competing firms and hard to substitute even within the same firm and therefore recommend that SHRM practices should be embraced by organizations in order to be guaranteed of sustainable performance (Huselid, 1995; Huang, 1998; Dimba & K'Obonyo, 2009; Abdulkadir, 2009, Njuguna, 2013; Kiiru, 2015; Begum, 2016).

c) *The Conceptual Framework*

The relationship between strategic human resource management practices and performance of organizations is represented through the conceptual framework below;

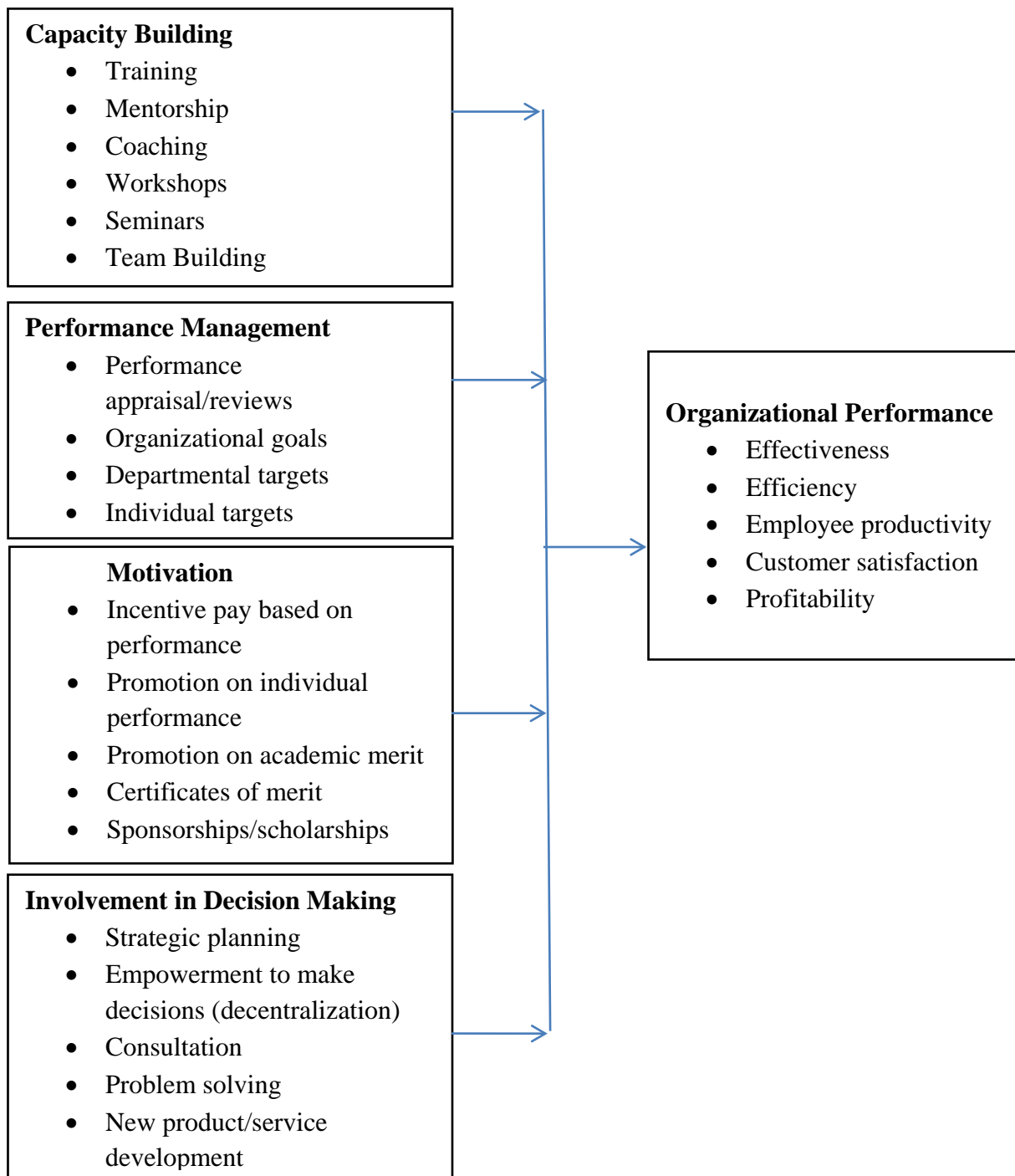


Figure 2.2: Conceptual Framework

(Source: Researchers, 2017)

IV. RESEARCH METHODOLOGY

a) Research Design

This research was a case study of the National Insurance Corporation of Eritrea since it is the only insurance company in the country. The choice of this corporation was informed by the fact that it is considered as only corporations that declares its annual financial statements and conducts annual general meetings for shareholders in Eritrea. The study employed

exploratory research in a bid to establish whether the corporation had adopted SHRM practices. However, since Saunders, Lewis and Thornhill (2007) argue that no single design exists in isolation and further observe that combining different designs in one study enables triangulation and increases the validity of the findings, this study used a combination of other research designs; descriptive, explanatory, and cross-sectional research design (Cooper & Schindler, 2008; Saunders, 2009).

b) Sampling Design and Procedure

Since this was a case study, a survey was conducted at the headquarters of NICE which is based at Asmara. It was deemed that the responses at the headquarters would mirror those at its two other branches since corporate decisions are made at the headquarters and cascaded to the branches. Since the study population was small (73), a census survey was employed.

c) Target Population

The target population for this study was seventy three respondents from four departments at the National Insurance Corporation of Eritrea at the headquarters in Asmara. The unit of analysis therefore was the National Insurance Corporation of Eritrea while the units of observation were the departments: The General Manager's Office, Administration, Technical, and Finance.

Table 3.1: Distribution of the Study Population

Department	Frequency	Number of Respondents	Percentage
General Manager's office	1	9	12.3
Administration	1	18	24.7
Technical	1	37	50.7
Finance	1	9	12.3
Total	4	73	100

(Source: Field Data, 2017)

d) Data Collection Instruments

This study used questionnaires and interviews to collect primary data. Interviews were conducted with the general manager (CEO), administration and finance managers in order to get their views on the role of SHRM practices in relation to performance. Data from the questionnaires complemented by data from interviews are critical in enabling triangulation.

assert that when cross-sectional studies of survey design are conducted at the individual level, the expected response rate is 50%. Ibid (2007) further argues that for those studies carried out at the organizational level, the appropriate response rate is between 35 – 40%. Therefore, the above response rate met this criterion hence it was appropriate for this study.

To address issues of possible variance, Cronbach Alpha reliability test was conducted for all the measures and its coefficients fell between 0.68 and 0.77, which is satisfactory for the exploratory study (Nunnally, 1978). The Cronbach Alpha coefficient of the nominal items was 0.878 indicating high reliability of the scales used in the study thus depicting high internal consistency among measurement items.

V. DISCUSSION ON THE FINDINGS

a) Analysis of the Response Rate

The researchers distributed 73 questionnaires out of which 65 were received from the field. This represented an overall successful response rate of 89%. 8 questionnaires representing (11%) were never returned. According to Wimmer and Dominick (2006), a response rate of 21% – 70% is acceptable for self-administered questionnaires. It guarantees accuracy and minimizes bias. Rogelberg and Stanton (2007)

b) Respondents Biographic Information

For brevity and conciseness, Table 4.1 shows the demographic characteristics of the respondents.

Table 4.1: Demographic Profiles of Respondents

Gender	Frequency	Percentage (%)
Male	31	47.7
Female	33	50.8
Missing	1	1.5
Total	65	100
Age		
Less than 30 years	19	29.2
31-40 years	13	20.0
41-50 years	17	26.2
Above 50 years	15	23.1
Missing	1	1.5
Total	65	100
Education level		
Below 12 th grade	5	7.7
12 th grade	20	30.8
Diploma	15	23.1
Bachelor's degree	22	33.8
Master's degree	1	1.5

Missing	2	3.1
Total	65	100
Department		
Management	5	8.5
Finance	10	16.9
Administration	17	18.6
Technical	32	54.6
Missing	1	1.5
Total	65	100
Experience		
Less than 5 years	22	37.3
5-10 years	9	15.3
11-15 years	4	3.4
Above 15 years	30	44.1
Total	65	100

Source: (Survey Data, 2017)

The findings in Table 4.1 show the demographic profiles of the respondents and summary statistics of their distribution across these characteristics. In terms of gender, the respondents were fairly distributed. There were marginally more female respondents (50.8%) than male (47.7%). This shows that gender parity has been achieved in this corporation which is quite commendable. This is consistent with the government's effort in promoting gender equity in all sectors of the economy.

In terms of age, 19 (29.2%) of the respondents were aged below 30 years while those aged between 31- 40 years were 13 (20.0%). These two age brackets represented 49.2% of the total number of respondents implying that the most active age of employees comprised half of the population involved in this study. 17 respondents were aged 41-50 years representing 26.2% while those aged above 50 years were 15 representing 23.1 %. This is consistent with the public sector career progression practices which lay emphasis on experience and the number of years of service. The age structure of the employees also creates an opportunity for organizations to plan for succession so that younger employees can take over from their older colleagues.

Concerning the level of education, 7.7% (5) had less than 12th grade education, 30.8% (20) had 12th grade education, 23.1% (15) a diploma, 33.8% (22) had a bachelor's degree while 1.5% (1) had a master's degree. Whereas it is appreciable that majority of the corporations' employees have a diploma or degree education, it is of great concern that only one employee has a master's degree in the entire corporation. Strategic management of contemporary organizations require the top management to have adequate level of education coupled with experience in order to be able to make complex unstructured decisions in a rapidly changing and hypercompetitive business environment.

On experience, 22 (33.8%) of the respondents had experience of less than 5 years, 9 (13.8%) between 5-10 years, 4 (6.2%) between 11-15 years, and 30 (46.2%) over 15 years of experience at the corporation. Whereas, almost half of the respondents had been with the corporation for a long period (above 15 years), there is a concern that the number of those who have worked for the corporation for between 5-15 years is quite low, implying a high turnover rate. It would be instructive for the management to establish the cause of this high turnover and come up with appropriate strategies to encourage continuity. Otherwise, this trend, if not checked will work to the detriment of the organization by denying it the benefits of organizational learning, tacit knowledge and institutional memory.

c) *Objective 1: To establish the Strategic Human Resource Management (SHRM) Practices at the National Insurance Corporation of Eritrea (NICE).*

Four SHRM practices were sampled: capacity building, performance management, motivation, and involvement in decision making. Since this study was exploratory in nature, categorical data were sought with regard to whether the corporation engages in SHRM practices.

i. *Strategic Human Resource Management practice 1: Capacity Building*

Table 4.2 shows the results from the respondents on capacity building:

Table 4.2: Capacity Building

	SHRM Practices	Response	Frequency	Percentage
1.	Training	Yes	51	78.5
		No	14	21.5
2.	Seminars	Yes	32	49.2
		No	31	47.7
3.	Workshops	Yes	16	24.6
		No	48	73.8
4.	Team building Activities	Yes	47	72.3
		No	15	23.1
5.	Team Working	Yes	51	78.5
		No	13	20.0
6.	Sponsorship/Scholarship	Yes	44	67.7
		No	20	30.8
7.	Coaching	Yes	43	66.2
		No	20	30.8
8.	Mentoring	Yes	45	69.2
		No	18	27.7

Source: (Survey Data, 2017)

From Table 4.2 above, respondents agreed that majority of the capacity building practices are available at the corporation except for workshops where 73.8% indicated that workshops are not conducted. There was mixed response on the availability of seminars as 49.2% indicated that seminars were conducted while 47.7% indicated that seminars were not conducted. The management ought to ensure harmony in the execution of SHRM practices across all departments.

ii. *Results from the Interview on Capacity Building*

Under this SHRM practice, the researchers sought to find out the policies/guidelines that are in place with regard to capacity building and what adjustments/improvements can be made.

It was reported that NICE used to recruit staff from the market until 2005 when the government started assigning workers to government organizations as part of their requirement for national service. This direct assignment of staff poses some challenges because the required skills-set by the corporation may not be met. The above challenge notwithstanding, it was noted that once personnel are assigned to the corporation, the new staff are taken through an orientation of the corporation for a period of between two weeks to one month in order to have a holistic view of the corporation. After the orientation, they are assigned to various departments which offer on-the-job training consequently acting as a platform for coaching and mentorship.

In order to improve capacity building, the corporation offers continuous training on insurance through experienced internal staff and occasionally invites guest trainers from outside the corporation. Selected staff (especially from the technical department) are sent abroad for short-term training (usually a month) in Kenya at the National Insurance Academy - NIA) and Indian Insurance Academy. Promising and performing

employees are also sponsored for long-term training at the Chartered Insurance Institute (CII) for certificate, diploma and advanced diploma programs.

Whereas the aforementioned practices are commendable, a few shortcomings were also brought to the fore: lack of clear capacity building policy (no formalized or written policy), lack of well-designed mentorship programs; in most cases, there is no job description for the employees, no job rotations, no training manuals and the absence of a strategic plan for the corporation.

Concerning institutionalizing capacity building at NICE, it is suggested that a more deliberate approach requires to be embraced. This can be achieved through developing a HR strategic plan as well as the strategic plan for the entire organization. Moreover, training needs ought to be assessed and identified before rolling out training programs. Additionally, there should be continuous evaluation of the effectiveness and efficiency of capacity building programs in order to help achieve corporation's strategic goals.

iii. *Strategic Human Resource Management practice 2: Performance Management*

Table 4.3 shows the results from the respondents on performance management:

Table 4.3: Performance Management

	SHRM Practices	Response	Frequency	Percentage
1.	Performance Appraisals	Yes	45	69.2
		No	17	26.2
2.	Setting Organizational Goals	Yes	54	83.1
		No	11	16.9
3.	Review of Organizational Goals Achievement	Yes	49	75.4
		No	15	23.1
4.	Setting Departmental Targets	Yes	50	76.9
		No	14	21.5
5.	Review of Departmental Targets Achievement	Yes	47	72.3
		No	17	26.2
6.	Setting Individual Targets	Yes	31	47.7
		No	34	52.3
7.	Review of Individual Targets Achievement	Yes	28	43.1
		No	37	56.9

Source: (Survey Data, 2017)

On performance management, respondents indicated that the corporation engages in a number of SHRM practices. However, majority (52.3%) indicated that individual targets were not a common performance management feature with 56.9% also indicating that individual performance reviews were not a feature of the corporation. The almost 50-50% agreement or disagreement on whether individual targets and reviews of individual performance were features of the corporation were as a result of varied responses from different departments. Therefore, there is need for the management to harmonize human resource practices across all the departments in the corporation.

iv. *Results from the Interview on Performance Management*

Under this SHRM practice, the researchers sought to establish the management's view on performance management practices in the corporation, policies/guidelines that are in place with regard to performance appraisals, frequency of performance appraisals and the relationship between performance management and organizational performance.

The interviews revealed that the corporation has not done very well in performance appraisal even though it has made some appreciable efforts. For instance, the corporation has engaged the services of consultants in this endeavor, the management team puts together observations on employees' performance and use it as a basis for selecting best performers who are in turn rewarded in a number of ways: Every year employees ranging from 1 up to 5 are identified and granted bonuses ranging from 85% to 100% of their salary and sometimes even more. Moreover, workers who are voted as the best performers are considered for sponsorships or scholarships as well as for short term training programs.

Additionally, to promote proper time management, the management uses an attendance register that captures the time-in and time-out which all employees have to fill daily. Moreover, the management doesn't pay any overtime and therefore employees must finish their chores within the working hours and any overtime is at the expense of the worker. There is also a Board of Management Charter that guides the working relationship between the board of management and the workers. There are also various committees and they also have charters.

However, these performance management practices notwithstanding, it was established that performance management has not been institutionalized in the corporation as the work of assessing employees' performance is impeded by a myriad of factors which include but not limited to inadequate qualified personnel to conduct objective performance appraisals; the fact that employees are deployed by the government to institutions or organizations they may not have been interested in and in many occasions, which they do not have the requisite skills or background knowledge and/or training in impedes objective performance assessment; absence of job description owing to labor shortage which forces the corporation to reassign staff duties on a contingency basis. Moreover, supervisor's leniency during performance evaluation, although they are seldom, hampers objectivity thus rendering the practice invalid. It was also revealed that the limited practices of the formal performance evaluation criteria as well as absence of formal performance appraisal guidelines/policies are major bottlenecks to performance management.

v. *Strategic Human Resource Management practice 3: Motivation*

Table 4.4 shows the results from the respondents on motivation:

Table 4.4: Motivation

	SHRM Practices	Response	Frequency	Percentage
1.	Incentive pay linked to individual performance	Yes	28	43.1
		No	36	55.4
2.	Promotion based on academic achievement	Yes	43	66.2
		No	22	33.8
3.	Motivation based on individual performance	Yes	36	55.4
		No	28	43.1
4.	Verbal commendation	Yes	26	40.0
		No	35	53.8
5.	Letters of appreciation	Yes	19	29.2
		No	44	67.7
6.	Certificates of Merit	Yes	31	47.7
		No	30	46.2
7.	Get-togethers	Yes	59	90.8
		No	6	9.2
8.	Gifts during special holidays/ Occasions	Yes	24	36.9
		No	39	60.0

Source: (Survey Data, 2017)

The results of Table 4.4 show that most of the items under motivation received a NO response with 55.4% of the respondents indicating that remuneration is not linked to individual performance, 53.4% indicated that they never receive verbal commendation from their bosses; 67.7% indicated that workers do not receive letters of appreciation; 60% indicated that gifts during special holidays/occasions/anniversaries are never shared. There was ambivalence in terms of whether certificates of merit are given to employees or not with 47.7% indicating that they are issued while 46.2% indicated that they are not issued. This again is a reflection of policy inconsistencies across departments, an issue the management requires to expeditiously address. Generally, the corporation is not doing well in the area of motivation as five (5) out of eight (8) items under motivation were answered in the negative. Motivation is a critical component of employee performance and it is highly recommended that the management addresses this domain if it has to achieve sustainable performance.

vi. *Results from the Interview on Motivation*

Under this SHRM practice, the researchers sought to establish the management's views on the motivation practices in place, policies/guidelines that are in place with regard to motivation, and the design and review of the pay system.

Regarding motivation practices, it was established that the corporation engages in the following: bonuses to well performing employees, salaries are slightly higher than for other corporations or institutions in the country, sponsorship for evening classes and short courses, scholarships for the award of certificate courses, diploma courses, and advanced diploma courses that are offered by the Chartered Insurance Institute, upgrading qualifications at the College of Business and Economics – Halhale, a fairly

good budget for motivation purposes, get-together parties (retreats), and letters of appreciation at the end of the year. Other motivation activities include selling shares to employees, providing children's facility for working mothers, offering transport for working mothers and children, and membership of workers with the labor union.

Concerning the pay system design and the frequency of review, it was revealed that NICE pay system was taken over from Ethiopian Insurance after independence and was upgraded in 2004. The salary scale/grades puts into consideration merits, experience and the internal (country) market situation. The salary scale is comparable to other highly paying sectors like mining. Salary reviews are conducted after every two years to ensure they reflect the labor market and cost of living.

With regard to promotion of career development, it was established that the opportunities for promotion or career development are few and tight owing to factors such as labor shortage thus making it difficult to release staff for long periods for studies; the challenge of brain drain to limit the number of people going out of the country for studies. Another challenge is the lack of expansion of the insurance industry due to government policies restricting importation of motor vehicles, which are the main sources of insurance cover (currently about 60,000), few industries, and generally very few insurance products offered to the market.

d) *Strategic Human Resource Management practice 4: Involvement in Decision Making*

Table 4.5 shows the results from the respondents on involvement in decision making.

Table 4.5: Involvement in Decision Making

	SHRM Practices	Response	Frequency	Percentage
1.	Employees are consulted regarding corporation's matters	Yes	40	61.5
		No	24	36.9
2.	Empowerment of workers to make certain decisions	Yes	34	52.3
		No	27	41.5
3.	Involvement in strategic planning	Yes	32	49.2
		No	31	47.7
4.	Involvement in corporation's problem-solving	Yes	44	67.7
		No	20	30.8
5.	Engagement in new product development	Yes	46	70.8
		No	18	27.7

Source: (Survey Data, 2017)

Table 4.5 above shows that the corporation involves the employees in decision making except in strategic planning where opinion was divided at almost 50-50% with some employees (49.2%) indicating that they are involved in strategic planning while 47.7% indicated that they are not involved in strategic planning. This result can be attributed to the fact that the corporation holds strategic planning meetings; some even facilitated by external experts although it has never engaged in formal strategic planning. The interview results further revealed that strategic planning is ad hoc and there is no documented Strategic Plan for the corporation.

i. Results from the Interview on Involvement in Decision Making

Under this SHRM practice, the researchers sought to establish the management's views on the level of employee involvement in decision making in the corporation through the following practices: development and review of strategic plan, level of centralization or decentralization of decision making, empowerment of employees to make decisions pertaining their respective areas, and involvement of employees in solving organizational problems.

Decision making is divided into structured, semi-structured and unstructured decisions. The supervisors (line managers) make structured or routine decisions, the middle level managers (heads of departments) make semi-structured decisions while the top management (CEO and the Board of Directors) make unstructured decisions. The interview revealed that managers at different levels of the hierarchy are empowered to make decisions touching on their departments.

However, cross-cutting and other critical decisions must be vetoed and approved by the top management.

The interview revealed the following: the corporation doesn't engage in formalized strategic planning. As a matter of fact, the corporation doesn't have a strategic plan and consequently there are no strategic plan reviews. The reasons given for the corporation not engaging in strategic planning were that

the corporation is the only insurance company in the country and therefore did not have any competitors (danger of monopoly). The management also appeared not to strongly believe in the value of a written down (formal) strategic plan. The danger of the absence of a formal strategic plan which would otherwise focus the organization on short-, medium-, and long-term goals reduces the focus of management to operational or short-term plans.

In terms of empowering employees on decision making, NICE involves senior staff, supervisors and professionals in solving corporation's problems, for instance, identifying best performing employees for the award of bonuses. Departmental managers are empowered and mandated to perform within defined authority; for example, the technical manager and agents can make independent monetary decisions worth 10 million and 2 million Nakfas respectively. However, monetary decisions worth 500 million Nakfas and above require the approval of the top management. Currently, there is an independent project team for introducing IT in the corporation's operations. The team completely owns the technology and is working along with three Indian technicians and only consults with the management for clarification on certain pertinent issues that require incorporation in the design of the system. The corporation has also allowed the employees to be unionized and consequently, the labor union is involved in reviewing remuneration and benefits on behalf of employees.

e) Objective 2: The Establish the Extent to which SHRM Influences Organizational Performance

Respondents were requested to express their opinions on the relationship between SHRM and organizational performance by using the five-point Likert scale with 1=strongly disagree and 5=strongly agree. Responses on scales 1-3; strongly disagree, disagree, and somewhat agree were coded as indicators of poor performance while responses on scales 4 and 5; agree and strongly agree were coded as indicators of good performance. Table 4.6 below shows the frequencies relating to different measures of performance at NICE.

Table 4.6: SHRM and Perceived Organizational Performance

	Performance Measure	Response	Frequency	Percentage
1.	Relevance to corporation's goals	Good	54	83.1
		Poor	10	15.4
2.	Linkage to Vision and mission	Good	53	81.5
		Poor	11	16.8
3.	Worker's productivity	Good	49	75.4
		Poor	16	24.6
4.	Reduction in operation costs (efficiency)	Good	51	78.5
		Poor	14	21.6
5.	Attainment of corporation's goals (effectiveness)	Good	54	83.1
		Poor	11	16.9
6.	Innovativeness	Good	43	66.2
		Poor	22	33.8
7.	Good customer service	Good	52	80
		Poor	13	20
8.	Quick response to customer needs	Good	48	73.9
		Poor	17	26.1
9.	Employees' competitiveness	Good	45	69.2
		Poor	20	30.8
10.	Adaptability to environmental changes	Good	47	72.3
		Poor	18	27.7
11.	Profitability	Good	54	83.1
		Poor	11	16.9
	Overall Performance	Good	52	80
		Poor	12	18.5

Source: (Survey Data, 2017)

Results of Table 4.6 reveal that employees strongly agree that SHRM are critical in enhancing organizational performance as all the measures of organizational performance were highly scored. In the overall performance, 80% of the respondents agreed that SHRM practices are correlated with good organizational performance. Owing to this finding, it is highly recommended that the management comes up with appropriate strategies to institutionalize SHRM practices in its operations for sustainable performance.

i. *Results from the Interviews on Organizational Performance*

Under this facet, the researchers sought to establish the management's views on the relationship between SHRM practices and performance of the corporation and whether there were key performance outcomes attributable to SHRM practices.

The interviews revealed that the corporation has performed modestly compared to the peers in the region. The cause of this modest performance was attributed to lack of competition as NICE is the only insurance company in Eritrea. Lack of qualified employees was cited as another factor due to government's policy of assigning graduates from all academic levels to organizations without matching them with their human resources needs. To manage performance, the corporation benchmarks with insurance from the region such as those in Kenya, Ethiopia, Tanzania, and South Sudan; it considers the

percentage of the insurance administrative costs as a benchmark in the region which average 15%, 12%, 18% & 35% for Kenya, Ethiopia, Tanzania, and South Sudan respectively. The corporation also makes performance projections on the basis of the profits for the previous years (trend analysis).

VI. SUMMARY OF THE FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

This exploratory study revealed the following: the corporation has embraced a number of SHRM practices but they are not being implemented in a systematic manner due to lack of clear formal policies/guidelines on how they are supposed to be implemented across all departments. The corporation has attained gender parity (females (50.8%) and males (47.7%) in terms of placement, which is quite commendable. The corporation doesn't have a formal (written down) strategic plan which could be instrumental in setting corporation-wide performance targets as well as departmental targets and also provide metrics for evaluating organizational performance. Absence of a strategic plan could also be denying the managers the impetus to vigorously implement the SHRM practices.

The corporation requires improvement in the area of motivation as majority of the respondents indicated that most of the practices under motivation are not in place. In addition, there is the problem of

inadequate as well as lack of highly qualified personnel; only one employee in the entire corporation had a master's degree. Moreover, there was no employee who had undertaken a course in actuarial science, which is insurance-specific. It was also apparent that there was a problem of staff mobility evidenced by the few number of employees with a working experience of between 5-15 years at the corporation.

a) *Recommendations*

Owing to the findings of this exploratory study, the following recommendations are deemed worthy of consideration:

1. The management should consider the importance of a formal strategic plan because: It clearly spells out the vision and the mission of the corporation as well as its core values; it sets out corporation-wide performance targets as well as departmental targets; it provides metrics against which to evaluate organizational performance; it guides budgeting and resource allocation; it prevents managers from arbitrarily introducing new products or programs that are not in tandem with the corporation's goals/objectives; and it enhances focus, commitment and discipline in the optimal utilization of resources; be they human, financial, or technological in a bid to achieve both short-term and long-term corporate objectives.
2. The Corporation should consider working together with the Eritrean Centre of Organizational Excellence (ERCOE), which can be instrumental in helping out in developing a strategic plan as well as training.
3. Enhance capacity building by utilizing both qualified internal staff as well as external experts to train staff based on training needs assessment.
4. To come up with formal policies on the implementation of SHRM practices in the entire corporation and strategies to institutionalize them.
5. To address the problem of lack of insurance experts, the management of the corporation should consider requesting the government through the Commission for Higher Education (CHE) to introduce a degree course in actuarial science in the order to train insurance experts.

REFERENCES RÉFÉRENCES REFERENCIAS

1. Abdulkadir, D. (2009). Strategic human resource management and organizational performance in the Nigerian Insurance Industry: The impact of organizational climate, *Business Intelligence Journal*, 5(1).
2. Armstrong, M. (2009). *Handbook on Human Resource Management Practices (11th ed.)*. London: Page.
3. Armstrong, M. & Baron, A. (2002). *Managing Performance: Performance Management in Action*. London: CIPD.

4. Arthur, J.B. (1994). Effects of human resource systems on manufacturing performance and turnover, *Academy of Management Journal*, 37(3), 670-687.
5. Bach, S. & Della, G. (2000). The management of public service employers in Europe, *Industrial Relations Journal*, 31(2), 82-96.
6. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
7. Bartel, A. P. (1994). Productivity gains from the implementation of employee training programmes. *Journal of Industrial Relations*, 33, 411-425.
8. Becker, B. and B. Gerhart (1996). The impact of human resource management on organizational performance: Progress and Prospects, *Academy of Management Journal* 39(4): 779-801.
9. Begum, S.M. (2016). Effect of strategic human resource management on organizational performance. *Anveshana's International Journal of Research in Regional Studies, Law, Social Sciences, Journalism and Management Practices*, 1(8), 87-90.
10. Black, S. E., & Lynch, L. M. (1996). Human capital investments and productivity. *Technology, Human Capital and the Wage Structure*, 86, 263-267.
11. Boxall, P. & Purcell, J. (2003). *Strategy and Human Resource Management*, Hampshire: Palgrave Macmillan.
12. Cooper, R. D., & Schindler, S.P. (2008). *Business Research Methods (8th Ed.)* Boston: Irwin Mc Graw Hill.
13. Delaney, J. T., Lewin, D., & Ichniowski, C. (1989). *Human Resource Policies and Practices in American Firms*. Washington, DC: US, Government Printing Office.
14. Dewar, R. & Werbel, J. (1979). Universalistic and contingency predictions of employee satisfaction and conflict. *Administrative Science Quarterly*, 24, 426-448.
15. Dimba, B. & K'Obonyo P. (2010). Strategic human resource management practices: Effects on performance, *African journal of economic and management Studies*, 12, 28-137.
16. Foot, M. & Hook, C. (2009). *Introducing Human Resource Management*. Harlow: Financial Times Prentice.
17. Gerhart, B. (2000). *Human Resource Management: Gaining a competitive advantage*. Boston, Mass. McGraw-Hill/Irwin.
18. Grant, R. M. (2008). Prospering in dynamically competitive environments: Organizational capability as knowledge integration. *Organization Science* 7, 375- 387.
19. Guest, D. E. (2011). Human resource management and performance: Still searching for some answers.

- Human Resource Management Journal*, 21 (1), 3-13.
20. Guest, D. (2003). Human resource management, corporate performance and employee-well-being: Building the worker into HRM, *the Journal of Industrial Relations*, 44(3), 335-358.
 21. Huang, T. (1998). The strategic level of human resource management and organization performance: An empirical investigation. *Asia Pacific Journal of Human resources*, 36 (2), 59-72.
 22. Huselid, M.A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance, *Academy of Management Journal*, 38, 635-72.
 23. International Development Resource Centre (IDRC) (2002). www.idrc.ca/
 24. Kamoche, K. N. (2003). *Managing Human Resources in Africa*; London: Rout ledge.
 25. Kaplan, R. S., & Norton, D. P. (1996). *The Balanced Scorecard: Translating Strategy into Action*. Boston: Harvard Business School Press.
 26. Kiiru, D. M. (2015). Strategic human resource management practices and performance of parastatals in Kenya. Unpublished doctoral thesis. Kenyatta University.
 27. Kothari C.R. (2004). *Research Methodology: Methods and Techniques*. New Age International (P) Ltd. Publishers.
 28. Lankeu M. & Maket J. (2012). Towards a results-oriented public service in Kenya: The modern human resource management perspective. *International Journal of Business and Social Science*, 3(21).
 29. Lusthaus, C. (2000). *Enhancing Organizational Performance*. New Delhi: Vikas Publishing House PVT Ltd.
 30. Mac Duffie, J.P. (1995). Human resource bundles and manufacturing performance: Organizational logic and flexible. *Industrial & Labor Relations Review*, 48, 197-221.
 31. Marchington, M. & Wilkinson, A. (2012). *Human Resource Management at Work*. 5th ed. London: CIPD.
 32. Mugenda, O. & Mugenda, A. (2008). *Research Methods: Quantitative and Qualitative Approaches*, Nairobi Acts press.
 33. Njuguna, J.W. (2013). Strategic social marketing, operating environment and performance of community based HIV and AIDS organizations in Nairobi County – Kenya. Unpublished doctoral thesis, University of Nairobi.
 34. Nunally, J. (1978). *Psychometric Theory (2nd ed.)*. New York: McGraw-Hill.
 35. Osterman, P. (2004). Choice of employment systems in internal labour markets. *Industrial Relations*, 26, 46–67.
 36. Pfeffer, J. (1994). *The Human Equation: Building Profits by Putting People First*. Boston, MA: Harvard Business School Press.
 37. Purcell, J. (2011). The HRM-performance link: Why, how and when does people management impact on organizational performance? John Lovett Memorial Lecture, University of Limerick.
 38. Saunder, M., Lews, P., & Thornhill, A. (2007). *Research Methods for Business Students (4th ed.)* Harlow: Prentice Hall Financial Times.
 39. Schuler, R.S. (2002). Linking competitive strategies with human management practices, *Academic of Management Executive*, 1(3), 209-213.
 40. Scott, W. R. (2003). *Organizations: Rational Natural and Open Systems (5th ed.)*. Upper Saddle River, NJ: Prentice Hall.
 41. Terpstra, D. E. & Rozell, E. J. (1993). The relationship of staffing practices to organizational level measures of performance. *Personnel Psychology*, 46, 27-48.
 42. Tompkins, J. (2003). Strategic human resources management in government: Unresolved issues, *Public Personnel Management*, 31(1), 95-110.
 43. Truss, C. (2008). Continuity and change: The role of the HR function in the modern public sector, *Journal of Public Administration*, 86(4), 1071- 1088.
 44. United Nations Development Programme (UNDP). (2011). *Human Development Report 2010*. New York: Oxford University Press.
 45. Waiganjo, E., Mukulu, E., & Kahiri, J. (2012). Relationship between strategic human resource management and firm performance of Kenya's corporate organizations, *International Journal of Humanities and Social Science 2 (1)*, 63- 68.
 46. Wimmer, R. D. & Dominick, J. R. (2006). *Mass Media Research: An Introduction, (6th ed)*. Belmont, CA: Wadsworth Publishing Company.



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A
ADMINISTRATION AND MANAGEMENT
Volume 18 Issue 1 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

On Normalization Performance Scores Models: An Illustrative Case Study

By Mncedisi Michael Willie

Abstract- Problem Statement: Performance Management System (PMS) applies to all companies. It is a system that has been in existence for decades and, yet Human Resources professionals and managers have the difficult task of ensuring that it produces results intended for. One of the limitations currently is that models used to measure performance are subjective and methodologies such as normalization of performance scores are not applied consistently nor have some limitations.

Methodology: This study design was a retrospective case study on a one-year performance review data. The hypothesis in the current study was that the modified normalization performance scores models reduces bias and performs better than the normalization score models. Final year-end performance scores for individual employees were used to assess four models.

Results: The results showed no significant differences between the four models. Therefore, the modifying normalization performance scores did not improve the model. These results also revealed precincts of forced distribution such as the size of the business unit or organization and lastly, the employee-supervisor consequence.

Keywords: performance management, management education, normalization, business management and research.

GJMBR-A Classification: JEL Code: H89



Strictly as per the compliance and regulations of:



On Normalization Performance Scores Models: An Illustrative Case Study

Mncedisi Michael Willie

Abstract- Problem Statement: Performance Management System (PMS) applies to all companies. It is a system that has been in existence for decades and, yet Human Resources professionals and managers have the difficult task of ensuring that it produces results intended for. One of the limitations currently is that models used to measure performance are subjective and methodologies such as normalization of performance scores are not applied consistently nor have some limitations.

Methodology: This study design was a retrospective case study on a one-year performance review data. The hypothesis in the current study was that the modified normalization performance scores models reduces bias and performs better than the normalization score models. Final year-end performance scores for individual employees were used to assess four models.

Results: The results showed no significant differences between the four models. Therefore, the modifying normalization performance scores did not improve the model. These results also revealed precincts of forced distribution such as the size of the business unit or organization and lastly, the employee-supervisor consequence.

Recommendations/Value: Alternative approaches other than normalization of performance scores need to be considered in measuring performance. These methods need to adjust for factors such as the supervisor or manager influence, the complexity of the job, the variations in the job functions and the business unit size.

Keywords: performance management, management education, normalization, business management and research.

I. INTRODUCTION

Performance Management is a process of defining clear organizational objectives for employees and regularly review their actual performance against set targets. One of the vital stages in the process is to eventually reward high performers and also identify non-performers with an objective of employing interventions to help them improve. High performers are generally rewarded in monetary or non-monetary form. Rewarding of high performing employees is subject to policies and performance standards that are defined at organizational level. Effectiveness of organizations is achieved through improving the performance of staff by continuously developing their capabilities.

Performance management remains an important aspect of connecting people management to

the overall performance of the organization. There is extensive literature that links performance management to the overall strategy of the organization (Callaghan, 2005; Adler, 2011; Chau, 2008). According to Saravanja (2010), Performance Management has to be approached from an integrated perspective, where there is synergy between the performance management system and strategic planning. PMS is an important part of the performance management process as these systems consist of measuring and monitoring the achievement of the goals through clearly defined key performance indicators.

In recent years South African private companies and most government entities have increasingly started to link reward to performance (Callghan, 2005; Bhengu, 2012). On the international front, large organizations are achieving better results and employee engagement by linking reward directly to performance (Shah et al., 2012; Armstrong, 2010). A study by Lawler et al. (2012) found that bonuses and salary increases tied to performance appraisals are associated with better organizational performance.

O'Callaghan (2005) listed factors that are often not addressed in organizations and eventually upshot in a destructive performance management processes. The author further specified that performance management should be a process that incorporates the following:

- Planning Performance: setting Key Performance Area's (KPA's), objectives and standards that include corporate strategy and development plans
- Maintaining Performance: monitoring, feedback, coaching, mentoring and regular interactions regarding goal achievement
- Reviewing Performance: formal feedback and ratings to evaluate performance
- Rewarding of Performance: increases, bonuses, incentives, etc.

Another body of literature depicts performance management process as an intricate process due to some reasons, one of them being that the direct reward (or the withholding thereof) for performance may impact on the employee's motivation to perform better (or worse). Furthermore, a performance reward management system that lacks objectivity might become unsustainable or controversial.

Lenenburg (2012) discussed the methods and factors that may adversely impact the objectivity of PMS. The four rating errors described by the author include

Author: Multinum, Post Net Suite 427, Private Bag X 32, Lynwoodridge, 0040, South Africa. e-mail: mwillie@multinum.co.za

strictness, leniency, central tendency, the halo effect and, recent events. The rating scale method is the most common method of recording and evaluating employees and for deciding promotions and annual increases. These methods continue to attract controversy due to bias as well as inconsistencies when implemented.

Normalization of scores commonly compares and standardizes performance scores of individuals belonging to different business functions in an organization. A recent study by Sarkar et al (2011) proposed a modified methodology of normalization of scores. In an illustrative example the author found that the modified methodology reduced bias in the form of association between the rank of an individual and the organization.

A study by Vaishnav and Denos (2005) discussed limitations associated with normalization of scores in the PMS. The authors warned that a PMS that employs normalization of scores methodology needs to be adjusted for supervisor or manager effect. Zewotir (2012) argued that unless the same supervisor is evaluating all employees in the organization, then there is likely a bias effect that could possibly be introduced in the process. The author further noted that the supervisor influence were a significant factor that could not be ignored in any employees' performance appraisal.

In the current study, we conducted a comparison analysis between the normalization and modified normalization of a performance score model. The modified model was proposed by Sarkar et al. (2011) as a better model that reduces bias.

The objective of the current research was to assess one of the key pillars of an effective performance management process, namely the rewarding of performance (O'Callaghan, 2005). The hypothesis was that the modified normalization of scores methodology reduced bias and was not coupled with factors such as job complexity, variances in job functions and the supervisors' effects. For the purpose of the current article, factors such as job complexity and the supervisors' effects were not explored in detail. Therefore, the primary objective of the study was to illustrate the use of a bell curve to assess the overall performance of employees for the 2011 financial year, secondary was to compare the ordinal normalization scoring processes and the modified methodology.

II. METHODS

a) Research Population and Sample

The investments company included in the current study was a consulting firm that consisted of over a 100 employees employed across 18 business units. As a part of the performance management assessment, employees were assessed for performance reflecting the 2011 financial year. The study included

both mid-year and final assessments and the average of the two scores was used in the analysis.

b) Procedure

There is comprehensive literature on performance rating methods, a study by Stewart et al (2010) describes a plethora of performance terms. These include terms like forced distribution, forced ranking system, bell curve, group ordering and normal distribution. These are often used in performance evaluation systems to rate and rank employees performance. Many organizations make use of these rating systems where performance scores of various functions are combined, irrespective of outliers (Sarkar et al., 2011). The current research adapted a methodology employed by Sarkar at al. (2011) and considers grading range and corresponding incentive level as depicted in table 1 below.

Table 1 further depicts that employees who obtained scores less than 46 do not meet the minimum criteria for financial incentive reward and these were denoted as underperformers. Employees that obtained performance scores of more than 80 points were regarded as outstanding performers and qualified for a performance bonus factor of 10%.

Table 1: Performance Grading and Incentive Levels

Grading range	Incentive level
[0-45]	0%
[46-55]	7%
[56-69]	8%
[70-79]	9%
[80+]	10%

c) Data Analysis Method

The study design was a retrospective case study which compared four performance models, these models followed forced (normal) distribution function. The hypothesis in the current study was that the modified normalization performance score models reduced bias and performed better than the normalization score models. In this study descriptive statistics including frequencies and mean ratings scores. Final year-end performance scores for individual employees were then used to assess the three models. Significance was at 5% level and, the analysis was conducted on both (SAS, 9.2) and Stata 12.0 statistics packages.

d) Model Specification

There is extensive literature on the use of a Gaussian (Normal) distribution to measure individual performance. These practices are particularly prevalent in the field of human resources management, organizational behavior, and industrial and organizational psychology. The assumption made was that individual performance follows a Gaussian (normal)

distribution in the form of a bell curve with the majority of performers clustered around the mean. This predisposed organizational practices for a while now. The normal distribution, sometimes denoted as a forced distribution would assume that there would be a small number of non-performers and a small number of high performers. The majority of individuals would be the average performers clustered around the mean (Stewart et al., 2010; Harbring et al., 2010).

Box 1 below depicts an example of a forced distribution schema.

Box 1: Forced Distribution Scheme adapted from Grote (2005)

Level	Ranking Scheme	Rank %
1	Does not meet minimum requirements	5
2	Not yet effective	20
3	Effective	50
4	Very effective	20
5	Clearly outstanding	5

As per normal distribution, high performers are selected if they scored more than the average + 'Z' times the standard deviation. The 'Z' value depicts the standardized normal variable or the Z score.

For example, to identify the top 10% of employees, the Z score will be 1.28155 (Sakar et al, 2011). The normalization of scores was the methodology employed in the current research and, scores were used to determine which employees qualified for performance incentives such as bonuses or annual increases.

Normalization of performance scores was denoted by Model 1 (M1). Model2, Model 3 and Model 4 [M2-M4] are modifications of M1 and are subject to different characteristics as depicted in Equation 1.

In Table 2 below, the Z-score in Equation 1 was derived for each business unit and, the final comparable score for the respective Models were calculated for each employee as follows:

$$\text{Comparable score} = \text{overall average} + Z \text{ score} \times \text{overall standard deviation} \tag{1}$$

Table 2: Model Description

Model	Adjustments
Model 1 (M1)	None
Model 2 (M2)	Comparative scores based on Model 2
Model 3 (M3)	Comparative scores based on Model 3. Re-classification of business units to attain effective size per business unit. Desired number of business units was 5. Re-classification of business units 'classes' were purely based on the size effect. Therefore job complexity between professions and professionals of the level of qualification were not accounted for.
Model 4 (M4)	Comparative scores based on Model 4. Reclassification of business units to attain effective size per business unit. Desired number of business units was 4. Re-classifications of 'classes' business units were purely based on the size effect. Therefore job complexity between professions and professionals of the level of qualification was not accounted for.

III. RESULTS

a) Descriptive Analysis

The final analysis included a sub-sample of 94 employees out of a sample of 95 employees from 18 business units. This represented 98.9% of all employees. The average mean score was 70.3 with 95% CI (68.5, 72.1) for the sample and 70.6with 95% CI (68.9, 72.3) for the sub-sample. Table3 below also depicts a median score of 72 for both the sample and sub-sample.

Table 3: Descriptive statistics of the scores

N	Median	Mean	Lower 95%	Upper 95%
			CL for Mean	CL for Mean
95	72	70.3	68.5	72.1
94	72	70.6	68.9	72.3

Figure 1 below depicts a distribution function of the total scores and, a Whisker Box plot for the sample which also shows an outlier. The sample was also

assessed for normality and, we subsequently rejected the null hypothesis (p-value=0.0237). Therefore, performance scores of the total population does not follow a normally distributed.

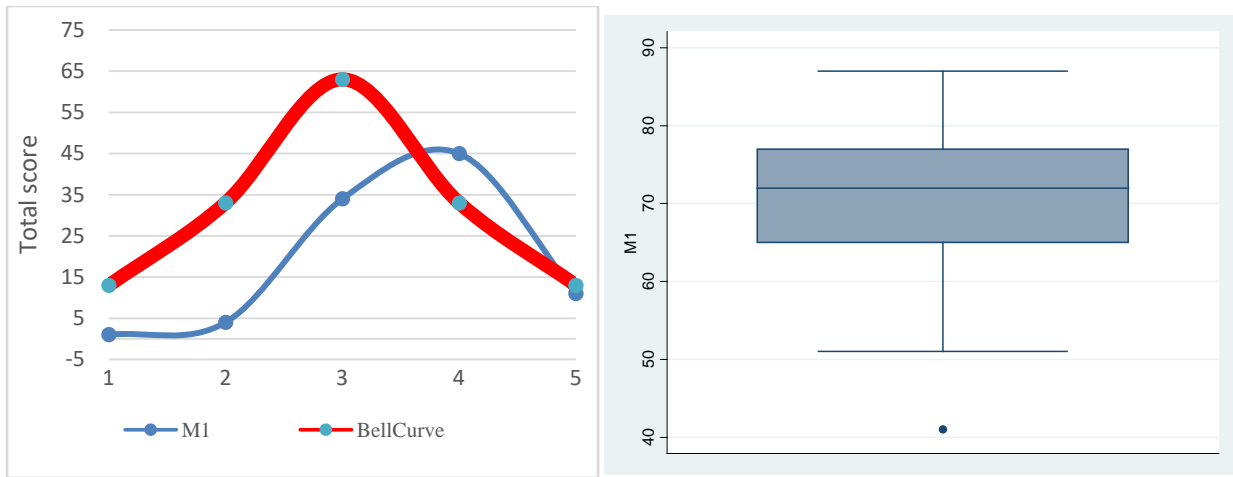


Figure 1: Distribution of scores and Whisker Box Plot for the sample, n=95

The identified outliers were further removed in the sub-sample data and, scores were re-tested for normality.

subsample analysis scores followed a normal distribution.

Table 4 below depicts Skewness/Kurtosis tests for normality which were not significant; therefore the

Table 4: Skewness/Kurtosis tests for Normality, n=94

Variable	n	Pr(Skewness)	Pr(Kurtosis)	Adjchi2(2)	P-value
M1	94	0.057	0.3867	4.46	0.1074

Normalization of performance denoted as M1 were compared to incentive levels given in Table 1. Model M2 was a modification of Model 1 as outlined by Sarkar et al. (2011). Models M3 and M4 were a modification of M1 and were based on the re-classification of business units 'classes'.

This was done to test the size effect between the different business units.

In M2, M3 and M4 the Z-score for each business unit were computed and the final comparable score for respective Model was calculated for each employee as follows:

Models M3 and M4 were re-classified and the desired sample for each business unit was obtained.

$$\text{Comparable score} = \text{overall average} + Z \text{ score} \times \text{overall standard deviation} \quad (2)$$

Table 5 below depicts descriptive statistics computed for each model. There were no significant differences in the average scores between the four models: 70.6 95% CI (69.1-72.1) compared to 70.6 95% CI (68.9-72.3), 70.6 95% CI (69.0-72.2), 70.6 95% CI (68.9-72.3) of M1, M3 and, M4 respectively.

other models, which were significantly higher. The average number of employees per business unit was higher for M3 and M4, and the effect of reclassification of the business seemed to have had an impact only on M3. Normality tests for the four models are shown in Table 5 below.

A noteworthy feature of the data was that there was less variation in M2 (SD=5.93) when compared to

Table 5: Descriptive Analysis of adjusting for different models

Model	Class level		Range	Total score		
	Number of Business functions	Average Number of Employees per Business function		Mean score	Std. Dev.	Range (Min-Max)
M1	18	5	2-9	70.61	8.23	51-87
M2	18	5	2-9	70.64	5.93	57-82
M3	5	19	8-39	70.63	8.01	53-84
M4	4	24	14-36	70.61	8.07	51-87

We cannot reject the hypothesis that M1, M2 and, M4 are normally distributed but we also cannot

reject the hypothesis that M3 is normally distributed at 5% level.

The kurtosis for M3 was 0.0228 with a p-value of 0.0229, which indicated that it was significantly different from the kurtosis of a normal distribution. However, we

cannot reject the hypothesis that M3 is normally distributed on the basis of skewness alone. Therefore, all four models follow a normal distribution.

Table 6: Skewness/Kurtosis tests for Normality for M1-M4, n=94

Variable	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	P-value
M1	0.057	0.3867	4.46	0.1074
M2	0.1202	0.3118	3.54	0.1703
M3	0.1122	0.0228	7.06	0.0293
M4	0.1428	0.3022	3.31	0.1914

Figure 2 below depicts the assessment between the four models.

The sub-sample data on the four models do not have outliers and, its symmetric box implied that the scores appeared to be normally distributed.

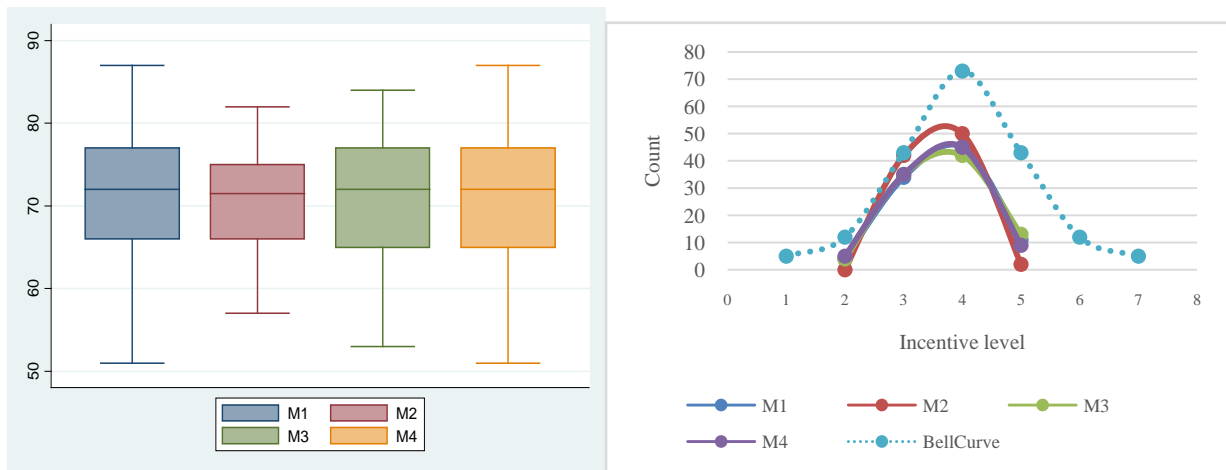


Figure 2: Distribution of Performance Models M1-M4

In Table 1 above and Table 7 below, we illustrated the model matrix of sample representation of performers per model and incentive level. The results showed that model M2 followed a contrary outcome

when compared to the other models where only a few ratings obtained a 10% incentive reward. Another noteworthy feature of model M2 was that there were no 7% incentive rewards.

Table 7: Model Matrix, sample representation of performers by grading level

Incentive Level	M1	M2	M3	M4
0	0%	0%	0%	0%
7	4%		4%	5%
8	36%	45%	37%	37%
9	48%	53%	45%	48%
10	12%	2%	14%	10%

The top-ranked (9% incentive) as depicted in Table 1; Figures 3, 4 and five below shows a comparison analysis between the four models to assess the effect on performance incentives. These results indicated that the interquartile range (IQR) was smaller for model M1 when compared to model M2, M3 and, M4. IQR of 11.6, 11.7 and 12.1 indicated a widening interquartile range.

The figures below indicated that they was bias in comparison of M1 and M2, and M3 and M4. The size effect was evident in the comparison analysis between M1 and M2, where the modified model M2 was more bias towards 3 of the 18 business units with an effect rate of 0.17.

The comparison analysis between M1 and M3 was more bias towards BB4 and BB5 with an effect rate of 0.4. Comparisons between M1 and M4 were bias towards business BBBU3 and BBBU4 with an effect rate of 0.5.

Overall, there were significant differences in the mean number of performers subject to incentive: M1 and M2 with 3.45 95% CI (2.316-4.59) vs. 3.36 95% CI (2.11-4.61). Comparisons between M1 and M4 yielded a slightly higher with the average score of nearly three times more at 8.4 95% CI (2.28-14.52) vs. 9.0 95% CI (4.03-13.97).

The average number reward increased further between M1 and M4 with the average number of

performer: 11.25 95% CI (3.08-19.40) vs. 11.25 95% CI (3.31-19.19).

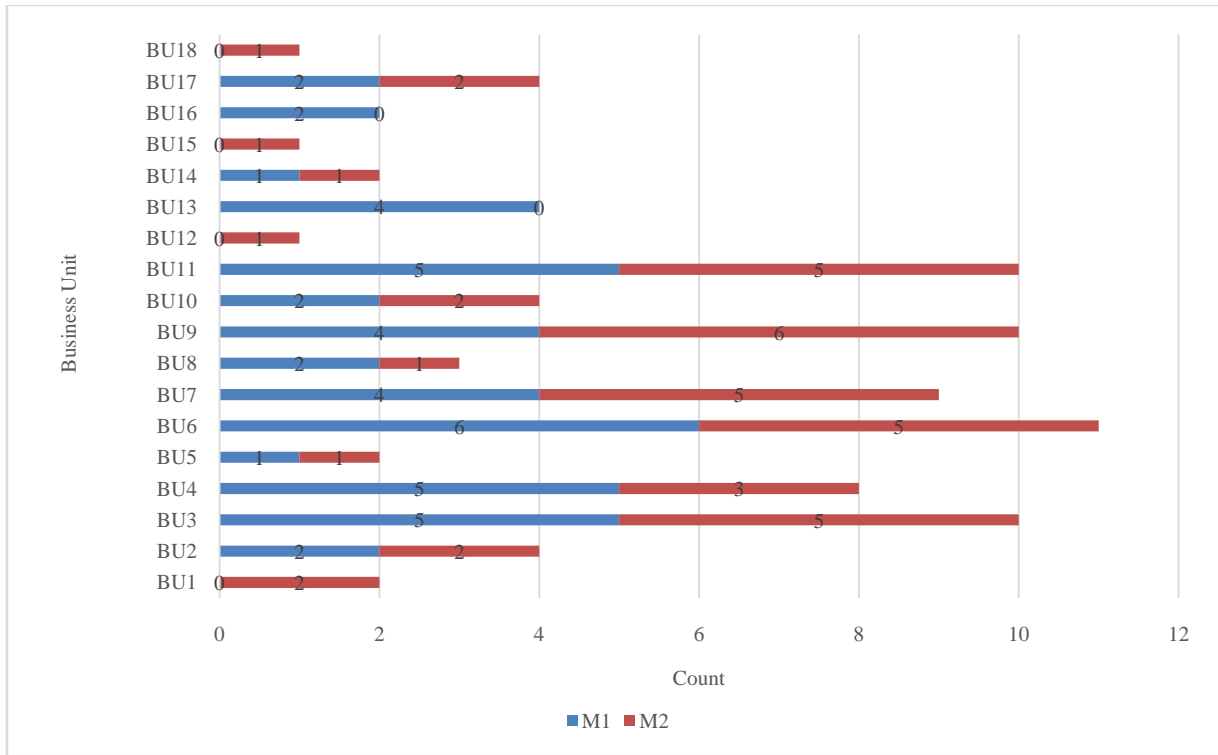


Figure 3: Comparison analysis between M1 & M2

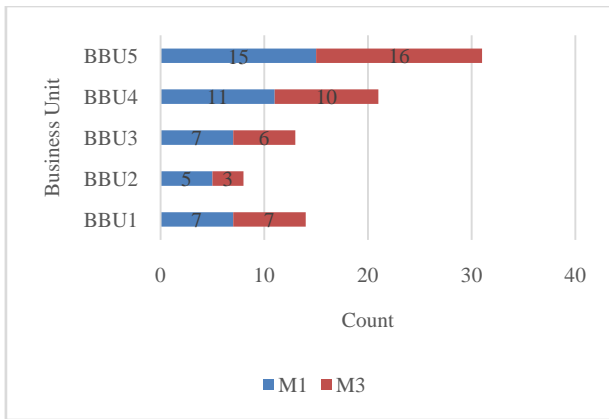


Figure 4: M1 & M3

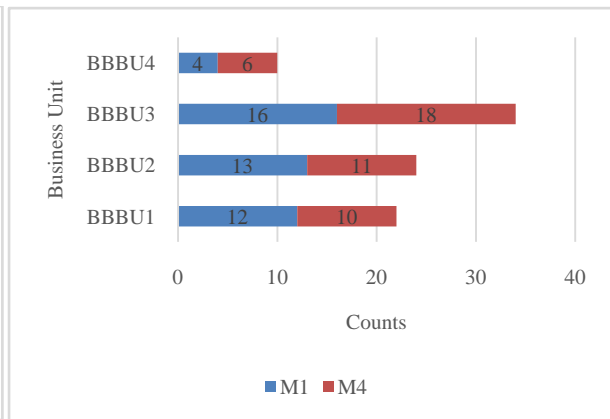


Figure 5: M1 & M4

IV. DISCUSSION

The purpose of this research was to review performance management models by comparing performance normalization scores to modified performance scores. The first approach in the analysis was to test the data for adequate statistical distribution, in this case is the normal distribution. Outliers were identified and removed from the final dataset as a results are duced sample of 94 observations followed a normal distribution. The total sample used represented 98.9% of all the data. Overall performance scores in all the four models followed a normal distribution.

The study showed that when adjusting for both average and above average performers; approximately 85% of the employees were considered based on M1, and 83% of the employees were constructed from M2. Performance analysis between the two models illustrated that more than two-thirds of the employee's performances were related to the reward system. There were also no significant differences at business unit levels on the number of employees who qualified for performance rewards. Therefore, the four models depicted similar results overall.

These results were not consistent with the findings of the study by Sarkar et al (2011). The author found that modification of the normalization of scores

reduced bias. Similarly, when adjusting for different performance incentive levels as well as business units, the data showed similar results between the models. This particular finding was consistent with a study by Harbringet al.(2010). The author found that the introduction of forced distribution led to short-term performance increase. It is important to note though that the sample size of the study conducted by Sarkar et al. (2011) was higher than in this research. Thus, a bigger sample size could potentially improve the findings of this research.

The results in this study revealed that there was bias when comparison model M1 and M2, and M3 and M4. Size effect was noted when comparing model M1 to model M2, where the modified model M2 was more biased towards 3 of the 18 business units. Comparison analysis between M1 and M3 was more biased towards BB4 and BB5. The comparison between M1 and M4 was biased towards business BBBU3 and BBBU4.

It is stated in the literature that for the normalization of scores system to have statistical validity there must be a large number of employees in the pool (Stewart et al., 2010; Abelson, 2001). A sample size of 30 or more is considered appropriate; however if fewer than that, then confidence in the predictive power of the bell curve begins to diminish sharply according to the central limit theorem. Therefore, smaller companies avoid force-fitting employees to the bell curves.

The effect of size within the business units also has an effect on the manager's social preferences. A study by Willie (2014) presented that business units with a significantly small number of employees resulted in a performance rate of 100%. This potentially indicate that there may be a positive association between actual performance of the team within the unit, job complexity or to other factors such as the managers effect which was not explored further in the current research. A study by Harbringet al.(2010) found out that the manager's social preferences on ratings had a substantial impact on the rating behaviors, these social preferences were not picked up by forced distribution. This finding illustrates a need to consider other factors that introduced bias in the PMS.

Finally, the current study noted that the normalization of scores was used across the organization irrespective of the sample size of the different business units. Stewart et al (2010) warned against the use of scores across all departments, in particular, those that differ in size and job complexity. He further narrates that such practice might be problematic and maybe an unfair comparison. In the current research work, we illustrated that modification of the normalization of performance scores did not necessarily reduce bias. There is an existing literature on alternative approaches to measuring performance other than the forced distribution, Burger (2006) depicted

some of these possible alternatives. We recommend that the use of forced distribution to assess performance be considered in concurrence with other relevant recent methodologies, in particular when issues of bias may exist.

V. CONCLUSION

The current study illustrated that despite the controversies in methodological issues such as the use of normalization of scores; most organizations still implement this method. This research revealed that the modification of this model did not necessarily reduce bias. Therefore, the modification of the bell-curve; such as the model employed in the current study needs to take into account factors, such as supervisor's/ manager's effect which need to be accounted for when rewarding employees.

The complexity of the job and the size of the organization, inter (intra)-differences between the businesses units remain a contributing factor. The size the business units were also noted as one of the critical factors. Therefore, size effect of the business units need to be adjusted for in the performance reward incentive scheme; whether the motive is a reward based or penalty based, this will ultimately fail in its intended purpose of improving employees' overall performance.

A reward system for performance remains an integrated performance management process. In the current study we did not conduct a comprehensive assessment of employees who underperformed. Therefore, interventions employed by companies to assist underperformers still need to be explored further.

Finally, alternative statistical methods can also be applied as an alternative to normalization of performance scores. Advanced statistical methods such as linear mixed modelling have been applied in annual performance evaluations. These methods have been shown to reduce supervisor's/managers based effects.

ACKNOWLEDGEMENTS

The author is grateful to the organization that supplied the data to conduct this research work. The author is also grateful to Phakamile Nkomo for his comments in concluding this piece of work.

Competing Interests

The Author declares that there is no financial or personal relationship which may have influenced him inappropriately in writing this article.

Authors' Contributions

The Author was responsible for the data analysis and drafting of the article. The Author has proofread the final manuscript.

REFERENCES RÉFÉRENCES REFERENCIAS

1. Abelson R. (2001). Companies turn to grades and employees go to court, The new York Times, March, 150 (51697).

2. Adler, R.W. (2011). 'Performance management and organisational strategy: How to design systems that meet the needs of confrontation strategy firms', *The British Accounting Review*, 43(4), 251-263. [Online] <http://dx.doi.org/10.1016/j.bar.2011.08.004>.
3. Armstrong, M. & Baron, A. (1998). *Performance management: the new realities*. London: Institute of Personnel and Development. [Online] http://www.cipd.co.uk/NR/rdonlyres/64B9C9FD-8168-4EDC-9B71-DD3D8B5C2B90/0/performance_management_discussion_paper.pdf.
4. Armstrong, M. (2010). *Armstrong's Handbook of Reward Management Practice: Improving Performance through Reward*. 3rd ed. London: Kogan Page Limited. [online] <http://www.ukessays.com/essays/marketing/the-factors-behind-performance-management-in-companies-business-essay.php#ixzz2QutytlF3>.
5. Armstrong, M. & Baron, A. (1998). 'Out of the Tick Box' *People Management*, 4(15), 38-39.
6. Bengu, B.N. 2009. The perceived effectiveness of employee share options as a mechanism of talent management in South Africa. M.Com research report. Johannesburg. University of Johannesburg.
7. Burger, Shannon M. (2006) *An Alternative Method to Forced Distribution as a Means of Evaluating Employee Performance*. Engineering Management Field Projects. The University of Kansas Masters thesis. United States. [Online] <http://hdl.handle.net/1808/1046>.
8. Chau, V.S. (2008). 'The Relationship of Strategic Performance Management to team strategy, company performance and organisational effectiveness', *Emerald* 14.
9. Desimone, R. L. Werner, J. M. & Harris, D. M. (2002). *Human Resource Development (3rd Ed.)* Orlando: Harcourt College Publisher.
10. Harbring, C. Berger J, Sliwka D. (2010). *Performance Appraisals and the Impact of Forced Distribution: An Experimental Investigation*. IZA Discussion Paper No 5020.
11. Lawler, E.E, Benson GS, & Mc Dermatt, M. (2012). *Performance Management and Reward System*. Centre for Effective Organisation. Los Angeles.
12. Lenenburg, F.C. (2012). 'Performance Appraisal: Methods and Rating Errors', *International Journal of Scholarly Academic intellectual diversity*. Vol4 (1).
13. Mujtaba, B.G, Shuaib S. (2010). 'An Equitable Total Rewards Approach to Pay Form Performance Management', *Journal of Management Policy and Practice*. Vol, 11(4).
14. O'Callaghan, A. (2005). *Performance Management: SDFs in the Fasset Sector*. Unpublished paper delivered at an ILL Conference, July.
15. Sarkar, A. Mukhopadhyay, A. R. & Ghosh, S. K. (2011). Comparison of Performance Appraisal Score: A Modified Methodology, *Research and Practice in Human Resource Management*, 19(2), 92-100.
16. Saxena, S. 2010. 'Performance Management System', *Global Journal of Management and Business Research*, 10(5):27-30.
17. Shah et al. (2012). 'The Impact of HR Dimensions on Organisational Performance', *African Journal of Business Management*. Vol 6(4) 1306-1314.
18. Stewart SM, Gruys ML, Storm M. (2010). Forced distribution performance evaluation systems: Advantages, disadvantages and keys to implementation. *Journal of management and Organisation*. Vol 16 (1).
19. Svaranja, M. (2010). *Integrated Performance Management Systems*'. PhD dissertation. [online] http://etd.uwc.ac.za/usfiles/modules/etd/docs/etd_gen8Srv25Nme4_1579_1298278773.pdf.
20. Willie, M. M. (2014). Analysis of performance reward models: A Multinum Investments case study, *Journal of Strategy and Performance Management*, 2(3), 111-121.
21. ZewotirT. (2012). 'On employees' performance appraisal: the impact and treatment of the rater's effect', *South African Journal of Economic and Management Sciences*, vol.15 no.1 Pretoria 2012.
22. Zhang Y. (2012). The impact of performance management system on the employee: Analysis with WERS 2004. [Online] http://essay.utwente.nl/62260/1/Daisy-master_thesis.pdf



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A
ADMINISTRATION AND MANAGEMENT
Volume 18 Issue 1 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Organisational Culture and Dynamics

By Hillary Odiakaose ODOR

University of Benin

Abstract- Every organisation has something unique about the way it operates. It is that uniqueness that every other organisation uses as a mark of distinction in describing that organisation. The ways an organisation operates vis a vis, its beliefs, values and assumptions is what I have conceptualized as organisational culture. The culture of an organisation, to a very large extent, determines the performance of the individuals that work in that organisation and by extension, the organisational performance. This paper takes an in-depth review of the relationships between some organisational culture parameters and individual performance, organisational performance and sustainability. From the extant literature, it till stand to reason that organisations should focus on that aspects of their cultures that are positive in outlook and yield the greatest positive result in terms of organisational outcomes. On the other hand, they should do away with those aspects of their culture, which are not adding any value to their bottom-line. This study totally supports the evidence that managing your organisational culture effectively will lead to a higher organisational performance.

Keywords: organisational culture, organizational outcomes, strong organisational culture, weak organisational culture.

GJMBR-A Classification: JEL Code: M14



Strictly as per the compliance and regulations of:



Organisational Culture and Dynamics

Hillary Odiakaose ODOR

Abstract- Every organisation has something unique about the way it operates. It is that uniqueness that every other organisation uses as a mark of distinction in describing that organisation. The ways an organisation operates vis a vis, its beliefs, values and assumptions is what I have conceptualized as organisational culture. The culture of an organisation, to a very large extent, determines the performance of the individuals that work in that organisation and by extension, the organisational performance. This paper takes an in-depth review of the relationships between some organisational culture parameters and individual performance, organisational performance and sustainability. From the extant literature, it till stand to reason that organisations should focus on that aspects of their cultures that are positive in outlook and yield the greatest positive result in terms of organisational outcomes. On the other hand, they should do away with those aspects of their culture, which are not adding any value to their bottom-line. This study totally supports the evidence that managing your organisational culture effectively will lead to a higher organisational performance.

Keywords: *organisational culture, organizational outcomes, strong organisational culture, weak organisational culture.*

I. INTRODUCTION

An understanding of culture is very important for someone who is interested in the study of organisational growth and development because it gives an organisation a strong competitive advantage. The significance of culture is not being determined by whether there is an existence of soft or complicated culture (Alvesson, 2002); what is paramount is that there is the existence of a corporate culture that guide behaviours and actions within a group.

Kotter and Heskett (2011) give a lucid analysis of how organisational culture positively or negatively affects the economic performance of an organisation. "It is only recently that researchers and management practitioners started looking at organisations as being affected by an independent variable that affects employee work attitude and behaviour" (Owoyemi, & Ekwoaba, 2014, p.168). This paper seeks to examine the construct of culture as it relates to organisation and its effectiveness by looking at the various dimensions of culture as well as the characteristics of culture. Finally, some previous studies investigating the relationship between organisational culture, as an independent variable and other variables are examined.

Author: Department of Business Administration, Faculty of Management Sciences, University of Benin, Benin City, Nigeria.

II. WHAT IS CULTURE?

Getting a universally acceptable definition of culture has been a very difficult exercise for both management scholars and practitioners. In fact, one authority summarized the predicament of having a generally accepted definition of culture as follows: "Despite a century of efforts to define culture adequately, there was in the early 1990s no agreement among anthropologists regarding its nature." (Apte (1994, p. 2001).

According to Schein, culture is the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and, therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." (As cited in Sun, 2008, p. 138).

Culture is "the collective programming of the mind which distinguishes the members of one group or category of people from another" (Hofstede 1994, p. 5). "Culture consists of the derivatives of experience, more or less organized, learned or created by the individuals of a population, including those images or encodements and their interpretations (meanings) transmitted from past generations, from contemporaries, or formed by individuals themselves." (Spencer-Oatey, 2012, p. 2). In another way, but flowing from similar angle, he sees culture as "a fuzzy set of basic assumptions, values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, which influence (but do not determine) each member's behaviour and his/her interpretations of the 'meaning' of other people's behaviour." (Spencer-Oatey, 2012, p. 2)

Cameron (2003) posits that "culture is an enduring slow to change, core characteristics of an organisation" (as cited in Owoyemi, & Ekwoaba, 2014, p.168).

Schein (1990) went on to say that "culture is manifested at different layers of depth: observable artifacts, values, and basic underlying assumptions" (p.111). According to him, artifacts include things as dress code, physical settings of the office, and the way and manner people address one another. One very important common denominator in all the definitions of culture is the fact that culture is shared and learned.

III. CONCEPT OF ORGANISATIONAL CULTURE

Serpa (2016) sees organisational culture as “a shared way of being, thinking and acting in a collective and coordinated people with reciprocal expectations.” (p. 51).

Organisational culture is “the set of shared values, beliefs and norms that influence the way employees think, feel and behave in the workplace” (Agwu, 2014, p. 1)

Collins and Porras (2000) opine that organisational culture refers to a system of shared meaning held by members that distinguish one organisation from other organisations.

Organisational culture is as “an informal, shared way of looking at an organisation and membership in the organisation that binds members together and influences what they think about themselves and their work” (O’Donnel & Boyle, 2008, p.19). Schein (2009) defines organisation culture as collective behaviour of people in an organisation, while Gathai, Ngugi, Waitthaka and Kamingi (2012) look at organisational culture in terms of the “leadership styles and the dominant values and beliefs, both conscious and unconscious, dress codes, job titles, among others in an organisation” (as cited in Onyango, 2014, p. 205). Maseko (2017) viewed organisational culture as “a company’s orientation towards its internal stakeholders, which forms the basic rules that guide employees’ behaviours, developed and shared within an organisation” (p. 3).

Schein (2004) argued that “perhaps the most interesting part of culture as a concept is that it points us to phenomena that below the surface are powerful in their impact but invisible and to a considerable degree, unconscious to people.” (p. 8)

“Organisational culture is made up of more ‘superficial’ aspects such as patterns of behaviour and observable symbols and ceremonies, and more deep seated and underlying values, assumptions and beliefs.” (O’Donnel & Boyle, 2008, p. 6)

Although there is no agreement in the literature concerning organisational culture, one authority argued that “there is only one consensus and that is the fact that organisational culture has both tangible and non-tangible aspects.” (Sokro, 2012, p. 4).

IV. CHARACTERISTICS OF ORGANISATIONAL CULTURE

(Trice and Beyer, 2002, cited by Loisch, 2007, and further cited by Himmer, 2013).

Collective: It is assumed that cultures are not created by individuals alone, but as a result of collective actions. Belonging to a culture involves believing what the group believes and handling things the way they handle them.

Emotional: The substance and forms of culture are filled with emotions as well as meanings, which is why they help to manage and overcome anxieties. Members of a group seldom doubt the core values and attitudes of the organisational culture.

Historic: Cultural phenomena are connected to the history of the organisation and its traditions and cannot be separated or changed rapidly.

Symbolic: Symbols are on the one hand a specific type of cultural form, but on the other hand they are the most general and persuasive form of culture. Furthermore symbols are not directly seizable, but have to be interpreted in order to understand their meaning.

Dynamic: Even though culture is connected to the organisation’s history it still is not static, but rather dynamic. Culture changes continually due to several factors.

Diffuse: The more complex the circumstances are, the more diffuse the elements of organisational culture will get.

Robbins and Judge (2011) examine seven basic characteristics of organisational culture:

Innovation and risk taking; Attention to detail; Outcome, People orientation; Team orientation; Aggressiveness; and Stability.

Robbins and Judge (2000) also state that “the aftermath from the above, sets the foundation for the shared feelings, and how tasks should be performed in the organisation.” (p.560). They went further to say that each of the seven characteristics exist on a continuum from high to low and that approaching an organisation on the basis of the above characteristics, then gives a composite picture of the organisational culture.

V. CONCEPT OF STRONG OR WEAK ORGANISATIONAL CULTURE

Organisational culture can either be a strong one or weak one (Deal & Kennedy, 1982). The type of culture adopted by an organisation is dependent on the extent to which members adapt to that culture.” (Maseko, 2017, p. 5). A strong culture exists when every member of the organisation agrees and follows the agreed pattern of behaviour that has proven to be beneficial, both in content and context, to the whole organisation. According to Ashipaoloye (2014), a weak organisational culture, refers to values and beliefs not strongly and widely shared within the organisation. Karlsen (2011, p.112) states that “cultures where employees’ goals are aligned to the organisation’s goals are often thought of as successful cultures.” In an organisation with a weak culture, employees only adhere to organisational rules and regulations not because they derive satisfaction from their jobs, but because of fear of the consequences of their inactions (Maseko, 2017, p. 4).

In the opinion of Owoyemi and Ekwoaba (2013, p. 175), strong culture is a “two edged sword that can affect both management and the employees.” They therefore advised that positive strong culture should be encouraged while negative strong culture should be discouraged. Alkailani, Azzam, and Athamneh (2012) state that organisational culture can encourage employees to give out their best for the sake of organizational goals, or it can discourage or demoralize them with a subsequent disadvantage to the organisation’s survival. Several studies support the proposition that organisations with strong cultures outdo those with weak cultures. For instance, Onyango (2014) states that weak cultures are usually associated with autocratic managers whilst strong cultures are products of collaboration that arises when employees share certain beliefs and value systems with the significant others.

In his own final submission, Maseko (2017) concluded by stating that “strong organisational cultures are more successful than weak organisational cultures in achieving organisational goal due to the perceived correlation between organisational culture and employee motivation. This is because organisations with strong cultures have more unity among employees as they hold common beliefs and values.” (p. 5). Robbins and Judge (2000) have this to say about strong and weak culture:

“A strong culture will exert more influence on an employee than a weak culture. Therefore, if the culture is strong and support high ethical standard it will have a very powerful and positive influence on employee behaviour. On the other hand, a strong culture that encourages pushing the limits can be a powerful force in shaping unethical behaviour.” (p.600). For instance, some commercial banks in Nigeria that set outrageous deposit targets for its marketing staff are indirectly encouraging them to go into unethical practices in order to get the deposits. “A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement” (Ahmed, 2012, p. 51).

Similarly, Saffold (1998) notes that “strong culture has a powerful influence in improving the contribution made by each employee, either working independently or as a team. Strong culture enhances self confidence and commitment of employees and reduces job stress and improves the ethical behavior of the employees” (as cited in Shazad, & Luqman, 2012, p. 981).

VI. MODEL OF ORGANISATINAL CULTURE

Organisational culture has the following components: values, artifacts, symbols and assumptions (Hatch, 1993). When these components

interact with each other, it brings about different outcomes. The interactions of value and assumption are facilitated through manifestation. The interaction between value and artifacts is facilitated through realization. The interaction between artifacts and symbols is done through symbolization. The interaction of symbols and assumptions is facilitated through interpretation.

VII. DIMENSIONS OF ORGANISATIONAL CULTURE

From the management literature, different classification of organisational culture has evolved. According to Muthoni (2013, p. 204), “organisation culture can be classified in terms of adaptability, bureaucratic, mission, and entrepreneurial.” Onyango (2014, p. 9) argues that “adaptability culture is flexible in approach to the change process in meeting the demands of the external environment, while bureaucratic culture is centered on the rituals performed by leaders in the organisation that leads to sustainable transformation process.”

Another authority identifies two dimensions of organisational culture, namely participative and manipulative. In a manipulative culture, what the individuals have at the back of their mind is the need to acquire power by any possible means. On the other hand, in a participative culture, the individuals seek to be self actualized and be at peace with others (Tripathi, Kapoor, & Tripathi, 2000). It may be deduced therefore from the above that if an organisation develops a participative culture, its members will feel proud to be associated with that organisation and as well be involved too. On the other hand, in an organisation that has the characteristic of a manipulative culture, people will be loyal towards the organisation, but there is total lack of involvement and commitment, hence they do not have the tendency to behave like good citizens of that organisation. This is true since loyalty without involvement and commitment will lead an organisation to the path of failure.

VIII. HOFSTEDE’S CULTURAL DIMENSIONS

(Hofstede, 1980, p. 13) identified five universal values patterns that vary as influence in each country: individualism, masculinity, power distance, uncertainty avoidance, and long-term orientation. He labeled the above-mentioned dimensions as national culture values. According to him, “national culture was primarily based on differences in values which were learned during early childhood. These values were strong enduring beliefs, which were unlikely to change throughout the person’s life” (Abu-Jarad, Yusof, and Nikbin, 2010, p.36). According to Hofstede, history is the source of values, identity and institutions’ regulations and under condition of relativism we can identify some cultural dimensions:

1. Power distance is the measurement on which a society accepts unequal distribution of power of people and organizations.
2. Individualism/collectivism: The degree of responsibility in actions for individuals or groups.
3. Masculinity/femininity: the extent to which the social and emotional traits are allocated to different gender.
4. Uncertainty avoidance: The level of acceptance given by the threat of uncertainty and ambiguity and as consequence avoidance in such situations.
5. Long-versus short-term orientation: The size of social, material and emotional need from a society to program its members to accept delayed satisfaction"as cited in (Vacile, & Nicolescu, 2016, p. 37).

IX. METHODS OF LEARNING CULTURE

According to Brown (1998), as cited in (Ahmed, & Shafiq, 2014, p. 23), there are nine ways of learning an organisation's culture:

"Arte facts, Language, Behaviour patterns; Norms of behaviour; Heroes; Symbols and symbolic action; Believes, values and attitudes; Basic assumptions; and History" (Ahmed, & Shafiq, 2014, p. 23).

X. IMPORTANCE OF ORGANISATIONAL CULTURE

Some researchers have discovered that there are some cultural traits that relates with economic performance (Denison, 1990). "Organisational culture is one of the most important factors that impact on organisational performance" (Ahmed, & Shafiq, 2014, p. 22). They argued further, that "the notion of organisational performance is affiliated to the endurance and success of any organisation." (Ahmed, & Shafiq, 2014, p. 22).

According to Divyarajaram (2014), organisational culture is important in promoting code of conduct in employees, facilitates motivation though recognition, promotes self satisfaction, and acts as a guide to employee thinking and actions.

Schein (2011) identified four functions of organisational culture: providing a sense of identity to members; improving the readiness of members and strengthening organisational values; and shaping behaviour through a control mechanism" as cited in (Ahmed, & Shafiq, 2014, p. 23). Organisational culture "is not just for a competitive advantage, it has become a sine qua non for organisational success, allowing companies to attract and retain top employees" (Sadri & Lees, 2001, p. 858).

Organisational culture that is "manifested in beliefs and assumptions, values, attitudes and behaviours of its members is a valuable source of firm's

competitive advantage" (Ehtesham, Muhammad, & Muhammad, 2011, p. 79).

"Organisations are social glues that bond employees together, makes them feel as part of the organisation thereby bringing out the best in them in terms of efficiency and effectiveness in achieving organisational goal." (Fakhar, 2005, p. 981).

In an empirical study on the effects of organisational culture on change management, it was discovered that "organisational beliefs, employee attitude and value system, as part of organisation culture, has an impact on change management" (Onyango, 2014, p. 204).

He therefore recommended that organisation should ensure that they openly support employee attitudes and pattern of work that promotes change management. This, according to him, will enhance the corporate culture that sustains economic development and prosperity of the organisation (Onyango, 2014, p. 204)

Agrawal and Tyagi (2010) note that "a clear understanding of organisational culture is important for all organisational managers and leaders because it influences the way their companies react to the dynamic challenges faced by the business organisations." (p. 60) In other words, successful managers are those that adhere strictly to the ways things are done in their dynamic organisations. One of the key drivers to a good knowledge management's strategy is ensuring that an organisation embeds rich cultural values into its vision and mission, because knowledge management can be used to develop an innovative culture" (Agrawal, & Tyagi, 2010, p. 71).

Similarly, Yildiz (2014), writing on the relationship between organisational culture and organisational performance, demonstrated that knowledge management and innovative strategy, which, according to him, are features of organisational culture, have significant impact on organisational performance. However, Kotter and Heskett (2011) assert that even those cultures that work well with a company's strategy and business context may not promote excellent performance in the long run, unless they are backed up with strategies and practices that continuously respond to the dynamic environments. However, "the literature suggest that there is an ambiguity in terms of the link with organisational performance as strong cultures have been shown to hinder performance (unadaptive) and there is also a problem of isolating the impact of corporate culture on performance." (O'Donnel and Boyle (2008, p. 14).

Employees will experience a higher level of motivation given a good organisational culture. It goes to say therefore that when organisations have a strong culture that appreciates the contributions of employees through monetary and non monetary rewards, such act will be reciprocated and lead to an increase in

motivation and subsequently an increase in performance.

Ahmed and Shafiq (2014) concluded by saying that "organisational culture is the most important variable that influences organisational performance." (p. 22)

Awadh and Saad, (2013) state that "culture and performance were considered competitive advantage of an organisation, which is attained through strong association and establishment of culture and that organisation culture helps in internalizing joint relationship that helps to manage effective organisation processes" (p. 172)

According to O'Donnell and Boyle (2008), "an understanding of organisational culture and cultural types helps our understanding of why managerial reforms may impact differently within and between organisations." (p. 10). Zalami (2005), on the other hand, notes that an existing good culture that is properly aligned with goals and objectives of a transformation agenda will surely be an aid to any major institutional transformation.

Agrawal and Tyagi, (2010), are of the opinion that "culture can be a great attractor for talent, especially those who are professionally qualified." (p. 84)

It is important to understand the elements that attract, retain and engage employees. Successful implementation of a positive corporate culture, with strong values can be a powerful human resource strategy, whose importance will be growing continuously.

Jones et al. (2005) demonstrated that organisational culture is a source of knowledge since it enables employees to create, acquire, share and manage knowledge. Organisational culture has a strong bond with the competitive performance of a company. "Some authors even agree that performance comes from interdependent behavior like cooperation, knowledge sharing and mutual assistance." (Tseng, 2010), (as cited in Yildiz, 2014, p. 54).

The research on the impact of culture on organisational performance is mixed, however, depending on how the research is done and what variables are measured (Griffin, 2012).

Maseko (2017), in discussing the impact of culture on employee motivation, noted that "non-motivated employees, generally portray a dis-satisfied attitude to work, hence are less committed, and are more likely to quit the organisation" (p. 2)

Perters and Waterman (1982) in their write up on the relationship between organisational culture and performance, assert that "high performance firms could be distinguished from low performance firms because the former possessed certain cultural traits and 'strong culture'"

The same view was held by Deal and Kennedy, (1982), who suggested that organisational performance

can be enhanced by strong shared value" (as cited by Abu-Jarad, Yusuf, & Nikbin, 2010, p. 41). Furthermore, Agwu (2014), writing on organisational culture and employee performance in National Agency for Food, Drug administration and Control (NAFDAC), concluded that "there is a significant relationship between organisational culture and increased employees' commitment in NAFDAC" (p. 9). Based on this finding, he advised that the agency should sustain that prevailing culture of decentralization because it facilitates decision making and brings about fluidity in times of turbulence.

While investigating the effects of organisational culture on organisational performance in the hospitality industry, Chilla, Kibet, and Douglas (2014), note that some components of organisational culture are positively and significantly correlated to organisational performance. They also observed that there is a significant correlation and predictability of control systems, organisation structure and rituals on organisational performance.

Similarly, Shahzad, Iqbal, and Gulzar (2013) observe that culture of an organisation has a significant positive impact on employees' job performance in selected software companies in Pakistan.

Aluko (2003), using qualitative and quantitative techniques with a sample size of 630 employees, investigated and found out that employees attitude and beliefs significantly affect organisation performance, as cited in (Onyango, 2014, p. 204).

When organisation members identify with the culture, the work environment tends to be more enjoyable, boosting morale. This leads to increased levels of team work, sharing of information and openness to new ideas." as cited in (Agrawal, & Tyagi, 2010, p. 13).

XI. CONCLUSION

Culture has been defined as a way of life of a group of people. It is concerned with how employees perceive the characteristics of their organisation, not with whether they like them or not. In a nutshell, the importance of organisational culture as an organisational variable of analysis cannot be overemphasised. Organisational culture plays a significant role in motivating employees.

The question of whether a culture is strong or not, does not arise, rather what is important is that strong and positive cultures should be encouraged, while strong culture, with negative consequences, should be discouraged. In other words, we should only encourage those aspects of the culture that will help to shape high ethical standards among employees. This, in turn, will bring about high productivity among employees and on the aggregate bring about increased organisational performance.

REFERENCES RÉFÉRENCES REFERENCIAS

1. Abu-Jarad, I.Y., Yusuf, N., & Nikbin, D. (2010). A review paper on organizational culture and organisational performance. *International Journal of Business and Social Science*, 1(3), 26-46.
2. Agrawal, R.K., & Tyagi, A. (2010). Organisational culture in Indian organisations: An empirical study. *International Journal of Indian Culture and Business Management*, 3(1), 102-110.
3. Agwu, M.O. (2014). Organisational culture and employees' performance in the National Agency for Food and Drugs Administration and Control (NAFDAC) Nigeria. *Global Journal of Management and Business Research*, 14(2), 1- 9.
4. Ahmed, S. (2012). Impact of organisational culture on performance management practices in Pakistan. *Business Intelligence Journal*, 5(1), 50-55.
5. Ahmed, M. & Shafiq, S. (2014). The impact of organisational culture on organizational performance: A case study of telecom sector. *Global Journal of Management and Business Research: Administration and Management*, 14(3), 22-29.
6. Alkailani, M., Azzam, I.A., & Athamneh, A.B. (2012). Replicating Hofstede in Jordan: Ungeneralized, reevaluating the Jordanian culture. *International Business Research*, 5(4), 71-80.
7. Alvesson, M. (2002). *Understanding organisational culture*. New Delhi: Sage.
8. Ashpaoloye, F.K. (2014). A Comparative analysis of the organisational culture and employee's motivation of selected cities in Calabar zone: Basis for employee's motivation, leadership and innovative management. *Asia Pacific Journal of Multidisciplinary Research*, 2(5), 54-63.
9. Awadh, A.M., & Saad, A.M., (2013). Impact of organisational culture on employee performance. *International Review of Management and Business Research*, 2(1), 167-180.
10. Balan, S.A., & Vreja, L.O. (2013). The Trompenaars' seven dimension cultural model orientations of Romanian students in management. Proceedings of the 7th International Management Conference "New Management for the New Economy" November 7th-8th. Ucharest, Romania.
11. Chilla, H.A., Kibet, Y., & Douglas, M. (2014). Effects of organisational culture on organizational performance in the hospitality industry. *International Journal of Business and Management Invention*, 3(1), 67-86.
12. Goffee, R., & Jones, G. (1996). "What holds the modern company together?" *Harvard Business Review*, 74(6), 853-859.
13. Dasanayake, S. W. S. B. & Mahakalanda, I. (2008). A literature survey on organizational culture and innovation. *Global Business and Management Research*, Boca Raton, Florida. 539-550.
14. Deal, T. E., & Kennedy, A. A. (2000). *The new corporate cultures: Revitalizing the work place after downsizing, mergers and reengineering*, London, UK. Texere Publishing Limited.
15. Deal, T.E., & Kennedy, A., (1982). *Corporate culture, the rite and ritual of corporate life*. Reading: M.A Addison Wesley.
16. Denison, D.R. (1990). *Corporate culture and organisational effectiveness*. New York: Wiley.
17. Divyarajaram (2014). Functions of organisational culture. Author Stream. Retrieved from www.authorstream.com/presentation/divyarajaram-1390912-functions-of-organisational-culture/
18. Ehtesham, U.M., Muhammad, T.M., & Muhammad, S.A. (2011). Relationship between Organisational culture and performance management practices: A case of University in Pakistan. *Journal of Competitiveness*, 4.
19. Fakhar et al (2012). Impact of organisational culture on organisational performance: An over View. *Interdisciplinary Journal of Contemporary Research in Business*, 3(9), 975-985
20. Greenberg, J., & Baron, R.A. (1995). *Behaviour in organisations*. New Jersey: Prentice Hall.
21. Handy, C. (1993). *Understanding organisations*, 4th ed., London: Penguin Books Ltd.
22. Hofstede, G. (1991/1994). *Cultures and organisations: Software of the Mind*. London: HarperCollinsBusiness.
23. Himmer, N.S. (2013). How does organizational culture influence the performance of luxury hotels based on the example of the Ritz--Carlton Hotel Company L.L.C.? Retrieved from https://www.modul.ac.at/uploads/files/Theses/Bachelor/Thesis-2013- Himmer_Thesis.pdf
24. Hofstede, G., Hofstede, G. J., & Minkov, M. (2010). *Cultures and Organisations: Software of the Mind: Intercultural Cooperation and its Importance for Survival*. USA: McGraw--Hill.
25. Joiner, T.A. (2000). The influence of national culture and organisational culture alignment on job stress and performance: Evidence from Greece. Retrieved from <http://www.emerald-library.com/ft>
26. Kotter, J. P., & Heskett, J.L. (2011). *Corporate culture and performance*. New York: Free Press.
27. Loisch, C. U. (2007). *Organisationskultur als Einflussgröße der Export Performance*. Wiesbaden: Deutscher Universitäts--Verlag.
28. Lustig, M. W., & Koester, J. (1999). *Intercultural competence, interpersonal communication across cultures*, 3rd.ed. New York: Longman.

28. Maseko, S.B.T. (2017). Strong vs. weak organisational culture: Assessing the impact on employee motivation. *Arabian Business Management Review* 7: 287. doi: 10.4172/2223-5833.1000287
29. O'Donnell, O., & Boyle, R. (2008). Understanding and managing organisational culture. Dublin, Ireland: Institute of Public Administration.
30. Onyango, W.P. (2014). Effects of organisation culture on change management: A case of the Vocational Training Centre for the Blind and Deaf Sikri. *European Journal of Business and Management*, 6(34), 204-214.
31. Owoyemi O. O., & Ekwoaba J.O. (2014). Organisational culture: A tool for management to control, motivate and enhance employees' performance. *American Journal of Business and Management* 3(3), 168-177. doi: 10.11634/216796061403514
32. Perters and Waterman (1982). In search of excellence. *Journal of Organisational Behaviour*, 6(3), 246-247. doi: 10.1002/job.4030060311
33. Robbins, S. P., & Judge, T.A. (2011). *Organisational Behavior*, 14th Edition. New Jersey: Pearson Education, Inc.
34. Sadri, G., & Lees, B. (2001). Developing corporate culture as a competitive advantage. *Journal of Management Development*, 20(10), 853-859. Retrieved from http://www.mcbup.com/research_registers
35. Schein, E. (2009). *Organisational culture and leadership*. San Fransisco : Jossey-Bass.
36. Schein, E.H. (2004). *Organisational culture and leadership*, 3rd. edition, San Francisco: Jossey-Bass.
37. Serpa, S., (2016). An overview of the concept of organisational culture. *International Business Management Journal*, 10(1), 51-60.
38. Shahzad, F., & Luqman, R.A. (2012). Impact of organisational culture on organizational performance: An overview. *Interdisciplinary Journal of Contemporary Research in Business*, 3(9), 112-130.
39. Shahzad, F., Iqbal, Z., & Gulzar, M. (2013). Impact of organisational culture on employees job performance: An empirical study of software houses in Pakistan. *Journal of Business Studies Quarterly*, 5 (2), 56-64.
40. Sun, S. (2008). Organisational culture and its themes. *International Journal of Business and Management*, 3(12), 137-141.
41. Szczepańska-Woszczyzna, K. (2014). The Importance of organisational culture for innovation in the company. *Forum Scientiae Oeconomia* 2: 2-39.
42. Sokro, E. (2012). Analysis of the relationship that exists between organizational culture, motivation and performance: Problems of management in the 21st century, 3, 106-118.
43. Spencer-Oatey, H. (2012). What is culture? A Compilation of quotations. Global PAD Core Concepts. Retrieved from <http://go.warwick.ac.uk/globalpadintercultura>
44. Tripathi, S., Kapoor, A., & Tripathi, N. (2000). Organisational culture and organizational commitment. *Indian Journal of Industrial Relations*, 36(1), 24-40.
45. Trompenaars, F., & Hampden-Turner, C. (1997). *Riding the waves of culture: Understanding cultural diversity in business*. London: Nicholas Brealey Publishing Limited.
46. Vacile, A.C., & Nicolescu, L. (2016). Hofstede's cultural dimensions and management in corporations: Theoretical article Case study. *Cross-Cultural Management Journal*, 18(9), 35-46. Retrieved from: http://seaopenresearch.eu/Journals/articles/CMJ_9_5.pdf
47. Yildiz, E. (2014). A Study on the relationship between organisational culture and organisational performance and a model suggestion. *International Journal of Research in Business and Social Science*, 3(4), 103-110. Retrieved from: <http://www.ssbfnfnet.com>
48. Zalami, A. (2005). Alignment of organisational cultures in the public and private sectors. Presentation at the meeting of excellence in public service, Amman, Jordan in September. Retrieved from: <http://ijqr.net/journal/v11-n3/11.pdf>
49. Zhang, X. (2009). *On how organisation culture impact on performance and competitiveness*. Hubei University of Technology. P.R. China. Retrieved from: 2009cjd4z95.pdf



This page is intentionally left blank



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A
ADMINISTRATION AND MANAGEMENT
Volume 18 Issue 1 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Talent Management Strategies as a Critical Success Factor for Effectiveness of Human Resources Information Systems in Commercial Banks Working in Jordan

By Musa Salameh Al-Lozi, Reham Zuhier Qasim Almomani & Sulieman Ibraheem Shelash Al-Hawary

Jordan University

Abstract- This study aimed to investigate the impact of Talent Management strategies on effectiveness Human Resources Information Systems in commercial banks working in Jordan, the Talent Management strategies represented by (attracting talents strategy, Developing talents strategy, Retention of talents strategy, and Succession strategy), and effectiveness Human Resources Information Systems. The study population consisted of all employees of commercial banks working in the capital of Jordan, a random simple sample was selected from the study population estimated (310) respondents.

To achieve the objectives of the study, the descriptive analytical method was used through a questionnaire that used a major tool for data collection developed at the hands of elite researchers and writers in the field of the study variables. A number of statistical tools and methods were used such as Mean, Standard Deviation, one sample T-test, Multiple Regression, and Path analysis.

Keywords: *talent management strategies, human resources information systems, effectiveness, commercial banks, jordan.*

GJMBR-A Classification: *JEL Code: M00*



Strictly as per the compliance and regulations of:



© 2018. Musa Salameh Al-Lozi, Reham Zuhier Qasim Almomani & Sulieman Ibraheem Shelash Al-Hawary. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License (<http://creativecommons.org/licenses/by-nc/3.0/>), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

Talent Management Strategies as a Critical Success Factor for Effectiveness of Human Resources Information Systems in Commercial Banks Working in Jordan

Musa Salameh Al-Lozi ^α, Reham Zuhier Qasim Almomani ^σ & Sulieman Ibraheem Shelash Al-Hawary ^ρ

Abstract- This study aimed to investigate the impact of Talent Management strategies on effectiveness Human Resources Information Systems in commercial banks working in Jordan, the Talent Management strategies represented by (attracting talents strategy, Developing talents strategy, Retention of talents strategy, and Succession strategy), and effectiveness Human Resources Information Systems. The study population consisted of all employees of commercial banks working in the capital of Jordan, a random simple sample was selected from the study population estimated (310) respondents.

To achieve the objectives of the study, the descriptive analytical method was used through a questionnaire that used a major tool for data collection developed at the hands of elite researchers and writers in the field of the study variables. A number of statistical tools and methods were used such as Mean, Standard Deviation, one sample T-test, Multiple Regression, and Path analysis.

The results showed that attracting talents strategy, Developing talents strategy, Retention of talents strategy, and Succession strategy, had a significant and positive effect on effectiveness Human Resources Information Systems in commercial banks working in Jordan, based on the study results, talent management strategies may be considered as critical success factors for effectiveness Human Resources Information Systems in commercial banks working in Jordan, the researcher recommends manager and decision makers to Offer an attractive career path for different groups of talents will also help to prevent putting people into the leadership path that actually do not want to be leaders or do not have the right competencies.

Keywords: talent management strategies, human resources information systems, effectiveness, commercial banks, jordan.

I. INTRODUCTION

The rapid development of information technology gradually shifted attention from physical capital to intellectual and human capital. In the light of

Author α: Professor of public Management, Vice president for centers and community service affairs, president of Aqapa Branch, Jordan University, Amman 11942, Jordan. e-mail: loz.musa@ju.edu.jo

Author σ: Researcher, business Department, Administrative and Financial Sciences Faculty Petra University, Jordan. e-mail: inf@starjo.com

Author ρ: Professor of Business Management, Department of Business Administration, Faculty of Finance and Business Administration, Al al-Bayt University, P.O.BOX 130040, Mafraq 25113, Jordan.

e-mails: dr_sliman73@aabu.edu.jo, dr_sliman@yahoo.com

competitive economy and the information age, creative and talented human capital is the true capital of organizations; as the cornerstone of innovation and creativity, The leader of the process of change and creativity, and therefore organizations that are interested in the management and development of talented people is an organization able to transfer knowledge to value, and then to a competitive advantage, which means that the center of gravity in generating value has moved from the exploitation of the Natural resources (physical) to the exploitation of intellectual assets (intangible).

Management concepts have gone through many factors and conditions that have led to many changes, such as shifting from a focus on physical capital to a focus on intellectual capital, and a focus on quality of services, to focus on service excellence. As a result of these changes, there is a need for excellence, which is based on a balance between all parties involved in the work of the Organization.

In the twenty-first century, high-speed and highly competitive talent has become one of the most important pillars for companies to achieve their strategic vision. Demand has been increased by the selection of competent and qualified employees, the discovery and development of their talent, To achieve its goals with ease (Makri and Yehiaoui, 2014). According to (Schweyer, 2004) A Talent Management System puts useful means in the hands of HR professionals that enable them to gather, process and evaluate volumes of data related to high potentials and other staff.

The rapid development of information systems necessitated the use of efficient and effective information systems that would achieve their objectives and improve the management of their human resources. The importance of these systems for their critical role in developing the performance of the human resource, the provision of information to facilitate decision-making, And the development of communications and information flow between managerial levels, all of which would positively affect their overall performance, which forced the institutions to seek and in various ways to obtain the latest advanced technologies to allow them to engage in globalization and competition in the global

markets, and Information systems need to be developed in a variety of ways and technologies to meet the desires of customers in general, and the management's desire to invest in particular (Ghalbi and Idris, 2009). Organizations in Jordan have sought to develop their human resources information systems in two decades to keep abreast of the rapid developments in international organizations and remain strong competitors locally and globally. It also focused on its performance, and attracting talents and management them.

Organizations compete with each other for the resources. The most important of these is the creative human being and the outstanding competencies. Organizations need to effectively manage talent, attract the most talented individuals, to be more suited to current and future employment needs, adaptive, adaptable and productive. Talent management, with the acceleration of information technology, the use of sophisticated information management systems and innovative talent, organizations seeking to compete with international companies based on the talent of the human element, mainly the importance of this study by identifying the impact of talent management on the effectiveness of human resources information systems, And provide a theoretical framework that provides the Arab library with new information. The organizations may be guided by the information contained therein in adopting new talent management strategies. This study reveals results that benefit organizations in different sectors in a practical way to improve their efficiency and effectiveness. Accordingly, this study aims at revealing the impact of talent management on the effectiveness of human resources information systems.

II. THEORETICAL FRAMEWORK

a) Talents Management

Qatami (2010) noted that the characteristics of talented people are related to the manifestations of excellence. Jarwan (2012) states that the most important characteristics of the talented people are the cognitive characteristics and the emotional characteristics, studies agree that the characteristics of the talented people are characterized by cognitive characteristics and the emotional characteristics that distinguish them from others. However, most talented individuals enjoy emotional stability and self-autonomy, show leadership in the peer group, are less prone to mental illness, and happier than their peers (Hallahan & Kauffman, 2011).

The importance of employing talent management is that organizations, whether productive or service oriented, seek to increase their revenues and profits by increasing production, reducing costs and improving the quality of the product or service. This requires the creation of a highly skilled and creative staff capable of achieving the objectives of the organization. And reaching excellence in competition (Farley, 2005).

Guthridge, Harttig, Komm and Lawson (2008) deduced that the primary role of talent planning is to enhance easy identification of future talents which are needed at all organizational levels.

b) Concept of Talents Management

The talent is considered a national wealth distributed in the society at random, like a great raw in a great crowd of people, no one pays attention to his energies that exceed all the energy known to man, the society sees him as a small, stupid, this view works to frustrate him and push him to withdraw and retreat, Why not provide him with a helping hand and recover the wasted capital, the creator is our son today, our world and our leader tomorrow, his investment is an investment that returns to the nation with great benefits (Qatami and Mashaal, 2007). Osinga (2009) attributes talent in business to leadership talent, core talent, and supporting talent: they form the support team to core business, and there are external sources and management activities that can motivate them. They are also flexible, where their abilities can be invested in other tasks As needed.

Talent management refers to the anticipation of required human capital the organization needs at the time then setting a plan to meet those needs (Vance, 2006). Talent management is defined as "implementing integrated strategies or systems designed to improve the recruitment and development of people, retain the skills required and prepare to meet current and future organizational needs (Li and Wang, 2010). Talent management is defined as the process of identifying, development, recruitment, retaining and deployment of high potential individuals at the workplace (Wellins, Smith & Erker, 2009)." Talent Management defined by (Horváthová, 2011) "a range of activities of the organization that are concerned with owning, developing, motivating and sustaining talented employees to achieve the objectives of current and future organizations. Heinen and O " Neill (2004), Talent Management is one of the most effective ways to achieve a durable competitive advantage.

Hartley (2004), Talent Management is an expression that extends over a wide set of activities, such as succession planning, HR planning, employee performance management etc. Conningham (2007) defined it as "high performance and a resource that must be managed mainly by performance levels, ie, the search for intelligent individuals should be sought, assigned and rewarded differently regardless of their particular roles or even the specific needs of the organization.". Talent management can be defined as an administrative system designed to attract and retain talented people and to create ways to unleash their creative potential, measured by the degree to which potash employees receive the talent management scale developed in this study.

c) *Strategies of Talents Management*

Choosing the right talent is one of the most important factors that helps to meet the challenges and accomplish the tasks. The success or failure of the organization is closely linked to the decision to choose the talented. The right choice leads to success and excellence while the wrong selection of the talent leads to failure and excessive cost as a result of failure (Shuaa, 2008). Gardner (2000) finds that the wealth of the nation consists of nothing more than the number of talented people who work there. Haskins & Shaffer (2010) summed up the importance of talent management as follows: focus on critical positions and centers of major importance in the organization, develop a list of benchmarks for critical positions "discover potentials", create talent pools for each organizational level, and plan to avoid disruption of work due to sudden departure of critical position holders, maintaining talent and ensuring their investment in the service of the organization, ensuring the flow of talent across the leadership channels, and assisting individuals in planning their career paths. Organizations have begun to employ talent management strategies that include the selection, development and retention of talent as well as long-term strategic planning that takes into account the future challenges that the organization may face in achieving success and excellence (Rowland, 2011).

According to Hartley (2004), Talent Management is a term that extends over a wide set of activities, such as succession planning, employees loyalty, employees trust, human resource planning, employee performance management etc. Davis (2007) Talented and ambitious people will only stay with their current employer if they are offered positive development, motivation and nurturing to ensure they are given every chance of realizing their potential. or organizations to succeed in today's rapidly changing and increasingly competitive marketplace, intense focus must be applied to aligning human capital with corporate strategy and objectives. It starts with recruiting and retaining talented people and continues by sustaining the knowledge and competencies across the entire workforce. With rapidly changing skill sets and job requirements, this becomes an increasingly difficult challenge for organizations. Collings and Mellahi (2009) Noe (2000) identify various set of practices covered by most talent management activities; staffing, recruitment, training and development, succession planning and employee retention management. It is the process of attracting, integrating, developing and retaining highly skilled workers to work in the organization (Anupam, and Upasna, 2012).

Attracting Talents: The process of attraction is based on a set of criteria, which is to take into consideration the values of the organization and its vision. The

organization's brand is one of the most important attractions. The talented people seek to find reputable organizations where they expect success and provide them with a suitable environment for creativity. These individuals develop special conditions commensurate with their abilities (Pruis, 2011). Rowland (2008: 38) defines it as processes and actions taken by the organization to attract talented people by providing appropriate moral and material factors to generate their desire to enroll. "The researchers define them as strategies and actions taken by the organization to attract talented people to work in them by providing material and moral incentives.

Developing Talents: The organization works after attracting talented people to develop these talents through education, training and development to develop their abilities, skills and knowledge to achieve high performance for the organization (Areiqat, Abdelhadi & Tarawneh, 2010). The process of talent development builds on the talent abilities, the organization's needs and the job requirements of the talented, limiting their weaknesses and working to fill these gaps with education and training that increases their chances of continuing productive and distinctive work that meets the needs (Williamson, 2011).

Makri and Yehiaoui (2014: 179) defined developing talents as "one of the of HR management areas for selection procedures using appropriate tools for selecting talented individuals on the basis of competence. This stage of this process includes the subjects Associated with learning and development. Here employees need to clear their career development path. Also, organizations need to invest more in the staffs to create learning and development opportunities so as to use them for responding the future expectations and requirements (Tajaldin & Eghbali, 2008). It can be defined by the researchers as a way for the organization to choose talented people using appropriate testing and interviewing tools.

Retention Talents: Financial crises contribute to a reduction in the number of employees, whether in the organization or globally, which motivates the talent to seek other job opportunities. There are also organizations that compete with the organization in which the talented person works (Whelan & Carcary, 2011). Retention is a complex concept and there is no single recipe for keeping employees with a company (Chandranshu & Sinha, 2012). In order to maintain talent, the organization must provide concessions, benefits and compensation, and provide suitable workplaces for talented individuals and rewards to reduce the organization's loss of talent (Cannon and McGee, 2011).

According to Frank, and Taylor (2004) the concept of Employee retention says that the employer should try to preserve his/her desirable employees and

so they can achieve company " s objectives. (Whelan & Carry, 2011: 676) defines it as a set of factors that the organization takes to prevent talented people from looking for opportunities outside the organization and leaving them to have offers that fit their preferences. Herman (2005) discusses; a retention plan that preserves redundant loss of human and intellectual wealth this concept aims to guarantee the stability and productivity among the workforce as well as cut the costs of employee turnover. "The researchers define Retention talents as actions by the organization to create the right conditions for its talented staff, Move to other local or international companies

Succession Strategy : This strategy is to provide a cadre of talented people to occupy major positions in the future. This requires the development of the organization's staff, preparing it to receive the job when needed and not leaving a chance to be surprised when there is no important job in the organization (Kasmi, 2011). Collings and Mellahi (2009) Noe (2000) defines succession planning as a process of identifying and preparing suitable high potential employees to replace key players within the organization defined as a set of measures taken by the as their terms expire. (Makri and Yehiaoui, 2014) institution to identify talented people and provide adequate support and real opportunities to demonstrate their talents. They are recognized by the researchers as an organization-driven procedure to give talented people the support and opportunities to demonstrate their talents.

d) Human resources information system

The present era has witnessed major developments in all areas of life. The most prominent developments in the field of information which have become so called information age. As a result of this development, there is an urgent need for systems that manage information in terms of processing, storage, transport and speed of access. This development has brought the world into a small village, and the handling of information takes walks different from the previous (Kanani, 2008). The system is defined as the "interaction of components that work together to accomplish the goal" and that "parts, elements or sections are connected to each other by logical relationships, that is, they are integrated and interact with one another for the purpose of certain objectives" (Chalabi, 2005).

The system is sometimes complicated and difficult to work, but it has helped to align the HR practices with the organizational strategy, identify improvement areas, and keep abreast with the current practices. It allows an organization to assess and evaluate any gaps or potential risks and increase the commitment of HR professionals to continuous improvement. The information system is defined as "a set of resources, means, programs, individuals, data and procedures that allow the collection, processing

and communication of information in the form of texts, images, or symbols ... in the organization" (Reix, 2001).

Human resources are the mainstay of the Organization and seek to link staff and management. This role is difficult in traditional organizations. Examples have emerged to help organizations overcome these difficulties and add real value to the Organization through record keeping, especially records of personnel data. Through performance appraisal systems, they provide the organization with audit lists that managers can access for staff follow-up, and human resources information systems serve many purposes, including providing lists of suitable candidates to fill vacancies. HRIS provides information and guidelines for the operation of HR functions, HRM is still a caretaker of employee records, and however, the existence of an HRIS makes this information readily available and useful for managerial decision making.

Human resource information systems are a system of input, processing and output, whose inputs are information, human resources and technological means of human resources management, through which information is processed to assist in reaching decision-making and solving business problems. The system is able to produce more effective and faster outcome than that can be done on papers. HRIS can acquire and track almost any type of data. Some of the effects of HRIS are that it has brought about an improvement in the overall HR functions of the organization not only in administration work. HRIS can be one of the powerful levels of change for the HR Department in any organization.

Jean (2007) defined human resources information systems as "a set of tools that allows the recording of all historical and ephemeral information, and is subject to processing through various processes. " It is also known as "the system that collects, organizes, stores and displays information in its various forms (Macleod & Schel, 2001: 58). The human resource information system (HRIS) is the composite of databases, computer applications, and hardware and software necessary to collect/record, store, manage, deliver, present, and manipulate data for human resources|| (Broderick an d Boudreau, 1992). Human resources information systems are defined as formal and informal systems that provide management with information on their resources Human being is predetermined, present and predictive in the form of an identity Or written in accordance with the internal processes of the organization and the external environment, which helps managers and workers to obtain the necessary information in a timely manner to assist in decision making. It refers to software packages that address HR needs with respect to planning, employee information access, and employer regulatory compliance in Ball (2001).

Human resource information (HRIS) is a system that help an organization acquire, store, manipulate, analyses, retrieve, and distribute information about an organization 's human resources (Tannenbaum, 1990) "The researchers define these as planned and organized actions followed by the Arab Potash Company in Jordan to direct their human resources towards achieving their objectives and facilitating the exchange of information, Information Technology, Computers, Internet, Intranet, Computerized Software and Communications. The level of the Arab Potash Company employees in Jordan is measured by the scale of the Human Resources Information Systems In this study.

e) Talents management and HRMIS effectiveness

Studies point out the positive impact of talent management on employee engagement (DiRomualdo et al., 2009). Talent management is one of the most important factors in ensuring sustainable organizational success (McDonnell 2011). Additionally, companies with established talent management capabilities achieve improved quality and skills (Gandossy & Kao, 2004), higher innovative ability (Kontoghior ghes & Frangou, 2009), According to Laff " s (2006) study for different CEOs, Talent Management is the best way to secure a competitive advantage. talent management has positive impact on job satisfaction among employees if they are given career and development opportunities (MacBeath, 2006) and, above all, a higher retention rate overall and of talent in particular (Yapp, 2009). Organizations that apply talent management practices demonstrate higher financial performance compared to their industry peers. Those specific talent management practices that most distinguished financial outperformers from other organizations are understanding and acting upon employee engagement and aligning recognition and performance management systems. Based on these findings the following hypothesis is suggested:

H1. Talent Management strategies directly influence effectiveness Human Resources Information Systems in commercial banks working in Jordan.

More Specifically:

H1a. Recruiting talents directly influences directly influence effectiveness Human Resources Information Systems in commercial banks working in Jordan.

H1b. Developing talents directly influences directly influence effectiveness Human Resources Information Systems in commercial banks working in Jordan

H1c. Retention of talents directly influences directly influence effectiveness Human Resources Information Systems in commercial banks working in Jordan.

H1d. Succession strategy or career replacement planning directly influences effectiveness Human Resources Information Systems in commercial banks working in Jordan.

III. RESEARCH FRAMEWORK

Based on study hypothesis, the following theoretical framework, shown in Figure 1. As can be seen from the framework, the study investigates the impact of Talent Management strategies on Organizational Excellence in Arab Potash Company in Jordan., where Talent Management strategies are the independent variable and are positively related to Organizational Excellence as the dependent variable.

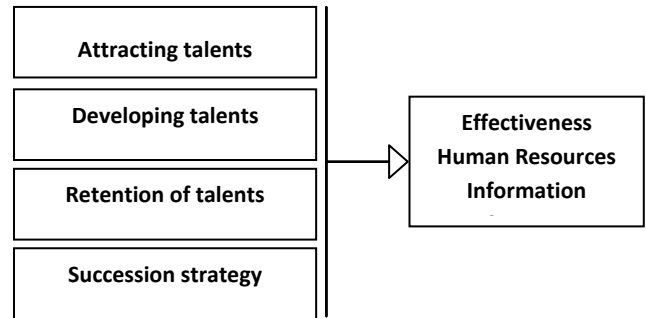


Fig. 1: Theoretical Model

IV. METHODOLOGY

The methodology section of the current research depicts the sample of the study, the measurements, the statistical analysis to test the validity and reliability of the study tool and to test the study hypotheses employed to test the relationship between the study constructs (Talent Management and effectiveness Human Resources Information Systems).

a) Data Collection

Data are collected using a questionnaire. The questionnaire was divided into three sections: Section A consisted of a list of questions intended to probe the demographic variables of the respondents. Section B contained questions aimed at gauging the respondents' evaluation of Talent Management strategies adopted by the commercial banks working in Jordan adopted from previous studies, and which could possibly influence effectiveness Human Resources Information Systems, using a five-point Likert scale. The following practices were focused on; Attracting talents strategy (7 statements), Developing talents strategy (8 statements), Retention of talents strategy (11 statements), and Succession strategy (11 statements). Section C is also adopted from previous studies, contained questions aimed at evaluating the effectiveness Human Resources Information Systems in commercial banks working in Jordan (25 statements).

b) Study Tool

The constructs in this study were developed by using measurement scales adopted from prior studies. Modifications were made to the scale to fit the purpose of the study. All constructs were measured using five-

point Likert scales with anchors strongly disagree (= 1) and strongly agree (= 5). All items were positively worded. Talent Management strategies consist of Attracting talents strategy, Developing talents strategy, Retention of talents talents strategy, and Succession strategy were adapted from previous studies (Whelan & Carcary, 2011; Chandranshu & Sinha, 2012; Makri and Yehiaoui, 2014). effectiveness Human Resources Information Systems was adapted from previous studies (Gelard, et.al, 2014; Macleod & Schel, 2001; Broderick and Boudreau, 1992).

c) Sample

The study population consisted of all of the Employees in the in commercial banks working in capital of Jordan, a random simple sample was selected from the study population, with reference to the sample schedule (Bartlett et al., 2002), a sample of 400 employees were selected to represent the study population, the researchers distributed the questionnaires to the study sample. (320) questionnaires retrieved. After reviewing the questionnaires show that there are (10) extremely unfit for statistical analysis, that had the study sample size (310).

Table 1: Sample Characteristics

Variable		Frequency	%
Age group	less than 30	68	22%
	30- less than 40	189	61%
	40 years and more	53	17%
Gender	Male	208	67%
	Female	102	33%
Educational level	Diploma	31	10%
	Bachelor	211	68%
	Master	56	18%
	PH.D	12	4%

Females make (33 percent) of the employees on the other hand Males respondents represented (67 percent) of the sample. The largest group of respondents (61 percent) was aged 30- less than 40. The next largest group (22 percent) was aged less than 30. Smaller groups of respondents were aged 40 years and more (17 percent). With regard to educational level, respondents with Bachelor degrees were the largest group of respondents make (68 percent), respondents with Diploma degrees make (10 percent), and respondents with Master degrees make (18 percent). Finally, holders of PH.D degrees make (4 percent) of the employees. The sample characteristics of the respondents represented in Table 1.

d) Reliability and validity of the survey instrument

The survey instrument with 62 items was developed based on two variables Talent Management strategies as independent variables with four

dimensions: Attracting talents strategy (ATS1-ATS7), Developing talents strategy (DTS1-DTS8), Retention of talents strategy (RTS1-RTS11), and Succession strategy (SS1-SS11). Effectiveness Human Resources Information Systems as dependent variables with one dimension (HRIS1-HRIS25). The instrument was evaluated for reliability and validity. Reliability refers to the instrument's ability to provide consistent results in repeated uses (Gatewood & Field, 1990). Validity refers to the degree to which the instrument measures the concept the researcher wants to measure (Bagozzi & Phillips, 1982).

Table 2: Factor analysis of Talent Management strategies

Construct and Item	Loadings	Communalities	KMO	Variance	Reliability
Attracting talents strategy (RTS)			0.852	60.325	0.79
ATS1	0.55	0.61			
ATS2	0.53	0.59			
ATS3	0.57	0.63			
ATS4	0.54	0.58			
ATS5	0.59	0.64			
ATS6	0.62	0.67			
ATS7	0.67	0.71			
Developing talents strategy (DTS)			0.789	58.347	0.81
DTS1	0.56	0.58			
DTS2	0.58	0.61			
DTS3	0.62	0.68			
DTS4	0.58	0.65			
DTS5	0.57	0.63			
DTS6	0.50	0.53			
DTS7	0.51	0.57			
DTS8	0.63	0.69			
Retention talents strategy (RTSA)			0.697	60.358	0.76
RTS1	0.61	0.65			
RTS2	0.62	0.67			
RTS3	0.59	0.62			
RTS4	0.58	0.65			
RTS5	0.57	0.67			
RTS6	0.50	0.53			
RTS7	0.63	0.69			
RTS8	0.52	0.56			
RTS9	0.55	0.58			
RTS10	0.59	0.63			
RTS11	0.57	0.62			
Succession strategy (SS)			0.815	55.361	0.84
SS1	0.53	0.59			
SS2	0.56	0.61			
SS3	0.58	0.63			
SS4	0.52	0.56			
SS5	0.53	0.57			
SS6	0.53	0.56			
SS7	0.63	0.68			
SS8	0.56	0.62			
SS9	0.53	0.56			
SS10	0.61	0.67			
SS11	0.58	0.65			



Table 3: Factor analysis of Effectiveness Human Resources Information Systems

Construct and item	Loadings	Communalities	KMO	Variance	Reliability
Effectiveness Human Resources Information Systems (HRIS)			0.776	57.361	0.79
HRIS1	0.53	0.56			
HRIS2	0.51	0.53			
HRIS3	0.61	0.64			
HRIS4	0.63	0.68			
HRIS5	0.52	0.57			
HRIS6	0.55	0.59			
HRIS7	0.58	0.61			
HRIS8	0.50	0.52			
HRIS9	0.56	0.59			
HRIS10	0.57	0.60			
HRIS11	0.64	0.69			
HRIS12	0.66	0.68			
HRIS13	0.52	0.56			
HRIS14	0.59	0.63			
HRIS15	0.51	0.53			
HRIS16	0.53	0.57			
HRIS17	0.58	0.62			
HRIS18	0.54	0.58			
HRIS19	0.57	0.61			
HRIS20	0.63	0.67			
HRIS21	0.68	0.70			
HRIS22	0.51	0.53			
HRIS23	0.53	0.56			
HRIS24	0.61	0.68			
HRIS25	0.59	0.65			

Factor analysis and reliability analysis were used in order to determine the data reliability for the Talent Management and effectiveness Human Resources Information Systems dimensions. A within factor, factor analysis was performed to assess convergent validity. The results of the factor analysis and reliability tests are presented in Table (2) and Table (3). All individual loadings were above the minimum of 0.5 recommended by Hair et al. (1998). For exploratory research, a Chronbach α greater than 0.70 is generally considerate reliable (Nunnally, 1978). Chronbach α statistics for the study contracts are shown in Table (5) and Table (6). Thus it can be concluded that the measures used in this study are valid and reliable. Kaiser-Meyer-Olkin has been used as Pre-analysis testing for the suitability of the entire sample for factor analysis as recommended by Comrey (1978), the value of The Kaiser-Meyer-Olkin measure was used to assess the suitability of the sample for each unifactorial determination. The KMO values found (see Table 5, and 6) are generally considered acceptable (Kim and Mueller, 1978). All factors in each unifactorial test accounted for more than 55.361 per cent of the variance of the respective variable sets. This suggests that only a small amount of the total variance for each group of variables is associated with causes other than the factor itself.

e) Correlation analysis: relationships between the variables

The correlation matrix in Table V further indicates that Attracting talents strategy, Developing talents strategy, Retention talents strategy, and Succession strategy were positively and moderately correlated. The correlation coefficients between the independent variables (Attracting talents strategy, Developing talents strategy, Retention talents strategy, and Succession strategy) were less than 0.9, indicating that the data was not affected by a collinearity problem (Hair et al., 1998). These correlations are also further evidence of validity and reliability of measurement scales used in this research (Barclay et al., 1995; Hair et al., 1998).

Table 4: Summary of correlations among independent variables

Variables	PQ	S	T	BL
Attracting talents strategy	1			
Developing talents strategy	.362	1		
Retention talents strategy	.451	.581	1	
Succession strategy	.578	.324	.319	1

Notes: Correlation is significant at the *0.05; * *0.01 levels (two-tailed).

f) Descriptive statistics analysis

Table (5) indicates that employees of the commercial banks working in capital of Jordan evaluate

Developing talents strategy (with the highest mean scores, i.e. $M = 3.69$, $SD = .67$) to be the most dominant and evident to a considerable extent, followed by Attracting talents strategy ($M = 3.65$, $SD = .78$), Succession strategy ($M = 3.54$, $SD = .62$), and Retention of talents strategy ($M = 3.53$, $SD = .55$). With regard to Effectiveness Human Resources Information Systems, employees of the commercial banks working in capital of Jordan evaluate Effectiveness Human Resources Information Systems (with the mean scores, i.e. $M = 3.45$, $SD = .46$). The standard deviations were quite low, indicating the dispersion in a narrowly-spread distribution. This means that the effect of Talent Management on the effectiveness of Human Resources Information Systems in commercial banks working in Jordan are an approximation to a normal distribution.

on Effectiveness of Human Resources Information Systems. This provides evidence to support H1a, H1b, H1c, and H1D,. Based on the β values Succession strategy has the highest impact on Effectiveness of Human Resources Information Systems followed by Developing talents strategy, Attracting talents strategy, finally Retention of talents strategy.

Table 5: Descriptive analysis of Talent Management strategies and Effectiveness Human Resources Information Systems

Dimension	Mean	Standard Deviation
Attracting talents strategy	3.65	0.78
Developing talents strategy	3.69	0.67
Retention of talents strategy	3.53	0.55
Succession strategy	3.54	0.62
Effectiveness of Human Resources Information Systems	3.45	0.46

V. TEST OF HYPOTHESIS

Multiple regression analysis was employed to test the hypotheses. It is a useful technique that can be used to analyze the relationship between a single dependent variable and several independent variables (Hair et al., 1998). In this model, Effectiveness of Human Resources Information Systems acts as the dependent variable and Talent Management strategies, as the independent variables. From the result as shown in Table (6), the regression model was statistically significant ($F = 51.325$; $R^2 = .176$; $P = .000$). The R^2 is 0.176, which means that 17.6 per cent of the variation in Effectiveness of Human Resources Information Systems can be explained by Attracting talents strategy, Developing talents strategy, Retention talents strategy, and Succession strategy. The proposed model was adequate as the F-statistic (51.325) was significant at the 5% level ($p < 0.05$). This indicates that the overall model was reasonable fit and there was a statistically significant association between Talent Management strategies and Effectiveness of Human Resources Information Systems.

Table (6) also shows that Succession strategy ($\beta = 0.413$, $p < 0.05$), Developing talents strategy ($\beta = 0.407$; $p < 0.05$), Attracting talents strategy ($\beta = 0.335$, $p < 0.05$), and Retention of talents strategy ($\beta = 0.108$, $p < 0.05$) had a significant and positive effect

Table 6: Regression Summary of Talent Management strategies and Effectiveness of Human Resources Information Systems (N=310)

MODEL		STANDARDIZED COEFFICIENTS	T	SIG.	COLLINEARITY STATISTICS	
		β			Tolerance	VIF
1	Constant	1.315	7.159	0.000*		
	Attracting talents strategy	.335	3.446	.001	.201	4.986
	Developing talents strategy	.407	4.673	.000	.386	2.589
	Retention of talents strategy	0.108	2.664	0.008	0.837	1.195
	Succession strategy	0.419	7.421	0.000	0.742	1.348

Notes: R 2 = .176; Adj. R 2 = .172; Sig. F = 0.000; F-value = 51.325; dependent variable, Effectiveness of Human Resources Information Systems $p < 0.05$.

VI. DISCUSSION

In Jordanian commercial banks, talent Management focuses on identifying key positions and positions that can affect the Bank's competitive advantage. The Bank strives to attract talented people to the benefit of its customers. Talent management begins by identifying key locations and then identifying and developing talented employees. The results of the present study are in line with the results of the Sivenko (2008) study aimed at demonstrating a methodology for the organization, which found that talented individuals require a completely different organization from In order to face their shortages. Organizations that apply talent management practices demonstrate higher financial performance compared to their industry peers. Those specific talent management practices that most distinguished financial outperformers from other organizations are understanding and acting upon employee engagement and aligning recognition and performance management systems.

Banks seek to formulate a strategy that focuses on planning the immediate and future needs of the talented and work to attract them on the one hand and to identify the level and quality of the talents available at all organizational levels to develop and enrich their knowledge by adopting objective criteria and sustainable development programs, and to maintain and retain talented people through the provision of conditions They are encouraged by their support and career management, so they develop the skills of talented employees through courses, seminars, and conferences. Talent management includes all activities. aimed at attracting talent, selecting For talent, talent development, and talent retention.

The responses of managers in the commercial banks operating in Jordan in the capital governorate can be explained that the banks focus on the development of managerial processes using human resources information systems for the large number of employees which require the use of human resources information systems, follow up developments in information systems

to facilitate the control of human resources Achieve its own objectives. The study shows that On the whole, HRIS, increases the efficiency of HR function, has helped to contribute the potentials of HR Department towards the organization, developed the structure, payroll, time, and attendance, appraisal performance, recruiting, learning management, training system, performance record, employee self-service, scheduling, absence management, systems, styles, reduced HR cost, increased motivation of the HR personnel, analyzed the problems and solved them smoothly, provided and developed sound performance appraisal systems, systematic job analysis, and smooth adoption of the changing mind-set.

The results of the study showed that there is an impact of talent management on the effectiveness of human resources information systems in commercial banks operating in the Capital Governorate. The HR system requires specialized and creative skills. Many HR programs are large in size and comprehensive of staff data. Time, require a great deal of secrecy, and need to be creative (Deborah, 2003). These results were similar to the results of the study (Abdoyan, 2010).

VII. RECOMMENDATIONS

Based on the study results the researchers recommend decision makers and managers of commercial banks in Jordan to:

- The managers have an important role to play in this regard, particularly with respect to understanding what motivates people, ensuring access to learning opportunities, and treating employee with respect. Instead, reflecting a reactionary approach, in many organizations raises or other sweetening of the compensation package are common responses when a valued employee shows signs of leaving.
- Organizations should identify the strategic value and competitive advantage that they can gain through HRIS in HR planning. Strategic planning linked with the HRIS can make the organization efficient for merger, acquisition and takeover.

- Rewarding employees according to the ir performance. This will motivate the employees to work harder to achieve their targets.
- Talent management is arguably a compelling approach for dealing with the impending labor crisis as well as effective policies for enhancing the positioning of an organization as well as its corporation brand.
- An effective HRIS solution coupled with a thoughtful succession planning policy can rapidly boost your organizational performance.
- Offering an attractive career path for different groups of talents will also help to prevent putting people into the leadership path that actually do not want to be leaders or do not have the right competencies.
- Corporate Communication through HRIS could build up strong organization culture, which has been least bother in the organization.
- Human Resource Managers should carry out annual salary surveys, to enable them benchmark and thus improve on how they compensate their staffs well and avoid losing them to their competitors after they have invested much in them.

REFERENCES RÉFÉRENCES REFERENCIAS

1. Abd nasir, S., Hassan, R. (2012). Managing Talent In Tow Loading Companies In Malaysia, International conference on technology and management lecture notes in information technology.
2. Al-Kanani, Adnan (2008). The Impact of Modern Information Systems on the Financial Management Decision Making Process A Field Study in the Arab and Foreign Banking Sector Amman - Jordan. Unpublished MA, Middle East University for Postgraduate Studies. Ammaan Jordan.
3. Anupam R. and Upasna J. (2012). A Study of Talent Management as a Strategic Tool for the Organization in Selected Indian IT Companies. *European Journal of Business and Management*, 4 (4) : 20-28.
4. Areiqat, A., Abdelhadi, T., and Al-Tarawneh, H. (2010), "Talent Management as a strategic practice of human resource management to Improve human performance", *Journal of Contemporary Research in Business*, 2 (2) : 329-341.
5. Bagozzi, Richard P. and Phillips, Lynn W. (1982), "Representing and Testing Organizational Theories: A Holistic Construal", *Administrative Science Quarterly*, Vol. 27 No. 3, pp. 459- 89.
6. Ball, K. (2001), *The Use of Human Resource Information Systems: A Survey*, *Personnel Review*, Vol. 30 No. 6, pp. 677-93.
7. Broderick, R., & Boudreau, J. W. 1992. Human resource management, information technology, and the competitive edge. *Academy of Management Executive*, 6 (2) : 7-17.
8. Cannon, J., & McGree, R. (2011), "Talent Management and Succession Planning. Chartered Institute of Personnel and Development, London, UK.
9. Chalabi, Firas (2005). The efficiency of the administrative information system according to the relationship of the beneficiary's participation in the quality of the system design. Unpublished Ph.D. thesis, University of Mosul, Iraq.
10. Chandranshu Sinha, Ruchi Sinha, (2012), "Factors Affecting Employee Retention: Comparative Analysis of two Organizations from Heavy Engineering Industry". Vol 4, No. 3.
11. Collings D. G. and Mellahi K. (2009). Strategic talent management: A review and research agenda. *Human Resource Management Review*, 19: 304 – 313.
12. Conti, Tito (2008): The Dos And Donts Of Using Excellence Models, Paper For The Quality Forum And The Symposium Of The Best Practices Of King Abdulaziz Quality Award, Riyadh: King Abudiaziz Quality Award.
13. Cunningham, L. (2007). "Talent management: making it real", *Development and Learning in Organizations*, 21 (2) : 4 – 6.
14. Davis Tony, Maggie cutt, neil Flynn (2007) Talent assessment ,a new strategy for talent management. Gower, United States. Retrived on 22 March 2013.
15. DiRomualdo, T., Joyce, S., & Bression, N. (2009). Key Findings from Hackett's Performance Study on Talent Management Maturity. Palo Alto: Hackett Group.
16. Farley, C., (2005), "HR's Role in Talent Management and Driving Business Results", *Employment Relations Today*, Spring: 55-60.
17. Frank, F. D., & Taylor, C. R. (2004). Talent Management: Trends that Will Shape the Future. *HR. Human Resource Planning*, 27(1) p. 33 -42.
18. Gandossy, R., & Kao, T. (2004). Talent Wars: Out of Mind, Out of Practice. *Human Resource Planning*, 27 (4), 15–19.
19. Gardner, T. M. (2002). 'In the trenches at the talent wars: competitive interaction for scarce human resources', *Human Resources Management, Wiley periodicals* 41, 225–237.
20. Gatewood, R. D. & Field, H. S. (1990), *Human Resource Selection*, The Dryden Press, Chicago, IL.
21. Guthridge, M., Komm, A. B., & Lawson, E. (2008). Making Talent a Strategic Priority. *McKinsey Quarterly*, 1, 48.
22. Hair, J. F. Jr, Anderson, R. E., Tatham, R.L. and Black, W.C. (1998), *Multivariate Data Analysis*, 5th ed., Prentice-Hall International, Upper Saddle River, NJ.

23. Hallhan, D. P., & Kauffman, J. M. (2011). *Exceptional Learner: Introduction to Special Education*, (12thed). Needham Heights, MA: Allyn and Bacon.
24. Hartley, D. (2004). *Digital Beat*. T+D. 58 (3), 22-25.
25. Haskins, M.E., and G.R. Shaffer, (2010), "A talent development framework: Tackling the puzzle", *Development and Learning in Organizations*, 24 (1): 13-6.
26. Hassania, Selim (2006). *Management information systems*. Jordan, Amman: Dar al-Warraq.
27. Heinen, J. S., & O'Neill, C. (2004). *Managing talent to maximize performance*. *Employment Relations Today*. 31 (2). 67 - 82.
28. Herman, R. E. (2005), *HR managers as employee -retention specialists*. *Employment Relations Today*, 32 (2), 1-7.
29. Horvathova, P. (2011). *The Application of Talent Management at Human Resource Management in Organization*. 3rd International Conference on Information and Financial Engineering, IPEDR, Vol. 12 IACSIT Press, Singapore.
30. Idris, Wael and Al - Ghalebi, Taher (2009). *Strategic Perspective of Balanced Scorecard*. Jordan, Amman: Wael Publishing House.
31. Jarwan, Fathi (2012). *Talent, Excellence and Creativity*, Jordan, Amman: Al-feker Publishing House.
32. Kasmi Z., (2011), "Talent A Critical Driver for Corporate Performance and Competitive Advantage", *International Journal of Multidisciplinary Management Studies*,1 (2): 151 - 161.
33. Kontoghiorghes, C., & Frangou, K. (2009). *The Association Between Talent Retention, Antecedent Factors, and Consequent Organizational Performance*. *SAM Advanced Management Journal*, 74 (1), 29-58.
34. Li, L. and Wang, X., (2010), "The Strategy of Talent Localization in Multinational Corporations", *International Journal of Business and Management*, 5(12): 2016-219.
35. MacBeath, J. (2006). *The talent enigma*. *International Journal of Higher Education*, 9 (3), 183-204.
36. Macleod, J. & Schell, G. (2001). *Management Information Systems*. 8th edition, USA: Printice hall.
37. Makri, Zakia and Hayawi, Naima (2014). *The impact of talent management on the performance of the organization through the organizational commitment field study in the National Corporation for juice and food cauliflower - a unit of immunity (Batna)*. *Journal of the Faculty of Management and Economics/ University of Basrah*, 7 (13): 170-195.
38. McDonnell, A. (2011). *Still fighting the "war for talent"? Bridging the science versus practice gap*. *Journal of Business and Psychology*, 26 (2), 169 173.
39. Noe, R. (2008). *Employee Training & Development*. 4th Edition. New York: McGraw.
40. Nunnally, J.C. & Bernstein, I.H. (1994) *Psychometric theory*, 3rd ed., McGraw Hill, New York.
41. Osinga, S., (2009), "Talent Management & Oracle HCM", HCM 3 Group, Thought Leader Oracle and HCM Consultancy.
42. Pruis, E., (2011), "The five key principles for talent development", *Industrial and Commercial Training*, 43: 206-216.
43. Qatami, Nayefeh (2010). *Curriculum and methods of teaching talented*, Amman, Dar Al-Masirah for publication, distribution and printing.
44. Qutami, Youssef and Mashaala, Youssef (2007). *Talent and creativity according to the theory of the brain*, Amman, Dar Debono Publishing and distribution.
45. Reix, R. (2001). *Treatment of information*, Ed Vuibert, Paris.
46. Rowland, M. (2008). *How to cement a diversity policy: The key role of talent development*. *Human Resource Management International Digest*, 19 (5): 36 - 38.
47. Rowland, M. (2011), "How to cement a diversity policy: The key role of talent development", *Human Resource Management International Digest*, 19 (5): 36 - 38.
48. Schweyer, A. (2004). *Talent Management Systems: best practices in technology solutions for recruitment, retention and workforce planning*. Canada: Tri-Graphic Printing.
49. Shuaa, Arab Science Media Company (2008). *Executive and Business Writer's Essays: Talent Management: The Scientific Program of Implants*. Sixteenth Year, Third Issue (363). Cairo Egypt.
50. Tajaldin, M., & Eghbali, E. (2008). *Strategic thinking with an approach to entrepreneurship*. The third International Conference of strategic management, p. 4.
51. Tannenbaum, S. I. (1990). *HRIS information : User group implication*. *Journal of Systems Management*, 41,1,27 - 32,36.
52. Vance, R.J. (2006). *Employee engagement and commitment*. SHRM Foundation.
53. Wellins, R. S., Smith, A. B., & Erker, S. (2009). *Nine Best Practices for Effective Talent Management*. *Development Dimensions International*, 1 -14.
54. Wheelen, L. & Hunger, J. (2008), "Strategic Management and Business Policy", 10th Ed, Pearson International Edition, Upper Saddle River, New Jersey.
55. Whelan, E. and M. Carcary, (2011), "Integrating talent and knowledge management: Where are the benefits?", *Journal of Knowledge Management*, 15(4): 675-687.
56. Williamson, D., (2011), "Talent management in the new business world: How organizations can create

the future and not be consumed by it”, Human Resource Management International Digest, 19(6): 33-36.

57. Yapp, M. (2009). Measuring the ROI of talent management. Strategic HR Review, 8 (4), 5–10.





This page is intentionally left blank



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A
ADMINISTRATION AND MANAGEMENT
Volume 18 Issue 1 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Augmenting Employee Productivity through Employee Engagement: Evidence from Indian Banks

By Dr. B. S. Patil
CMR University

Abstract- Banking is a service sector, and hence the complete health of a bank depends on the performance of its employees, more precisely on their knowledge, skills and motivation level; While every other resource like technology, capital assets and even finance can be bought; the only resource that cannot be purchased is ENGAGED human resources, which can be developed and nurtured only through implementation of effective HRD Policies and Practices like, Training and Development, Career Progression, Reward and Recognition and Perceived Organizational Support .An effective and efficient employee who has a strong commitment towards company and its brand will create a ripple effect that results in a positive environment in the organization. Some of the approaches aimed at HRD practices increase employee engagement and in return this can have more influence on HR variables such as retention and loyalty. Employee engagement creates emotional bonding with the bank, where in they put more effort voluntarily and would not like to leave the job. Eventually this leads to development of individual productivity as well as bank's productivity.

Keywords: employee engagement, employee productivity, banks, human capital practices.

GJMBR-A Classification: JEL Code: M51



Strictly as per the compliance and regulations of:



Augmenting Employee Productivity through Employee Engagement: Evidence from Indian Banks

Dr. B. S. Patil

Abstract- Banking is a service sector, and hence the complete health of a bank depends on the performance of its employees, more precisely on their knowledge, skills and motivation level; While every other resource like technology, capital assets and even finance can be bought; the only resource that cannot be purchased is ENGAGED human resources, which can be developed and nurtured only through implementation of effective HRD Policies and Practices like, Training and Development, Career Progression, Reward and Recognition and Perceived Organizational Support .An effective and efficient employee who has a strong commitment towards company and its brand will create a ripple effect that results in a positive environment in the organization. Some of the approaches aimed at HRD practices increase employee engagement and in return this can have more influence on HR variables such as retention and loyalty. Employee engagement creates emotional bonding with the bank, where in they put more effort voluntarily and would not like to leave the job. Eventually this leads to development of individual productivity as well as bank's productivity.

Keywords: *employee engagement, employee productivity, banks, human capital practices.*

I. INTRODUCTION

Change is the route through which future assault the present and hence, it is very crucial to look at it closely for successful coping which would entail us to espouse a new stance and develop a new insightful awareness to comprehend the role it plays on our lives. As far as Indian banking scenario is concerned, all of us are aware, that the wind of change has radically altered the landscape compared to what it used to be a few years ago. In the early nineties, two aspects have brought on radial changes in our Indian banking sector; Liberalization and Technology, which enabled the new entrants to develop innovative and new products and services which were differentiating from existing services. In this connection, competition became a buzzword for the Indian banking sector.

Since Banking is a service sector, the health of a bank depends on the performance of its employees, more precisely on their knowledge, skills and motivation level; While every other resource like technology, capital assets and even finance can be bought; the only

resource that cannot be brought is ENGAGED human resources, which can be developed and nurtured only through implementation of effective HRD Policies and Practices.

Kevin Cruise Defines "Employee engagement is the emotional commitment the employee has to the organization and its goals". According to Hewitt Model Engaged Employees, Speak: Positively about the organization; they would not hesitate to recommend this organization to a friend seeking employment. Stay: They have an intense desire to be a member of the organization. Strive: They exert extra effort and engage in behaviors that contribute to business success. Ion Hawalt has found that Employee Engagement in Public Sector Banks has been reduced from 62% (2010) to 46% (2012), (Hawalt, 2013). Scarlett state that companies with engaged workers have 6% higher net profit margins (Scarlett, 2010).

II. LITERATURE REVIEW

One of the most accepted studies of engagement was carried out by Kahn (1990). Conceptually, He began with the work of Goffman (1961) who proposed that, "people's attachment and detachment to their role varies" (Kahn 1990:694). However, Kahn argued that Goffman's study focused on fleeting face-to-face encounters, while a approach was needed to fit organizational and or corporate life, which is "ongoing, emotionally charged, and psychologically complex" (Diamond and Allcorn 1985). For an in depth understanding of the varying levels of attachment the employees expressed towards their roles (Kahn 1990) examined several disciplines. It was found that psychologists (Freud 1922), sociologists (Goffman 1961, Merton 1957) and group theorists (Slater 1966, Smith and Berg 1987) had all recognized the idea that individual as employees are naturally hesitant about being members of ongoing groups and systems. As a result they "seek to protect themselves from both isolation and engulfment by alternately pulling away from and moving towards their memberships" (Kahn 1990). The terms Kahn (1990) uses to describe these calibrations are 'personal engagement' and 'personal disengagement', which refer to the "behaviours by which people bring in or leave out their

Author: Professor & Director-School of Research and Innovation, CMR University, Bangalore-India. e-mail: patil.bs@cmr.edu.in

personal selves during work role performances" (Kahn 1990:694). These terms developed by Kahn (1990) integrate previous ideas taken from motivation theories that people need self-expression and self-employment in their work lives as a matter of course (Alderfer 1972, Maslow 1954).

In a study to empirically test Kahn's (1990) model, May et al (2004) found that meaningfulness, safety, and availability were significantly related to engagement. In the only study to empirically test Kahn's (1990) model, May et al (2004) found that meaningfulness, safety, and availability were significantly related to engagement. Practitioners and academics tend to agree that the consequences of employee engagement are positive (Saks 2006). There is a general belief that there is a connection between employee engagement and business results; a meta-analysis conducted by Harter et al (2002:272) confirms this connection. They concluded that, "...employee satisfaction and engagement are related to meaningful business outcomes at a magnitude that is important to many organizations". However, engagement is an individual-level construct and if it does lead to business results, it must first impact individual-level outcomes. Therefore, there is reason to expect employee engagement is related to individuals' attitudes, intentions, and behaviours. Although neither Kahn (1990) nor May et al (2004) included outcomes in their studies, Kahn (1992) proposed that high levels of engagement lead to both positive outcomes for individuals, (eg quality of people's work and their own experiences of doing that work), as well as positive organizational-level outcomes (eg. the growth and productivity of organizations).

Gallup conducted a study on Employee Engagement in United States and finds that only 30% of people are engaged at work i.e. only three employees out of ten. Of course, worldwide it's mostly worst. According to Gallup's study it is about only 13% of the employees are engaged worldwide. Even though employee engagement is so critical and a creamy sauce to massive business results, most of the employees is still not engaged at work. He terms it as engagement crisis. Bharathi, N. (2009), states that the employee who is engaged believes in organizations mission and values through their maximum commitment. The prime character of an engaged employee is talking positively about his company, and that he will having sturdy desire to stick to the company and in fact exerts more efforts for the success of the company. Harter and others. (2002), presumed that there is a nexus between employee performance and employee engagement. Employee Engagement is preferred as a tool for success of the organization and financial soundness. Engagement has been identified to be connected to job performance and excess code of conduct and is

positively connected to organizational promise and negatively connected to purpose to quit. Employee engagement creates emotional bonding with the bank, where in they put more effort voluntarily and would not like to leave the job. Eventually this leads to development of individual productivity as well as bank's productivity. (Hannah and Iverson, 2004).

III. RESEARCH GAPS

Literature on HRD in banking sector integrating to Employee Engagement and Employee Productivity is extremely limited since the concept of Employee Engagement is new. Most of the studies concentrate on single sector or an individual bank and very few studies show a comparison of HRD between public and private sector banks. Hence the present study tries to fill up the gap by integrating HRD Practices with Employee Engagement and Employee Productivity with specific reference to banks.

IV. STATEMENT OF THE PROBLEM

In order to sustain the challenges and constant changes it is very important to have the employees engaged as the engaged employees will demonstrate an increased loyalty to the organization to reach the heights of excellence. It is high time for the banks to effectively utilize the human strengths by generating positive perception and attitude among the employees through Human Resource Development Programs.

V. OBJECTIVES OF THE STUDY

- To assess the relationship between HRD policies and practices with Employee Engagement.
- To find the impact of HRD Policies and Practices on Employee Engagement.
- To suggest and recommend possible interventions in order to enrich the existing HRD policies and practices with a view to increase Employee Productivity in banks.

VI. HYPOTHESIS

- *H1*: There is a significant relationship between HRD policies and practices with Employee Engagement.
- *H2*: HRD Policies and Practices have a significant impact on Employee Engagement and Productivity.

The HRD Practices are divided into relationship between HRD policies and Employee Engagement.4 parameters viz. Training and Development, Career Progression, Reward and Recognition and Perceived Organizational Support. The Hypothesis are framed and tested separately for each of these parameters.

VII. RESEARCH METHODOLOGY

The present study is Exploratory and Descriptive in nature to find the causal relationship

between HRD Practices with Employee Engagement and Employee Productivity in Public and Private sector banks.

a) *Sampling Design*

Stratified Random Sampling technique is used for this study, with 2 strata viz. Public Sector Banks and

Private Sector Banks. Further dividing them with sub-strata of Rural and Urban areas.

The sample units of Public and Private Sector Banks are:

Table 1: The Sample Distribution

Sample Units	Respondents	Percent
Canara Bank	77	22.8
State Bank of India	69	20.5
ICICI	85	25.2
Karnataka Bank Ltd	106	31.5
Total	337	100.0

VIII. DATA ANALYSIS AND INTERPRETATION

The primary objective of this research is to critically analyze the relationship between the Human Resource Development Practices and Employee

Engagement. Pearson's Correlation analysis helps to determine the relationship between Human Capital Management Practices and Employee Engagement.

Table 2: Correlation Analysis for HRD practices and Employee Engagement

Factors		1	2	3	4	5
TDT (1)	Pearson Correlation	1				
	Sig. (2-tailed)					
CPS (2)	Pearson Correlation	.198**	1			
	Sig. (2-tailed)	.000				
RRS (3)	Pearson Correlation	.026	.346**	1		
	Sig. (2-tailed)	.000	.000			
POS (4)	Pearson Correlation	.374**	.211**	-.001	.594**	
	Sig. (2-tailed)	.000	.000	.982	.000	
EES (5)	Pearson Correlation	.274**	.113*	.422**	.326**	1
	Sig. (2-tailed)	.000	.039	.000	.000	

[Source: Compiled from Primary Data]

The above table, Karl Pearson's correlation coefficient analysis shows existence of positive correlation between Employee Engagement (Dependent Variable) and the HRD practices (Independent Variables).

The correlation is statistically significant at 5% significance level of ($\alpha=0.05$) or at 95 percent confidence interval. Out of four independent factors Reward and Recognition system seems to have the greatest influence since 'r' value is highest (0.422) compared to 'r' values of other factors and it is significant at 99 percent confidence interval.

a) *Regression Analysis*

The second objective of the study is to find the impact of HRD Policies and Practices on Employee

Engagement. To analyse this objective regression tool has been used.

i. *Training and Development*

Null Hypothesis-H0 a: There is no significant impact of Training and Development Techniques on Employee Engagement.

Alternate Hypothesis-H1 a: There is significant impact of Training and Development Techniques on Employee Engagement.

Table 3: Model Summary for Training and Development

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.274 ^a	.075	.072	.51453
a. Predictors: (Constant), Training and Development Techniques				

Table 4: One-way ANOVA Results of Training and Development

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.192	1	7.192	27.164	.000 ^b
	Residual	88.689	335	.265		
	Total	95.881	336			
a. Dependent Variable: Employee Engagement Strategies						
b. Predictors: (Constant), Training and Development Techniques						

Table 5: Beta Coefficient and T-statistic Results for Training and Development

Coefficients ^a								
Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.644	.215		12.280	.000	2.220	3.068
	Training and Development Techniques	.293	.056	.274	5.212	.000	.183	.404
a. Dependent Variable: Employee Engagement Strategies								

[Source: Compiled from Primary Data]

ii. *Statistical Inference*

F (1, 335) = 27.164 > .000^b; P=0.05, Hence H₀ is rejected.

T_{cv} = 5.212 > .000^b; P=0.05, Hence H₀ is rejected.

iii. *Theoretical Inference*

The regression analysis does not support the null hypothesis and therefore it is not accepted. Alternate hypothesis H1 a is retained which states that there is a positive relationship between Training and Development and Employee Engagement. The standard beta coefficient is .274 for Training and Development Techniques. F-statistic at degrees of freedom 1 and 335 is 27.164 which is greater than the table value of .000^b at

p= 0.05. Also the t-statistic calculated value is 5.212. It is also higher than the table value of .000^b. Hence null hypothesis is rejected at a confidence interval of 95 percent. This implies that Employee Engagement is significant determinant of Training and Development Techniques.

b) *B-Analysis of Career Progression System*

Null Hypothesis-H0 b: There is no significant impact of Career Progression System on Employee Engagement.

Alternate Hypothesis-H1 b: There is significant impact of Career Progression System on Employee Engagement.

Table 6: Model Summary for Career Progression System

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.422 ^a	.178	.176	.48578
a. Predictors: (Constant), Career Progression System				

Table 7: One-way ANOVA Results of Career Progression System

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.060	1	17.060	72.291	.000 ^b
	Residual	78.583	333	.236		
	Total	95.642	334			
a. Dependent Variable: Employee Engagement Strategies.						
b. Predictors: (Constant), Career Progression System.						

Table 8: Beta Coefficient and T-statistic Results for Career Progression System

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.393	.163		14.713	.000	2.073	2.713
	Career Progression System	.380	.045	.422	8.502	.000	.292	.468

a. Dependent Variable: Employee Engagement Strategies

[Source: Compiled from Primary Data]

i. Statistical Inference

$F(1, 335) = 72.291 > .000^b$; $P=0.05$, Hence H_0 is rejected

$T_{cv} = 8.502 > .000^b$; $P=0.05$, Hence H_0 is rejected

ii. Theoretical Inference

The regression analysis in Table 6, 7 and 8 does not support the null hypothesis H_0 and therefore it is not accepted. Alternate hypothesis H_1 is retained which states that there is a positive significant relationship between Career Progression System and Employee Engagement. The standard beta coefficient is .422 for Career Progression System. F-statistic at degrees of freedom 1 and 335 is 72.291 which is greater than the table value of .000^b at $p= 0.05$. Also the t-statistic calculated value is 8.502. It is also higher than

the table value of .000^b. Hence null hypothesis is rejected at a confidence interval of 95 percent. This implies that Employee Engagement is significant determinant of Career Progression System. The positive relation between the dependent and the independent variable is significant at 95 percent confidence level as indicated by ($P < 0.05$).

c) Analysis of Reward and Recognition System

Null Hypothesis-H0 c: There is no significant impact between Reward and Recognition System and Employee Engagement.

Alternate Hypothesis-H1 c: There is significant impact between Reward and Recognition System and Employee Engagement.

Table 9: Model Summary for Reward and Recognition System

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.113 ^a	.013	.010	.53158

a. Predictors: (Constant), Reward and Recognition System

Table 10: One-way ANOVA Results of Reward and Recognition System

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.216	1	1.216	4.303	.039 ^b
	Residual	94.665	335	.283		
	Total	95.881	336			

a. Dependent Variable: Employee Engagement Strategies.

b. Predictors: (Constant), Reward and Recognition System.

Table 11: Beta Coefficient and T-statistic Results for Reward and Recognition System

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	3.356	.195		17.188	.000	2.972	3.740
	Career Progression System	.107	.052	.113	2.074	.039	.006	.209

a. Dependent Variable: Employee Engagement Strategies

[Source: Compiled from Primary Data]

i. *Statistical Inference*

$F(1, 335) = 4.303 > .039^b$; $P=0.05$, Hence H_{02} is rejected
 $T_{cv} = 2.074 > .039^b$; $P=0.05$, Hence H_{02} is rejected

ii. *Theoretical Inference*

The regression analysis in Table 9, 10 and 11 does not support the null hypothesis H_0 and therefore it is not accepted. Alternate hypothesis $H1$ is retained which states that there is a positive significant relationship between Reward and Recognition System and Employee Engagement. The standard beta coefficient is .113 for Reward and Recognition System. F-statistic at degrees of freedom 1 and 335 is 4.303 which is greater than the table value of .039^b at $p= 0.05$. Also the t-statistic calculated value is 2.074. It is also

higher than the table value of .039^b. Hence null hypothesis is rejected at a confidence interval of 95 percent. This implies that Employee Engagement is significant determinant of Reward and Recognition System. The positive relation between the dependent and the independent variable is significant at 95 percent confidence level as indicated by ($P < 0.05$).

d) *Analysis of Perceived Organizational Support*

Null Hypothesis-H0 d: There is no significant impact of Organizational Support on Employee Engagement.

Alternate Hypothesis-H1 d: There is significant impact of Organizational Support on Employee Engagement.

Table 12: Model Summary for Perceived Organizational Support

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.22 ^a	.05	.05	.52104
a. Predictors: (Constant), Perceived Organizational Support				

Table 14: Beta Coefficient and T-statistic Results for Perceived Organizational Support

Coefficients ^a								
Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	3.016	.183		16.486	.000	2.656	3.375
	Perceived Organizational Support	.201	.049	.219	4.101	.000	.105	.298
a. Dependent Variable: Employee Engagement Strategies								

[Source: Compiled from Primary Data]

i. *Statistical Inference*

$F(1, 335) = 16.817 > .000^b$; $P=0.05$, Hence H_0 is rejected.
 $T_{cv} = 4.101 > .000^b$; $P=0.05$, Hence H_0 is rejected.

ii. *Theoretical Inference*

The regression analysis in Table 12, 13 and 14 does not support the null hypothesis and therefore it is not accepted. Alternate hypothesis $H1$ is retained which states that there is significant impact of Organizational Support on Employee Engagement. The standard beta coefficient is .219 for Organizational Support. F-statistic at degrees of freedom 1 and 335 is 16.817 which is greater than the table value of .000^b at $p= 0.05$. Also the t-statistic calculated value is 4.101. It is also higher than the table value of .000^b. Hence null hypothesis is rejected at a confidence interval of 95 percent. This implies that Employee Engagement is significant determinant of Organizational Support. The positive relation between the dependent and the independent variable is significant at 95 percent confidence level as indicated by ($P < 0.05$).

IX. SUMMARY OF FINDINGS

- The correlation between the HRD practices and Employee Engagement is statistically significant at 5% significance level ($\alpha=0.05$). The Karl Pearson's co-efficient values in table 2 (in green color) are less than the significance level of 0.05, which implies that each of the independent parameters considered for this study has a significant positive influence on Employee Engagement.
- Out of the four independent factors Reward and Recognition System seems to have the greatest influence since 'r' value is higher (0.422) compared to 'r' values of other parameters and that it is significant at 99 percent confidence interval. Out of total 337 respondents from both the banks 219 respondents (65%) stated that satisfaction with financial rewards have positive impact on employee engagement.
- Almost 69.7% of public sector banks respondents mentioned that they were willing to voluntarily take up additional jobs that helps in excelling individuals

as well as organizational productivity, whereas 63% respondents from private sector banks agreed with the statement.

- 202 respondents (60%) out of total 337 responses from both public (73) and private sector (129) banks say that Reward and Recognition system acts as a tool in motivating, and in excelling employee engagement.
- 71% (239 respondents) of the total respondents (337) from both the banking sectors said that they always get motivated and engaged by the bank's career planning system. However the mean value on satisfaction level is comparatively high in public sector banks than that of private banks.
- 74 respondents (51%) of public sector bank expressed that they are not encouraged to experiment new and creative ideas, whereas in private sector banks it was 53 respondents (28%), who agree with the statement.
- Job satisfaction and a sense of belonging is higher in respondents of public sector banks than compared to that of private sector ones.
- 68% of public sector bank's respondents and 54% of Private sector bank's respondents opined that they would stand up to protect the reputation of my bank.
- All the HRD parameters are positively correlated to Employee Engagement. However, some of the variables such as Training and Development Techniques, Career Progression System, Reward and Recognition System and Perceived Organizational Support are positively significant to Employee Engagement at 95 percent confidence level.
- Out of four independent factors Employee Engagement Strategies seems to have the greatest influence on Employee Productivity since 'r' value is highest (0.749) compared to 'r' values of other factors and it is significant at a 99 percent confidence interval.
- According to the regression analysis, it is evident that there is positive relationship between all the independents variables Training and Development Techniques, Career Progression System, Reward and Recognition system and Organizational support along with the dependent variable employee engagement, as the beta coefficient are 0.274, 0.422, 0.113 and 0.219 respectively and the p values are less than 0.05 significance level.

Hence the analysis proves that all the HRD practices selected for the study have a positive impact on employee engagement.

X. SUGGESTIONS

- Public Sector Bank employees with more than ten years of experience, expressed that they have not

noticed any improvement in the training programs conducted by the banks. Therefore, the training programs should be improved and updated to induce interest among the experienced employees.

- Due to heavy work load the bank managers are often reluctant to send their staff/officers for training sessions. Hence, instead of long duration sessions specific capsule programs must be designed so that each participant involves himself in the session rather being a passive listener. E-learning modules can also be adopted by the banks which save time and the employees need not be away from their jobs.
- ICICI bank has adopted innovative and digital training methods, whereas Karnataka Bank, SBI and Canara Bank are still following the traditional Training and Development methods. To sustain this competitive world, to retain skilled employees and to make it innovative Learning and Development Sessions must be implemented. Banks should shift from Training programmes to Learning Programmes, as the employees must always be updated with new trends, technologies and issues or else they are obsolete.
- Giving an advantage to the female employees specialized training programmes should be designed to utilize their skills and talents in the area of Customer Relationship Management in banks.
- The public sector banks have to actively participate in the learning programmes conducted by 'The Indian Banks Association' (IBA) like Distance Learning Programmes for bank employees through academic institutions like National Institute of Bank Management (NIBM), Indian Institute of Bankers (IIB), etc...
- This service industry has to traverse the feasibility to invading into collaborative arrangements with the universities and other institutions in India and foreign to recognize and provide professional training in the industry of financial service with a flow of emerging training packages.
- Private sector banks should take measures to satisfy the employees through career management strategies. Generally in banking sector where the ladder is very narrow and due to more departments and functional aspects the career path is more of horizontal than vertical one i.e. posting to different functional departments. Too many shifts would actually reduce the satisfaction level of the employees especially those who fall in the age group of 40-50 and above 50, as this age group seek a vertical ladder path. Horizontal departmental transfers must be made only with the consent of the employees so that they can give their best and their maximum involvement can be seen, resulting in better employee productivity.

- Though there are enormous reward and recognition policies to motivate the employees as stated earlier, 11% are still not clear about the selection criteria for reward system. It is very important to retain this group and keep them engaged. The banks should conduct training session to the new recruits explaining the reward system.
- It is also observed that in all the selected banks rewards and recognition is given mainly for the marketing team to promote more sales and bring new customers for the bank. Rewards are given for increasing the profits and sale of the business and not for performing their duties effectively and efficiently. This aspect is demoting all the other functional department employees, where in the banks should overcome from this back drop through implementing a motivational reward system for all the departments.
- There is a clear evident that the employees who fall in the age group of 40-50 years and above 50 years are satisfied with recognition strategies than financial rewards. Hence to keep these category employees engaged they should be frequently recognized and for the rest of the groups, E – Certificate and monetary rewards points would be ideal. These points can be linked to the online shopping sites so that the employees can redeem according to their requirements and needs.
- Employees, in public sector banks as well as in Karnataka bank must be given freedom to the employees to build up strategies and experiment with new and innovative ideas which help in improving the employee engagement.
- Since the jobs are quite routine day to day in the banking system whether in private sector or public sector it is very important to motivate and keep them engaged for better performance and productivity. In this connection Reward and Recognition system plays a pivotal role in retaining and motivating the employees.
- The Bank should never ignore the complaints raised by the employee's even though they are considered small. In order to build up 'My Family' kind of environment their problems and suggestions must be taken care of, and this would 100% motivate the employees to be fully engaged.
- Most of the private bank employees work on the stress of losing the job, this thought reduces the satisfaction level of the employees as they would be working with the fear. Such perception reduces employee engagement and it would spoil the environment in long run. Therefore, the banks should device strategies which ensure job security and job satisfaction among the employees.

Nevertheless, it is a great strength for the public sector banks that they have high degree of satisfaction

than compared to private sector banks and that they are really proud of being a part of the bank and would think twice before quitting their job.

XI. CONCLUSIONS

Banking sector is a service industry and hence it is very much necessary for all the banks whether it is private sector bank or public sector bank, to concentrate on satisfaction of the employees, as on an average employees spend more than 65% of their working life to the company itself (Yattoo, 2000). Human Resources is the back bone for the survival of any organization. Therefore, proper Human Resource Development (HRD) policies and practices become the key for the existence and success of the organization. It is true that only innovative, malleable and pragmatic approach could effectively solve the problems relating to people, it is also possible to trawl useful principles based on practice to deal with human-related facets.

If the employees are engaged the performance levels will be higher, they would sell harder, provide better service and produce enriched quality with lesser defects.

Employee engagement is one of the strategies that act as a lever that can move the needle to all the above motives.

A highly engaged employee will consistently deliver beyond expectations (Rathi 2011, Prabha 2012, Sharmila, 2013). A productive employee with a sense of ownership and strong bond with the company, creating a ripple effect resulting in positive environment. The approaches aimed at excelling employee engagement will significantly improve their involvement which in turn have a quantifiable effect on human capital variables such as retention and motivation. Hence the Human Resource Development is the only tool that accelerates all the above aspects and keep the employees much satisfied.

REFERENCES RÉFÉRENCES REFERENCIAS

1. Alderfer, C. P. (1972) Human needs in organizational settings. New York, Free Press of Glencoe.
2. Bharathi, N., (2009), "Employee's Engagement Practices in Spinning Mills – An Empirical study", Prabandhan: Indian Journals of Management, pp. 56-59.
3. Cohen, A., (1991), "Career Stage as a Moderator of the Relationships between Organizational Commitment and its Outcomes: Ameta Analysis", Journal of Organizational Psychology, Vol. 6, No. 4, pp. 253-268.
4. Diamond, M. A. and Allcorn, S. (1985) 'Psychological dimensions of role use in bureaucratic organizations', in Kahn, W. A. (1990)

- 'Psychological conditions of personal engagement and disengagement at work', *Academy of Management Journal*, Vol 33, pp. 692-724.
5. Dileep Kumar, M., (2006), "A Study on Job Stress of Nationalized Bank Employees and Non-Nationalized Banks Employees", Unpublished Ph. D. Thesis, Annamalai University.
 6. Freud, S. (1922) in Ferguson, A. (2007) 'Employee engagement: Does it exist, and if so, how does it relate to performance, other constructs and individual differences?' [online] Available at: <http://www.lifethatworks.com/EmployeeEngagement.prn.pdf> [Accessed 20th October 2017].
 7. Rehman, Abdul, Saima Sardar, Usman Yousaf and Asad Aijaz, (2011), "Impact of Human Resource Practices on Employee Engagement in Banking Sector of Pakistan", *Interdisciplinary Journal of Contemporary Research in Business*, Vol. 2, No. 9, pp. 378-386.
 8. Goffman, E. (1961) *Encounters: Two Studies in the Sociology of Interaction*. Indianapolis, Bobbs-Merrill Co. in Ferguson, A. (2007) 'Employee engagement: Does it exist, and if so, how does it relate to performance, other constructs and individual differences?' [online] Available at: <http://www.lifethatworks.com/Employee-Engagement.prn.pdf> [Accessed on October 30, 2017].
 9. Greenhaus, J. H., Callanan, G. A. and Godshalk, V. M., (2000), "Career Management", 3rd edition, Fort Worth Dryden Press.
 10. Hannah, D. R. and Iverson, R. D., (2004), "Employment Relationships in Context: Implications for Policy and Practice", Coyle Publications.
 11. Harter, J. K., Schmidt, F. L. and Hayes, T. L., (2002), "Business-Unit-Level Relationship between Employee Satisfaction, Employee Engagement, and business outcomes: A Meta-Analysis", *Journal of Applied Psychology*, Vol. 87, No. 2.
 12. Hawalt, (2013), "Trouble at mill: Quality of academic work issues within a comprehensive Australian University", *Studies in higher Education*, Vol. 25, pp. 279-294.
 13. Huselid, M., (1995), "Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance", *Academy of Management Journal*, Vol. 38, No. 3, pp. 635- 672.
 14. Kahn, W. A. (1990), 'Psychological conditions of personal engagement and disengagement at work', *Academy of Management Journal*, Vol. 33, pp. 692-724.
 15. Kothari, C. R., (1988), "Research Methodology- Methods & Techniques", Wiley Eastern Ltd., New Delhi, pp. 189 -340.
 16. Kotter, J., (1973), "The Psychological Contract: Managing the Joining-Up Process", *California Management Review*, Vol. 15, pp. 91-9.
 17. Kundu Subhash. C. and Handa Ravi Kumar, (2008), "Identification of Training and Development Needs: A Study of Indian and Multinational Companies", *Indian Journal of Training and Development*, New Delhi, Vol. 33, No. 1, pp. 01-12.
 18. Maslow, A. (1954) *Motivation and Personality*. New York, Harper and Row.
 19. Prabha P. V., S. Viswanathan, Prashant Kumar A., (2012), 'Emerging Trends in Global Business', RVSIM, Coimbatore.
 20. Rathi Mamatha J, (2011), 'Human Resource management', *Chronicle of The Neville Wadia Institute Of Management Studies And Research*, April., pp. 22-29.
 21. Rao, T. V., Verma K. K., Khandelwala, A. K., Abraham, S. J., (1997), "Alternative Approaches and Strategies of Human Resource Development", Rawat Publication, New Delhi, pp. 35.
 22. Scarlett, (2010), "Commitment to Organizations and Occupations; Extension and Test of a Three-Component Conceptualization", *Journal of Applied Psychology*, Vol. 78, pp. 538-551.
 23. Sharmila J. J. V (2013), 'Employee Engagement - An Approach to Organizational Excellence', *International Journal of Social Science & Interdisciplinary Research*, Vol. 2, No. 5, pp. 11-117.
 24. Slater, P. E. (1966) *Microcosms*. New York, Wiley in Ferguson, A. (2007) 'Employee engagement: Does it exist, and if so, how does it relate to performance, other constructs and individual differences?' [online] Available at: <http://www.lifethatworks.com/EmployeeEngagement.prn.pdf> [Accessed 20th October, 2007].
 25. Smith, K. K. and Berg, D. N. (1987) *Paradoxes of Group Life*. San Francisco, Jossey-Bass.
 26. Yattoo N. A., (2000), "Executive Development in Banking Industry", Sarup & Sons, New Delhi, pp. 1-4.
 27. Zikmund William, G., (2009), "Business Research Methods", Cengage Learning Publication, 8th edition, pp. 283-329.



This page is intentionally left blank



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A
ADMINISTRATION AND MANAGEMENT
Volume 18 Issue 1 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Portfolio Construction: A Case Study on High Market Capitalization Stocks in Bangladesh

By Syeda Mahrufa Bashar & Jubairul Islam Shaown

University of Dhaka

Abstract- Diversified investment of capital reduces the unsystematic risk for an investor. Desired maximization of return and minimization of risk can be achieved by assigning available capital into different assets in certain weights. This paper constructs that optimal portfolio for an investor using stocks of 12 companies which represent 8 different industries selected from DS30 index. After adjusting 2012-2017 monthly price data for right share, stock dividend, stock split and cash dividend, monthly returns are used to calculate the excess return per unit of risk of the constructed portfolio. In the equal weight case of all the 12 stocks, the annual excess return is 4.35% with a standard deviation of 0.22, leading to a Sharpe Ratio of 19.49%. The extent of diversification is demonstrated by optimizing the portfolio to maximize theta. In the optimal portfolio case, the excess return increases to 19.37% whereas the volatility decreases to 0.20 and this increased the Sharpe Ratio to 98.88%. The stocks included in the optimized portfolio are BRAC Bank Ltd, IFAD Autos Ltd., Olympic Industries Ltd., MJL Bangladesh Ltd., Beximco Pharmaceuticals Ltd., and Grameenphone Ltd. The impact of diversification is further established by constructing the global minimum variance portfolio.

Keywords: *sharpe ratio, optimal portfolio, excess return, volatility.*

GJMBR-A Classification: *JEL Code: B13*



Strictly as per the compliance and regulations of:



Portfolio Construction: A Case Study on High Market Capitalization Stocks in Bangladesh

Syeda Mahrufa Bashar^α & Jubairul Islam Shaown^σ

Abstract- Diversified investment of capital reduces the unsystematic risk for an investor. Desired maximization of return and minimization of risk can be achieved by assigning available capital into different assets in certain weights. This paper constructs that optimal portfolio for an investor using stocks of 12 companies which represent 8 different industries selected from DS30 index. After adjusting 2012-2017 monthly price data for right share, stock dividend, stock split and cash dividend, monthly returns are used to calculate the excess return per unit of risk of the constructed portfolio. In the equal weight case of all the 12 stocks, the annual excess return is 4.35% with a standard deviation of 0.22, leading to a Sharpe Ratio of 19.49%. The extent of diversification is demonstrated by optimizing the portfolio to maximize theta. In the optimal portfolio case, the excess return increases to 19.37% whereas the volatility decreases to 0.20 and this increased the Sharpe Ratio to 98.88%. The stocks included in the optimized portfolio are BRAC Bank Ltd, IFAD Autos Ltd., Olympic Industries Ltd., MJL Bangladesh Ltd., Beximco Pharmaceuticals Ltd., and Grameenphone Ltd. The impact of diversification is further established by constructing the global minimum variance portfolio.

Keywords: *sharpe ratio, optimal portfolio, excess return, volatility.*

I. INTRODUCTION

Making sound investment decisions in the equity market is a daunting task. Any rational investor wants to maximize return while minimizing risk of the investment he or she holds (Sarker, Optimal Portfolio Construction: Evidence from Dhaka Stock Exchange in Bangladesh, 2013). But selecting a set of investments which will help achieve this objective from a large set of available assets is a task of thorough analysis. Constructing an optimal portfolio that maximizes the return per unit of minimum risk can be done applying the theoretical model proposed by Harry Markowitz. This model optimizes the desired scenario by giving the analyst as output the individual weights that need to be given into the selected asset classes. This model is applied in this study on a selected set of stocks from Dhaka Stock Exchange.

According to Markowitz Portfolio Theory, an investor can reduce the amount of risk he or she is

exposed to by holding combinations of assets where the assets are not perfectly positively co-related (Iyiola Omisore, 2012). Holding these combinations can make it possible for the investor to gain same level of return with reduced level of risk. Portfolio construction, in theory, is a very efficient way of maximizing return with reduced risk level. Although there have been many studies on the application of this theory in the developed markets, quite a few studies have been done on its application in the frontier markets. This study focuses on the applicability of this theory in a specific segment of the Dhaka Stock Exchange (DSE), DS30, which is an index made of high market capitalization stocks. This study tends to construct a portfolio which is optimized given the selected investment set. This application of the stated theory will help Bangladeshi retail and institutional investors realize the need and impact of portfolio construction in the equity market and thus make them understand the importance of passive portfolio construction.

II. LITERATURE REVIEW

Modern Portfolio Theory or MPT is a theory of investment attempting to maximize the return for any given level of risk. According to Markowitz, the portfolio selection is a two-step process: first step is observing and believing future performance of given stocks and the second step is selecting a combination of securities based on that belief of future performance (Markowitz, 1952). According to MPT, it is possible to construct an efficient frontier which offers maximum return for a given level of risk. In this combination of assets, it is not enough to look at the individual returns and risks only; the interplay or co-movement of the considered assets play a major role in quantifying the portfolio risk. This is a simplified model which have some assumptions made for the MPT to hold:

1. Market is efficient
2. Asset Returns are normally distributed
3. Correlations between assets are fixed
4. All investors want to maximize economic utility
5. All investors are rational and risk averse
6. There is no information asymmetry
7. Investors are price takers
8. There are no taxes and transaction costs
9. All investors can borrow or lend any amount at the risk-free rate

Author α: Phd Candidate, University Putra Malaysia, Assistant Professor, Institute of Business Administration, University of Dhaka.
e-mail: mahrufa@iba-du.edu

Author σ: Lecturer, BRAC Business School, BRAC University.
e-mail: j.shaown@bracu.ac.bd

According to this theory we can find an optimal or tangency portfolio on the efficient frontier where an investor can receive the highest reward to risk ratio possible.

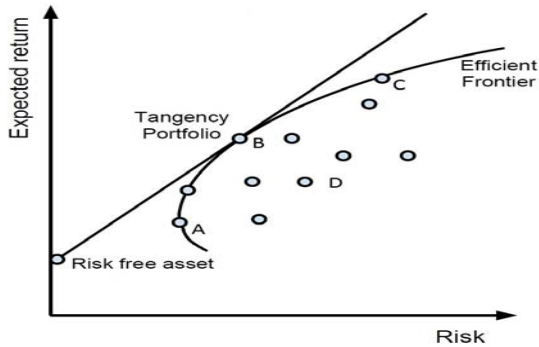


Fig.1: Optimal Portfolio according to Modern Portfolio Theory

Studies show that the concept of optimization is crucial in order to get the maximum reduction in non-systematic risk diversification. This diversification concept through optimization hold true for the Zimbabwean equity market where the incorporation of skewness has shown better fit to the optimization model (Petros). There are researches done on the performance of portfolios of assets in the form of mutual fund. In Bangladesh, Mutual funds ensure higher returns than the market. The popular choices made by fund managers are high beta stocks which are currently undervalued (Das, 2016).

For 2007-2012 period a study was done on optimal portfolio construction where stocks from DSE were selected. The optimal return possible from this sample contained 33 stocks, offering an optimal return of 6.17% with a risk of 8.76% (Sarker, Markowitz Portfolio Model: Evidence from Dhaka Stock Exchange in Bangladesh, 2013). Another study suggests that although diversification of assets is achieved in the pharmaceutical industry of Bangladesh, it is done by sacrificing returns, which is poorer than the market return. (Chowdhury, 2015). To get the maximum return possible, optimization is needed combining stocks from outside this industry as well. The application of MPT in the real estate market of Malaysia has also been studied. The application of MPT has caused a shift from 'tactical and operational' to 'strategic and tactical' style of management in the real estate sector (Hishamuddin Mohd Ali). The increasing number of REITs in Bursa Malaysia can be further analyzed from behavioral perspective using advanced modules of MPT.

Further work on the MPT in the later stages has been done. It is established that avoiding the pursuit of alpha and maintain a globally indexed savings portfolio can lead to healthy returns by taking lower risk (Roche, 2016).

III. RESEARCH METHODOLOGY

a) Research Purpose

The purpose of this study is to apply the modern portfolio theory to construct an optimal portfolio of assets from the equity market so that retail investors, primarily, can easily replicate such a portfolio with the assigned weights and gain the maximized return from the constructed portfolio.

b) Objective of the Study

The broad objective of the study is to optimize the portfolio made of 12 selected stocks from DS30 index. Specifically, this study aims to:

1. Find out the portfolio return in an equally weighted scenario
2. Find out the weights to be given to the stocks in order to perform portfolio optimization
3. Maximize Sharpe Ratio restricting the short-sale of stocks

c) Methodology

The study starts with a judgmental sampling method where 12 stocks from a population of 30 is selected from DS30 index. The monthly returns are calculated as per below formula where I_t = month end price of the security and I_{t-1} = previous month end price of the security:

$$R_t = [I_t / I_{t-1}] - 1$$

After the monthly return data is calculated, portfolios in two different scenarios are designed: the first one with equal weight in all the 12 selected assets and the later with optimized weights in selected securities to ensure maximum return and minimum risk.

The formula used for portfolio return is:

$$R_p = \sum w_i r_i \text{ where } w_i = 1$$

w represents the weights of each asset, and r represents the returns on the assets. Risk of the constructed portfolio is measured using the below

$$\sigma_p^2 = \sum w_i^2 \sigma_i^2 + \sum \sum w_i w_j \sigma_i \sigma_j \rho_{ij}$$

stated equation:

Where ρ_{ij} is the correlation coefficient between the returns on assets i and j.

Finally, the maximum return per unit of risk attainable through portfolio optimization is calculated as per the stated equation:

$$\text{Sharpe Ratio} = (R_p - R_f) / \sigma_p$$

The optimized portfolio's Sharpe ratio is the maximum given the set of 12 selected stocks.

d) Data Collection

The 12 stocks were picked according to judgmental sampling in order to ensure that all the industries are represented in the investment opportunity set:

Table 1: Sample Company List

Company Name	Ticker	Industry
BRAC Bank Ltd.	Bracbank	Banks
City Bank Ltd.	Citybank	
IDLC Finance Ltd.	Idlc	
BSRM Steels Ltd.	Bsrsteel	Engineering
IFAD Autos Ltd.	Ifadautos	
Olympic Industries Ltd.	Olympic	Food And Allied Product
Summit Power Ltd.	Summitpower	Fuel & Power
MJL Bangladesh Ltd.	Mjlbd	
Square Pharmaceuticals Ltd.	Squrpharma	Pharmaceuticals And Chemicals
Beximco Pharmaceuticals Ltd.	Bxpharma	
Lafarge Surma Cement Ltd.	Lafsurceml	Cement
Grameenphone Ltd.	Gp	Telecommunication

The selected stocks are from DS30 index. DS30 is constructed with 30 leading companies which are considered investable companies. This index reflects about 51% of the total equity market capitalization. These stocks on DS30 have a floated market capitalization of more than BDT500 million.

The study is conducted using secondary data from DSE. Data from LankaBangla Stock portal is also collected.

e) Rationale

Bangladesh, as a frontier market has huge potential to grow its economy. The reflection of the

Table 2: Monthly Excess Return

	City	Brac	Idlc	Bs Steel	Ifad	Olym	Summit	Mjl	Square Pharma	Beximco Pharma	Lafarge	Gp
Monthly Return	0.006	0.016	-0.006	0.004	0.035	0.015	-0.003	0.008	0.002	0.013	0.011	0.009

Using these monthly returns the excess returns are calculated where monthly return on 30-day T-bill of Bangladesh bank is used as the risk-free rate. In the equal weight scenario, all the assets were given 8% weight. The portfolio monthly excess return in this case is 0.36% which leads to an annual excess return of 4.35%. In order to calculate portfolio variance, the study

economic prosperity ultimately be in the stock market which is yet to be a mature one. There have been numerous studies on the equity market in Bangladesh. Also, there have been studies on the investor behavior and stock market efficiency of this country. But there lies a gap on the studies regarding portfolio optimization given an investment opportunity set. For a country such as Bangladesh where the majority of the retail investors are yet to be educated investors, an optimization of a portfolio of blue chip stocks is necessary. Holding this portfolio for a long term in the assigned stock weights may lead to higher returns than that achieved in the current scenario.

f) Structure of the Article

The paper starts with the literature review in this field both in national and international context. Next, the objectives and the methodology of the study are elaborated. After enlisting the data collection method, findings of the study are focused on. Both the portfolio cases are explained with the Sharpe Ratio. In the conclusion part, the results implication of this research is explained with focus on further scopes of study.

g) Limitations of the Study

In calculating the return and risk of the assets the study uses historical rates of return. It is an assumption that the stock prices will come back to such prices in the future so that the historical rates are realized in the coming periods. For this to happen, it is to be assumed that historical prices are a better predictor of future price movements. This assumption may not hold true. It might be the case that in the future a company might not give the return that it has in the past 5 years on an average. Also, the results might change when companies from the rest 18 in the population are considered.

IV. ANALYSIS AND FINDINGS

Monthly price data, after adjusting for stock & cash dividend, stock split and right share, is used to calculate the monthly returns for the 12 companies. The monthly price is for the period of 2012- 2017.

performs a co-variance matrix utilizing all the asset returns. The matrix using monthly returns is below:

Table 3: Covariance Matrix

Company	CITY	BRAC	IDLC	BS STEEL	IFAD	OLYMP	SUMMI	MJL	SQUARE	BEXIM	LAFARGE	GP
CITY	0.0110	0.0063	0.0070	0.0057	0.0018	0.0016	0.0062	0.0029	0.0013	0.0031	0.0029	0.0002
BRAC	0.0063	0.0087	0.0050	0.0037	-0.0002	0.0007	0.0032	0.0015	0.0009	0.0029	0.0007	0.0002
IDLC	0.0070	0.0050	0.0198	0.0103	-0.0007	0.0036	0.0103	0.0058	0.0018	0.0064	0.0041	0.0030
BS STEEL	0.0057	0.0037	0.0103	0.0140	0.0031	0.0039	0.0094	0.0062	0.0006	0.0057	0.0064	0.0050
IFAD	0.0018	-0.0002	-0.0007	0.0031	0.0145	0.0000	0.0047	-0.0016	-0.0001	0.0016	0.0058	0.0004
OLYMPIC	0.0016	0.0007	0.0036	0.0039	0.0000	0.0169	0.0010	0.0011	0.0021	0.0004	0.0037	0.0015
SUMMIT	0.0062	0.0032	0.0103	0.0094	0.0047	0.0010	0.0130	0.0054	0.0002	0.0059	0.0046	0.0019
MJL	0.0029	0.0015	0.0058	0.0062	-0.0016	0.0011	0.0054	0.0087	0.0006	0.0035	0.0055	0.0063
SQUARE	0.0013	0.0009	0.0018	0.0006	-0.0001	0.0021	0.0002	0.0006	0.0056	0.0005	0.0010	0.0015
BEXIMCO	0.0031	0.0029	0.0064	0.0057	0.0016	0.0004	0.0059	0.0035	0.0005	0.0081	0.0026	0.0017
LAFARGE	0.0029	0.0007	0.0041	0.0064	0.0058	0.0037	0.0046	0.0055	0.0010	0.0026	0.0137	0.0070
GP	0.0002	0.0002	0.0030	0.0050	0.0004	0.0015	0.0019	0.0063	0.0015	0.0017	0.0070	0.0422

The resultant portfolio standard deviation is 6.44% (monthly) leading to an annual standard deviation of 22.32%. Annual Sharpe ratio for the equal weight scenario is 0.19.

In the second scenario, where the study targets to maximize the Sharpe ratio, the same formula are used.

But in this case, the objective is to find out the weights that has to be put to individual securities in order to maximize the Sharpe ratio given the investment opportunity set of 12 stocks. According to the optimization function, the weights that need to be assigned to the securities are:

Table 4: Weight Allocation

Company	Weight
CITY	0.00%
BRAC	30.00%
IDLC	0.00%
BS STEEL	0.00%
IFAD	30.00%
OLYMPIC	15.52%
SUMMIT	0.00%
MJL	13.47%
SQUARE PHARMA	0.00%
BEXIMCO PHARMA	10.23%
LAFARGE	0.00%
GP	0.78%

The resultant annual portfolio excess return is 19.37% and annual standard deviation of 19.59% leading to the maximum Sharpe ratio of 0.98. The summary Sharpe ratio in the two cases is as per the below table:

Table 5: Findings Summary

	Equal Weight Portfolio	Optimized Portfolio
Monthly Data		
Portfolio Excess Return	0.36%	1.49%
Portfolio Standard Deviation	6.44%	5.66%
Theta	0.055	0.26
Annualized		
Portfolio Annual Excess Return	4.35%	19.37%
Portfolio Standard Deviation	22.32%	19.59%
Theta (Annual)	0.19	0.98

As it can be seen from the above analysis, even though on stand-alone basis few stocks had negative excess returns, when combined as a portfolio, the return turns positive. In the optimized portfolio, not only the return increases to 19.37% but also the standard deviation goes down to 19.59% with a resultant theta of 0.98. Thus, maximum diversification benefit is achieved. In this case the short-sale of stocks are restricted.

V. CONCLUSION

Portfolio construction is the best way to reduce the risk of an investment. Given this set of investment opportunity, an investor can maximize the return while minimizing risk. In implementing this strategy, the investor has to keep in mind the strategy of passive investing. Trading on a frequent basis can wash out the level of profits suggested here. As most of the investors of Bangladesh do not possess superior investment prowess, this buy and hold strategy can be a solution to increasing investor confidence in the market.

REFERENCES RÉFÉRENCES REFERENCIAS

1. Chowdhury, F. (2015). Diversification and Portfolio Performance of the Pharmaceutical Sector of Bangladesh. *Global Journal of Management and Business Research: Finance*.
2. Das, R. L. (2016). Performance of Mutual Funds: The Case of Bangladesh. *World Journal of Social Sciences*.
3. Hishamuddin Mohd Ali, P. (n.d.). *Modern Portfolio Theory: Is There Any Opportunity for Real Estate Portfolio?* 2015.
4. Iyiola Omisore, M. Y. (2012). The modern portfolio theory as an investment decision tool. *Journal of Accounting and Taxation* Vol. 4(2), 19-28.
5. Markowitz, H. (1952). Portfolio Selection. *The Journal of Finance*, Vol. 7, No. 1.
6. Petros, J. (n.d.). An empirical investigation of Markowitz Modern Portfolio Theory: A case of the Zimbabwe Stock Exchange. *Journal of Case Research in Business and Economics*.
7. Roche, C. O. (2016). Understanding Modern Portfolio Construction.

8. Sarker, M. R. (2013). Markowitz Portfolio Model: Evidence from Dhaka Stock Exchange in Bangladesh. *Journal of Business and Management*.
9. Sarker, M. R. (2013). Optimal Portfolio Construction: Evidence from Dhaka Stock Exchange in Bangladesh. *World Journal of Social Sciences*, 75-87.



GLOBAL JOURNALS GUIDELINES HANDBOOK 2018

WWW.GLOBALJOURNALS.ORG

FELLOWS

FELLOW OF ASSOCIATION OF RESEARCH SOCIETY IN BUSINESS (FARSB)

Global Journals Incorporate (USA) is accredited by Open Association of Research Society (OARS), U.S.A and in turn, awards “FARSBA” title to individuals. The 'FARSBA' title is accorded to a selected professional after the approval of the Editor-in-Chief/Editorial Board Members/Dean.



- The “FARSB” is a dignified title which is accorded to a person’s name viz. Dr. John E. Hall, Ph.D., FARSBA or William Walldroff, M.S., FARSBA.

FARSBA accrediting is an honor. It authenticates your research activities. After recognition as FARSBA, you can add 'FARSBA' title with your name as you use this recognition as additional suffix to your status. This will definitely enhance and add more value and repute to your name. You may use it on your professional Counseling Materials such as CV, Resume, and Visiting Card etc.

The following benefits can be availed by you only for next three years from the date of certification:



FARSBA designated members are entitled to avail a 40% discount while publishing their research papers (of a single author) with Global Journals Incorporation (USA), if the same is accepted by Editorial Board/Peer Reviewers. If you are a main author or co-author in case of multiple authors, you will be entitled to avail discount of 10%.

Once FARSBA title is accorded, the Fellow is authorized to organize a symposium/seminar/conference on behalf of Global Journal Incorporation (USA).The Fellow can also participate in conference/seminar/symposium organized by another institution as representative of Global Journal. In both the cases, it is mandatory for him to discuss with us and obtain our consent.



You may join as member of the Editorial Board of Global Journals Incorporation (USA) after successful completion of three years as Fellow and as Peer Reviewer. In addition, it is also desirable that you should organize seminar/symposium/conference at least once.

We shall provide you intimation regarding launching of e-version of journal of your stream time to time.This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.

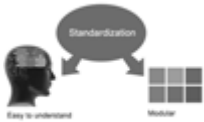




Journals Research
inducing researches

The FARSBA can go through standards of OARS. You can also play vital role if you have any suggestions so that proper amendment can take place to improve the same for the benefit of entire research community.

As FARSBA, you will be given a renowned, secure and free professional email address with 100 GB of space e.g. johnhall@globaljournals.org. This will include Webmail, Spam Assassin, Email Forwarders, Auto-Responders, Email Delivery Route tracing, etc.



The FARSBA will be eligible for a free application of standardization of their researches. Standardization of research will be subject to acceptability within stipulated norms as the next step after publishing in a journal. We shall depute a team of specialized research professionals who will render their services for elevating your researches to next higher level, which is worldwide open standardization.

The FARSBA member can apply for grading and certification of standards of their educational and Institutional Degrees to Open Association of Research, Society U.S.A. Once you are designated as FARSBA, you may send us a scanned copy of all of your credentials. OARS will verify, grade and certify them. This will be based on your academic records, quality of research papers published by you, and some more criteria. After certification of all your credentials by OARS, they will be published on your Fellow Profile link on website <https://associationofresearch.org> which will be helpful to upgrade the dignity.



The FARSBA members can avail the benefits of free research podcasting in Global Research Radio with their research documents. After publishing the work, (including published elsewhere worldwide with proper authorization) you can upload your research paper with your recorded voice or you can utilize chargeable services of our professional RJs to record your paper in their voice on request.



The FARSBA member also entitled to get the benefits of free research podcasting of their research documents through video clips. We can also streamline your conference videos and display your slides/ online slides and online research video clips at reasonable charges, on request.





The FARSBA is eligible to earn from sales proceeds of his/her researches/reference/review Books or literature, while publishing with Global Journals. The FARSBA can decide whether he/she would like to publish his/her research in a closed manner. In this case, whenever readers purchase that individual research paper for reading, maximum 60% of its profit earned as royalty by Global Journals, will be credited to his/her bank account. The entire entitled amount will be credited to his/her bank account exceeding limit of minimum fixed balance. There is no minimum time limit for collection. The FARSC member can decide its price and we can help in making the right decision.

The FARSBA member is eligible to join as a paid peer reviewer at Global Journals Incorporation (USA) and can get remuneration of 15% of author fees, taken from the author of a respective paper. After reviewing 5 or more papers you can request to transfer the amount to your bank account.



MEMBER OF ASSOCIATION OF RESEARCH SOCIETY IN BUSINESS (MARSBA)

The ' MARSBA ' title is accorded to a selected professional after the approval of the Editor-in-Chief / Editorial Board Members/Dean.

The “MARSBA” is a dignified ornament which is accorded to a person’s name viz. Dr. John E. Hall, Ph.D., MARSBA or William Walldroff, M.S., MARSBA.



MARSB accrediting is an honor. It authenticates your research activities. After becoming MARSBA, you can add 'MARSBA' title with your name as you use this recognition as additional suffix to your status. This will definitely enhance and add more value and repute to your name. You may use it on your professional Counseling Materials such as CV, Resume, Visiting Card and Name Plate etc.

The following benefits can be availed by you only for next three years from the date of certification.



MARSBA designated members are entitled to avail a 25% discount while publishing their research papers (of a single author) in Global Journals Inc., if the same is accepted by our Editorial Board and Peer Reviewers. If you are a main author or co-author of a group of authors, you will get discount of 10%.

As MARSBA, you will be given a renowned, secure and free professional email address with 30 GB of space e.g. johnhall@globaljournals.org. This will include Webmail, Spam Assassin, Email Forwarders, Auto-Responders, Email Delivery Route tracing, etc.





We shall provide you intimation regarding launching of e-version of journal of your stream time to time. This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.

The MARSBA member can apply for approval, grading and certification of standards of their educational and Institutional Degrees to Open Association of Research, Society U.S.A.



Once you are designated as MARSBA, you may send us a scanned copy of all of your credentials. OARS will verify, grade and certify them. This will be based on your academic records, quality of research papers published by you, and some more criteria.

It is mandatory to read all terms and conditions carefully.



AUXILIARY MEMBERSHIPS

Institutional Fellow of Open Association of Research Society (USA)-OARS (USA)

Global Journals Incorporation (USA) is accredited by Open Association of Research Society, U.S.A (OARS) and in turn, affiliates research institutions as “Institutional Fellow of Open Association of Research Society” (IFOARS).

The “FARSC” is a dignified title which is accorded to a person’s name viz. Dr. John E. Hall, Ph.D., FARSC or William Walldroff, M.S., FARSC.



The IFOARS institution is entitled to form a Board comprised of one Chairperson and three to five board members preferably from different streams. The Board will be recognized as “Institutional Board of Open Association of Research Society”-(IBOARS).

The Institute will be entitled to following benefits:



The IBOARS can initially review research papers of their institute and recommend them to publish with respective journal of Global Journals. It can also review the papers of other institutions after obtaining our consent. The second review will be done by peer reviewer of Global Journals Incorporation (USA) The Board is at liberty to appoint a peer reviewer with the approval of chairperson after consulting us.

The author fees of such paper may be waived off up to 40%.

The Global Journals Incorporation (USA) at its discretion can also refer double blind peer reviewed paper at their end to the board for the verification and to get recommendation for final stage of acceptance of publication.



The IBOARS can organize symposium/seminar/conference in their country on behalf of Global Journals Incorporation (USA)-OARS (USA). The terms and conditions can be discussed separately.

The Board can also play vital role by exploring and giving valuable suggestions regarding the Standards of “Open Association of Research Society, U.S.A (OARS)” so that proper amendment can take place for the benefit of entire research community. We shall provide details of particular standard only on receipt of request from the Board.



Journals Research
inducing researches

The board members can also join us as Individual Fellow with 40% discount on total fees applicable to Individual Fellow. They will be entitled to avail all the benefits as declared. Please visit Individual Fellow-sub menu of GlobalJournals.org to have more relevant details.



We shall provide you intimation regarding launching of e-version of journal of your stream time to time. This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.



After nomination of your institution as “Institutional Fellow” and constantly functioning successfully for one year, we can consider giving recognition to your institute to function as Regional/Zonal office on our behalf. The board can also take up the additional allied activities for betterment after our consultation.

The following entitlements are applicable to individual Fellows:

Open Association of Research Society, U.S.A (OARS) By-laws states that an individual Fellow may use the designations as applicable, or the corresponding initials. The Credentials of individual Fellow and Associate designations signify that the individual has gained knowledge of the fundamental concepts. One is magnanimous and proficient in an expertise course covering the professional code of conduct, and follows recognized standards of practice.



Open Association of Research Society (US)/ Global Journals Incorporation (USA), as described in Corporate Statements, are educational, research publishing and professional membership organizations. Achieving our individual Fellow or Associate status is based mainly on meeting stated educational research requirements.

Disbursement of 40% Royalty earned through Global Journals : Researcher = 50%, Peer Reviewer = 37.50%, Institution = 12.50% E.g. Out of 40%, the 20% benefit should be passed on to researcher, 15 % benefit towards remuneration should be given to a reviewer and remaining 5% is to be retained by the institution.



We shall provide print version of 12 issues of any three journals [as per your requirement] out of our 38 journals worth \$ 2376 USD.

Other:

The individual Fellow and Associate designations accredited by Open Association of Research Society (US) credentials signify guarantees following achievements:

- The professional accredited with Fellow honor, is entitled to various benefits viz. name, fame, honor, regular flow of income, secured bright future, social status etc.



- In addition to above, if one is single author, then entitled to 40% discount on publishing research paper and can get 10% discount if one is co-author or main author among group of authors.
- The Fellow can organize symposium/seminar/conference on behalf of Global Journals Incorporation (USA) and he/she can also attend the same organized by other institutes on behalf of Global Journals.
- The Fellow can become member of Editorial Board Member after completing 3yrs.
- The Fellow can earn 60% of sales proceeds from the sale of reference/review books/literature/publishing of research paper.
- Fellow can also join as paid peer reviewer and earn 15% remuneration of author charges and can also get an opportunity to join as member of the Editorial Board of Global Journals Incorporation (USA)
- • This individual has learned the basic methods of applying those concepts and techniques to common challenging situations. This individual has further demonstrated an in-depth understanding of the application of suitable techniques to a particular area of research practice.

Note :

//

- In future, if the board feels the necessity to change any board member, the same can be done with the consent of the chairperson along with anyone board member without our approval.
- In case, the chairperson needs to be replaced then consent of 2/3rd board members are required and they are also required to jointly pass the resolution copy of which should be sent to us. In such case, it will be compulsory to obtain our approval before replacement.
- In case of “Difference of Opinion [if any]” among the Board members, our decision will be final and binding to everyone.

//



PREFERRED AUTHOR GUIDELINES

We accept the manuscript submissions in any standard (generic) format.

We typeset manuscripts using advanced typesetting tools like Adobe In Design, CorelDraw, TeXnicCenter, and TeXStudio. We usually recommend authors submit their research using any standard format they are comfortable with, and let Global Journals do the rest.

Alternatively, you can download our basic template from <https://globaljournals.org/Template.zip>

Authors should submit their complete paper/article, including text illustrations, graphics, conclusions, artwork, and tables. Authors who are not able to submit manuscript using the form above can email the manuscript department at submit@globaljournals.org or get in touch with chiefeditor@globaljournals.org if they wish to send the abstract before submission.

BEFORE AND DURING SUBMISSION

Authors must ensure the information provided during the submission of a paper is authentic. Please go through the following checklist before submitting:

1. Authors must go through the complete author guideline and understand and *agree to Global Journals' ethics and code of conduct*, along with author responsibilities.
2. Authors must accept the privacy policy, terms, and conditions of Global Journals.
3. Ensure corresponding author's email address and postal address are accurate and reachable.
4. Manuscript to be submitted must include keywords, an abstract, a paper title, co-author(s) names and details (email address, name, phone number, and institution), figures and illustrations in vector format including appropriate captions, tables, including titles and footnotes, a conclusion, results, acknowledgments and references.
5. Authors should submit paper in a ZIP archive if any supplementary files are required along with the paper.
6. Proper permissions must be acquired for the use of any copyrighted material.
7. Manuscript submitted *must not have been submitted or published elsewhere* and all authors must be aware of the submission.

Declaration of Conflicts of Interest

It is required for authors to declare all financial, institutional, and personal relationships with other individuals and organizations that could influence (bias) their research.

POLICY ON PLAGIARISM

Plagiarism is not acceptable in Global Journals submissions at all.

Plagiarized content will not be considered for publication. We reserve the right to inform authors' institutions about plagiarism detected either before or after publication. If plagiarism is identified, we will follow COPE guidelines:

Authors are solely responsible for all the plagiarism that is found. The author must not fabricate, falsify or plagiarize existing research data. The following, if copied, will be considered plagiarism:

- Words (language)
- Ideas
- Findings
- Writings
- Diagrams
- Graphs
- Illustrations
- Lectures



- Printed material
- Graphic representations
- Computer programs
- Electronic material
- Any other original work

AUTHORSHIP POLICIES

Global Journals follows the definition of authorship set up by the Open Association of Research Society, USA. According to its guidelines, authorship criteria must be based on:

1. Substantial contributions to the conception and acquisition of data, analysis, and interpretation of findings.
2. Drafting the paper and revising it critically regarding important academic content.
3. Final approval of the version of the paper to be published.

Changes in Authorship

The corresponding author should mention the name and complete details of all co-authors during submission and in manuscript. We support addition, rearrangement, manipulation, and deletions in authors list till the early view publication of the journal. We expect that corresponding author will notify all co-authors of submission. We follow COPE guidelines for changes in authorship.

Copyright

During submission of the manuscript, the author is confirming an exclusive license agreement with Global Journals which gives Global Journals the authority to reproduce, reuse, and republish authors' research. We also believe in flexible copyright terms where copyright may remain with authors/employers/institutions as well. Contact your editor after acceptance to choose your copyright policy. You may follow this form for copyright transfers.

Appealing Decisions

Unless specified in the notification, the Editorial Board's decision on publication of the paper is final and cannot be appealed before making the major change in the manuscript.

Acknowledgments

Contributors to the research other than authors credited should be mentioned in Acknowledgments. The source of funding for the research can be included. Suppliers of resources may be mentioned along with their addresses.

Declaration of funding sources

Global Journals is in partnership with various universities, laboratories, and other institutions worldwide in the research domain. Authors are requested to disclose their source of funding during every stage of their research, such as making analysis, performing laboratory operations, computing data, and using institutional resources, from writing an article to its submission. This will also help authors to get reimbursements by requesting an open access publication letter from Global Journals and submitting to the respective funding source.

PREPARING YOUR MANUSCRIPT

Authors can submit papers and articles in an acceptable file format: MS Word (doc, docx), LaTeX (.tex, .zip or .rar including all of your files), Adobe PDF (.pdf), rich text format (.rtf), simple text document (.txt), Open Document Text (.odt), and Apple Pages (.pages). Our professional layout editors will format the entire paper according to our official guidelines. This is one of the highlights of publishing with Global Journals—authors should not be concerned about the formatting of their paper. Global Journals accepts articles and manuscripts in every major language, be it Spanish, Chinese, Japanese, Portuguese, Russian, French, German, Dutch, Italian, Greek, or any other national language, but the title, subtitle, and abstract should be in English. This will facilitate indexing and the pre-peer review process.

The following is the official style and template developed for publication of a research paper. Authors are not required to follow this style during the submission of the paper. It is just for reference purposes.



Manuscript Style Instruction (Optional)

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

Structure and Format of Manuscript

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

- a) A title which should be relevant to the theme of the paper.
- b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
- c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
- d) An introduction, giving fundamental background objectives.
- e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
- f) Results which should be presented concisely by well-designed tables and figures.
- g) Suitable statistical data should also be given.
- h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

- i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
- j) There should be brief acknowledgments.
- k) There ought to be references in the conventional format. Global Journals recommends APA format.

Authors should carefully consider the preparation of papers to ensure that they communicate effectively. Papers are much more likely to be accepted if they are carefully designed and laid out, contain few or no errors, are summarizing, and follow instructions. They will also be published with much fewer delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and suggestions to improve brevity.



FORMAT STRUCTURE

It is necessary that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.

All manuscripts submitted to Global Journals should include:

Title

The title page must carry an informative title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) where the work was carried out.

Author details

The full postal address of any related author(s) must be specified.

Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

Keywords

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, "What words would a source have to include to be truly valuable in a research paper?" Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

Numerical Methods

Numerical methods used should be transparent and, where appropriate, supported by references.

Abbreviations

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

Formulas and equations

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

Tables, Figures, and Figure Legends

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.



Figures

Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

PREPARATION OF ELECTRONIC FIGURES FOR PUBLICATION

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution at final image size ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs): >350 dpi; figures containing both halftone and line images: >650 dpi.

Color charges: Authors are advised to pay the full cost for the reproduction of their color artwork. Hence, please note that if there is color artwork in your manuscript when it is accepted for publication, we would require you to complete and return a Color Work Agreement form before your paper can be published. Also, you can email your editor to remove the color fee after acceptance of the paper.

TIPS FOR WRITING A GOOD QUALITY MANAGEMENT RESEARCH PAPER

Techniques for writing a good quality management and business research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of management and business then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

5. Use the internet for help: An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.



6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice. Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.



Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

21. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

22. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium through which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

INFORMAL GUIDELINES OF RESEARCH PAPER WRITING

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.

Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.

- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.



Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.



Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.



Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

THE ADMINISTRATION RULES

Administration Rules to Be Strictly Followed before Submitting Your Research Paper to Global Journals Inc.

Please read the following rules and regulations carefully before submitting your research paper to Global Journals Inc. to avoid rejection.

Segment draft and final research paper: You have to strictly follow the template of a research paper, failing which your paper may get rejected. You are expected to write each part of the paper wholly on your own. The peer reviewers need to identify your own perspective of the concepts in your own terms. Please do not extract straight from any other source, and do not rephrase someone else's analysis. Do not allow anyone else to proofread your manuscript.

Written material: You may discuss this with your guides and key sources. Do not copy anyone else's paper, even if this is only imitation, otherwise it will be rejected on the grounds of plagiarism, which is illegal. Various methods to avoid plagiarism are strictly applied by us to every paper, and, if found guilty, you may be blacklisted, which could affect your career adversely. To guard yourself and others from possible illegal use, please do not permit anyone to use or even read your paper and file.



CRITERION FOR GRADING A RESEARCH PAPER (COMPILATION)
BY GLOBAL JOURNALS

Please note that following table is only a Grading of "Paper Compilation" and not on "Performed/Stated Research" whose grading solely depends on Individual Assigned Peer Reviewer and Editorial Board Member. These can be available only on request and after decision of Paper. This report will be the property of Global Journals.

Topics	Grades		
	A-B	C-D	E-F
<i>Abstract</i>	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
<i>Introduction</i>	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
<i>Methods and Procedures</i>	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
<i>Result</i>	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
<i>Discussion</i>	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
<i>References</i>	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring



INDEX

A

Ambiguity · 26
Asanintricate · 19
Autocratic · 25

B

Bureaucratic · 4, 25, 51

C

Collinearity · 37

E

Empowering · 4, 12
Engulfment · 43

G

Gaussian · 20

H

Harmony · 8
Hierarchical · 3

I

Interquartile · 19

K

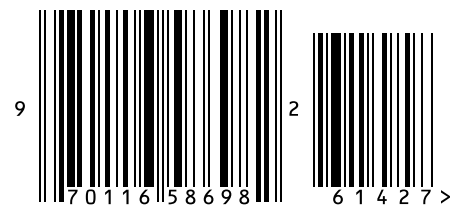
Kontoghior · 34



save our planet

Global Journal of Management and Business Research

Visit us on the Web at www.GlobalJournals.org | www.JournalofBusiness.Org
or email us at helpdesk@globaljournals.org



ISSN 9755853

© Global Journals