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THE EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT ON ORGANIZATIONAL PERFORMANCE A CASE OF BAHIR DAR TEXTILE FACTORY

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BAHIR DAR UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

**THE EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT
ON ORGANIZATIONAL PERFORMANCE A CASE OF BAHIR DAR
TEXTILE FACTORY**

BY

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JULY, 2023

BAHIR DAR, ETHIOPIA

**BAHIR DAR UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT MBA PROGRAM**

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ON ORGANIZATIONAL PERFORMANCE A CASE OF BAHIR DAR
TEXTILE FACTORY**

**A THESIS SUBMITTED TO THE DEPARTMENT OF MANAGEMENT,
COLLEGE OF BUSINESS AND ECONOMICS, BAHIR DAR UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF DEGREE OF MASTERS OF BUSINESS ADMINISTRATION
(MBA).**

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**JULY, 2023
BAHIR DAR, ETHIOPIA**

Student's declaration

I, the undersigned, confirm that this study entitled “**The effect of strategic human resource management on organizational performance A Case of Bahir dar textile factory**” submitted by me for the award of the Degree of Master of Business Administration at Bahir Dar University. This is my original work and has not been presented for award of the Degree of in any other university, and that all sources of materials used for the study have duly acknowledged.

Name:

Signature_____ **Date:**_____

Advisor declaration

This thesis has been submitted for the award of masters degree in the field of masters of business administration with my approval as a University advisor.

Name:

Signature _____ **Date** _____

Approved by Board of Examiners

Name

Signature

Date

1. Internal examiner

2. External examiner

3. Chair person

Acknowledgement

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List of Abbreviations

ALO	Alignment with objective
EED	Emphasis employee development
FLG	Focus on long term goal
HR	Human resource
HRM	Human resource management
IBS	Integrate with business strategy
OP	Organizational performance
RBV	Resource based view theory
SHRM	Strategic human resource management
SPSS	Statistical package for social science

Abstract

The objective of this study was to examine the effect of strategic human resource management on organization performance in case of Bahir dar textile factory. Quantitative research approach and explanatory research design was employed. In order to select sample from the entire population Stratified random sampling was adopted as a sampling method. The data has been analyzed using descriptive and inferential analysis techniques frequency, mean, correlation and multiple linear regression analysis supported with SPSS version 26. The study found that alignment of HR policies and practice with organization objective, integration of HR policies and practice with business strategy, focused on long-term goals and objectives and emphasis for employee development has positive and significant effect on organization performance. The model with these variables was found to predict 76.6% of the variability of organization performance leaving the remaining 23.4 % to variables not included in this study. It is suggested that there should be concrete focuses on long term goal rather than sort term goal by giving learning and development for factory employees and should aligned human resource activities with their objective that makes increase performance of the factory.

Key words: *strategic human resource management, HR integration, employee development, focus on long-term goal*

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In a rapidly changing competitive environment, human resources are one important source of competitive advantage. Human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific. Strategic human resource management concerns with the creation of a linkage between the overall strategic aims of business and the human resource strategy and implementation (Alzaabi, Al-Dhaafri, & Police, 2018). Economic environment is changing rapidly and this change is characterized by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. To compete successfully in these environment organizations continually need to improve their performance by reducing costs, innovating products and processes and improving quality, productivity and speed to market (Çalışkan, 2010).

Strategic human resource management (SHRM) 'focuses on the overall HR strategies adopted by business units and companies (Boxall, Purcell, & Wright, 2007). Strategic human resource management (SHRM) represents a relatively new transformation in the field of human resource management. SHRM is concerned with the role human resource management systems play in firm performance, particularly focusing on the alignment of human resources as a means of gaining competitive advantage. Organizations are becoming aware that successful human resource policies and practices may increase performance in different areas such as productivity, quality and financial performance (Nemli Çalışkan, 2010).

The people who make up an organization -human resources- are considered to be one of the most important resources of today's firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management and strategy (Nemli Çalışkan, 2010).

Strategic human resources management should be part of the organization's other strategies and work parallel to them. The role of SHRM is to determine the role of human resources in the accomplishment of other strategies (Saeed & Yazdani, 2021). Continuous assessment of SHRM and the feedback will help the organization to stay on track of excellence (Alzaabi et al., 2018).

Organizational performance is getting more and more important, especially in a market with greater competition and dynamics. Organizational performance is measured through different indicators. It guarantees the continuity of the organization to be competitive in a global marketplace (Naliaka & Kiiru, 2019). Human resources are the key for keeping the organization in the market so competitive. These human resources need to be managed effectively to achieve the required performance of the organization. It is necessary to manage strategically the human resources and to adapt at its strategy with organizational strategy. (Anwar & Herlina, 2022).

In Africa the way that HR strategy and policies are driven by business strategies they tend to be implemented to meet strategic needs. Strategic human resource management is a key influence in the organizational profitability of any high profile organization. The study presumes that human resource management is concerned with all the areas of an organization in order to obtain the needed skill and will-motivated workforce in organizations so as to achieve organizational performance (Boselie, 2014).

Many research studies have been conducted to establish links between (HRM) functions and organizational performance, such as strategic training Russell, Terborg, and Powers (1985) strategic selection Altarawneh (2016), strategic appraisals (Owoseni & Olakitan) and strategic compensation (B. A. Gerhart, Milkovich, & Murray, 1992) in relating to the organization performance. Huselid (1995) work links an index of (HR) practices to both financial performance and market outcomes. Kim, MacDuffie, and Pil (2010) study links bundles of HR practices to productivity and quality exemplified a progression toward examining the link between systems of HR practices and performance. The popular management literature, which examines the impact of (SHRM) practices on organizational effectiveness and performance, is most controversial one (Worsfold, 1999)

To this end, many authors have maintained that (SHRM) is straightforwardly linked to organizational performance. High-performing organizations adopt particular (HRM) policies and

linking these to the strategies of their organizations. However, regardless of the rising popularity of (SHRM), there have been very few systematic evaluations of the claims that it is linked to performance and doubts remain as to its theoretical foundations.

1.2 Statement of the problem

Previous studies have shown the relation between Strategic HRM and organizational performance. A study by Ngo, Lau, and Foley (2008) found that firms that adopted SHRM practices such as employee involvement, training, and performance management had higher market value and return on investment compared to firms that did not adopt these practices.

A study by Huselid (1995) found that firms that adopted high-performance work practices, which are a key component of SHRM, had higher productivity, profitability, and employee retention rates compared to firms that did not adopt these practices. A meta-analysis by Jiang, Lepak, Hu, and Baer (2012) found that SHRM was positively related to various measures of organizational performance, including financial performance, innovation, and customer satisfaction.

A study conducted by Alzaabi & Al-Dhaafri, (2018) which is entitled that “the effect of strategic human resource management (SHRM) on organizational performance (OP) showed that emphasis for employee development, alignment of HR policies and practice and quality management has a positive and significant effect on organizational performance. The significant relationship between quality management practices from inside and both strategic performance and operational performance was positive. A study by Boselie, Dietz, and Boon (2005) empirical studies on the relationship between HRM and organizational performance and found that SHRM practices have a positive effect on organizational performance.

The impact of strategic human resource management (SHRM) practices on organizational effectiveness and performance is a controversial topic in the management literature (Worsfold, 1999). While some argue that there is a positive relationship between SHRM interventions and organizational performance, others claim that there is a lack of evidence linking HRM with improved performance. For instance, Guest (1997) conducted a study on the impact of HRM practices and the presence of HRM strategy on outcomes in manufacturing companies. They found higher levels of positive SHRM and employee relations outcomes, but no correlation with performance in terms of productivity or quality. However, an increasing body of research has

demonstrated a relationship between the use of specific HRM practices and improved financial performance (Delery, 1998).

Different scholars conduct a study in the subject matter to show the effect of strategic human resource management on the performance of the organization by taking different human resource dimensions like Becker and Huselid (1998), Liang, Lepak, Hu, and Baer (2012), Russell et al., (1985) Attia, (2016). Most of the conducted studies are based on human resource management function.

Through review of related literature, to the best of the researcher knowledge, there are only little researches conducted on SHRM in Ethiopia (Hayalulimneh, 2021; Philipospetros 2022; Mihreteab lemma 2020). And, those available researches have also shown that most of the SHRM researches have been done in financial sector particularly in the banking sector (e.g., Shemelis, 2012; Melaku, 2013; Lubaba, 2014; Belete, 2014 & Fitum, 2014). Most of the research conducted in Ethiopia in SHRM area focused on the assessment of SHRM practices, and only few studies are conducted on the impact of SHRM practices on firm's performance. Therefore, to fill this gap the study conducted in case of Bahirdar textile factory by taking four SHRM dimensions which are HR practice and policies alignment with organizational goals, integration with business strategy, focus on long-term goals and emphasis on employee development as explanatory variable and organization performance as dependent variable.

1.3 Objectives of the Study

1.3.1 General Objectives

The general objective of the study was investigating the effect of strategic human resource management on the organizational performance in case of Bahirdar textile factory.

1.3.2 Specific Objectives

The specific objectives of the study that can lead to achieve its general objective are to:

- To examine the effect of HR strategies and practices alignment with organizational goals on organizational performance.
- To investigate the effect of HR strategies and practices integration with business strategy on organizational performance.

- To examine the effect of focus on long-term goals on organizational performance.
- To analyze the effect of emphasis on employee development on organizational performance.

1.4 Research hypothesis

To achieve the general and specific objectives of the study, the researcher developed the following hypotheses;

H1: HR strategies and practices alignment with organizational goals has a positive and significant effect on organizational performance.

H2: HR strategies and practices integration with business strategy has a positive and significant effect on organizational performance.

H3: Focus on long-term goals has a positive and significant effect on organizational performance.

H4: Emphasis on employee development has a positive and significant effect on organizational performance.

1.5 Significance of the Study

The primary objective of the study is to investigate the effect of strategic human resource management on organizational performance in case of Bahir dar textile factory.

Therefore, it is believed to attain the following importance from the study:

- For Bahir dar textile factory, it will be useful for the overall the organization, in terms of improving strategy of firm and enhancing employee performance to achieve the organization goal.
- It will serve as a pillar or cornerstone for further research into the area of other strategic human resource management and its effects.
- It will increase the knowledge horizon of the researcher.

1.6 Delimitation of the Study

In this research, the area of the study is delimited to the topic the effect of strategic human resource management on organizational performance. Conceptually the study delimited to four SHRM dimensions, which are alignment with organizational goals, integration with business strategy, focus on long-term goals and emphasis on employee development.

Methodologically, the study would delimit to quantitative research approach, explanatory research design with cross-sectional survey data collection method. Geographically the area of the study focused on Bahirdar textile factory in Bahirdar city. The study population has been drawn from Bahirdar textile factory, which is a private organization. The timeline for this study is to be considered from 2023 G.C.

1.7 Definitions of operational terms

Alignment of HR policy and practice with organizational goal and objectives: Alignment of HR policy and practice with organizational goals and objectives refers to the strategic integration of human resource management practices with the overall goals and objectives of an organization. It involves ensuring that HR policies, procedures, and practices are designed and implemented in a way that supports the achievement of the organization's strategic objectives.

Integration of HR policy and practice with business strategy: This ensures that the general human resource strategy that dictates the direction of where the human capital and skill inventory is going must be aligned with the business strategy of the firm. This includes collaborating with other departments to ensure that HR strategies and practices are aligned with the needs of the business as a whole. This type of fit is known as vertical fit.

Focused on long-term goals and objectives: This means that organizations prioritize sustainable success and growth over immediate, short-term fixes. Instead of solely focusing on quick wins or temporary solutions, SHRM takes a strategic approach that considers the long-term implications and consequences of HR practices.

Emphasis for employee development: This means SHRM recognizes the importance of investing in the growth and skills enhancement of employees. This involves providing training, development programs, and opportunities for learning to ensure that employees have the necessary knowledge, skills, and abilities to contribute effectively to the achievement of organizational goals.

1.8 Organization of the paper

This study organized in to five chapters. Each chapter has its own sub-units. The first chapter outline introduction part is consisting of background of the study, statement of the problem, objectives of the study, significance of the study, delimitation of the study, and definitions of operational terms. The second chapter deals with review of related literature. The third chapter includes research design, the research approach, target population and, sampling method, sample size, data sources and collection techniques, truth worthiness of the study, research ethics and methods of data analysis and interpretation. Chapter four deals data presentation; analysis and interpretation it consists descriptive analysis, coding and theming quantitative data gathered though questionnaire and discussion of major findings. Finally, the fifth chapter deals with the summary, conclusions and recommendations of the study and limitation and recommendation for further researchers are discussed.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature Review

2.1.1 Definition of Strategic HRM

Different writers have defined strategic HRM in different ways. Different scholars in the late 20th century was defined Strategic Human Resource Management in different perspectives. Among the many definitions in the literature, According to Huselid (1995) strategic human resource management (SHRM) involves the development of HR strategies that are aligned both vertically and horizontally with the organization's overall business strategy. This means that HR strategies should be integrated with the organization's goals and objectives, and should also be consistent with each other. It is the macro-organizational approach of viewing the role and function of Human Resource Management. In this definition all HRM practices in the organization are linked and have a direct impact on the overall corporate business strategy of the organization. It is looking holistically towards the traditional HRM. The main focus on this definition is to achieve organizational objectives through people management. Strategic human resource management is an approach to the development and implementation of HR strategies that are integrated with business strategies and support their achievement (Armstrong & Taylor, 2014)

Strategic human resource management (SHRM) is the process of aligning an organization's human resource policies and practices with its overall strategic goals and objectives. It involves the development and implementation of HR strategies that support the organization's mission, vision, and values, and that enable it to achieve a competitive advantage in the marketplace. SHRM focuses on the long-term planning and management of an organization's human resources, including recruitment, selection, training and development, performance management, compensation and benefits, and employee relations. The goal of SHRM is to create a high-performance work culture that supports the organization's strategic objectives and enhances its overall effectiveness and success (Bahuguna & Kumari, 2010).

Sarker and Rahman (2018) further defined strategic human resource management as a set of human resource strategies of an organization concerned with ensuring that the staff has skilled, committed and well-motivated force to accomplish the organization's goals and to develop staff to challenge in the competitive world. From these two definitions of HRM we can understand that Effective employee management should be on the top of the list of priorities for progressive improvement of an organization and sustainable development of an organization depends upon effective management of its human resources.

Strategic human resource management (SHRM) is a process that involves developing HR strategies that are closely integrated with the organization's overall business strategy. These strategies define intentions and plans related to the overall organizational considerations, such as organizational effectiveness, and to more specific aspects of people management, such as; resourcing, learning and development, reward and employee relations. Strategic HRM focuses on actions that differentiate the firm from its competitors (Armstrong, 2006).

Strategic HRM has a clear focus on implementing strategic change and growing the skill base of the organization to ensure that the organization can compete effectively in the future (Holbeche, 2004). SHRM aims to develop a human capital that meets the requirements of the organization's competitive strategy. By aligning HR practices with the organization's strategy and goals, SHRM can help create a high-performance work system that supports the organization's mission and objectives. This can lead to improved organizational performance, increased employee engagement and satisfaction, and a competitive advantage in the marketplace (Guest, 1987).

Human resource management strategy is a crucial component of an organization's overall business strategy. The primary objective of this strategy is to align HR practices with the organization's goals and mission to achieve desired outcomes. Strategy, in this context, refers to a set of strategic choices that may be formally planned or emerge through ongoing performance. While some aspects of the strategy may be pre-planned, much of it emerges through a stream of actions taken by the organization. Ultimately, the goal of HR strategy is to create a high-performance work system that supports the organization's mission and objectives, leading to improved organizational performance and a competitive advantage in the marketplace (Boxall et al., 2007).

2.1.2 Theories of Strategic HRM

2.1.2.1 Resource Based view (RBV)

Resource-based theory can be confusing because the term resources are used in many different ways within everyday common language. It is important to distinguish strategic resources from other resources. To most individuals, cash is an important resource. Tangible goods such as one's car and home are also vital resources. When analyzing organizations, however, common resources such as cash and vehicles are not considered to be strategic resources. Resources such as cash and vehicles are valuable, of course, but an organization's competitors can readily acquire them. Thus an organization cannot hope to create an enduring competitive advantage around common resources (Madhani, 2010).

A strategic resource is an asset that is valuable, rare, difficult to imitate, and non-substitutable. Strategic resources that are *valuable* or *rare* are valuable simply due to the relatively high cost of acquiring them. Competitors have a hard time replicating resources that are. Certain resources can be and are protected by various legal means, including trademarks, patents, and copyrights, which ensures they are difficult for the competition to imitate. Other resources are hard to copy because they evolve over time and reflect unique aspects of the firm. A resource is when competitors cannot find alternative ways to gain the benefits that a resource provides (Madhani, 2010).

The resource based approach became the dominant theoretical paradigm in most recent SHRM researches (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009). The resource-based approach is founded on the belief that competitive advantage is obtained if a firm can obtain and develop human resources that enable it to learn faster and apply its learning more effectively than its rivals (Armstrong, 2006). In line with human capital theory, resource-based theory emphasizes that investment in people adds to their value in the organization (Wright, Dunford, & Snell, 2001). According to RBV theory, human resources are valuable, non-tradable, non-imitable, and non-substitutable.

A fundamental aim of resource-based HR strategy, as Bahuguna and Kumari (2010) indicates, is to develop strategic capability – achieving strategic fit between resources and opportunities and obtaining added value from the effective deployment of resources. A resource-based approach will address methods of increasing the firm's strategic capability by the development of

managers and other staff who can think and plan strategically and who understand the key strategic issues (Armstrong, 2006). The RBV theory suggests that a firm's resources, including its human resources, can be a source of competitive advantage and can contribute to superior organizational performance. According to this theory, a firm's resources must be valuable, rare, inimitable, and non-substitutable to create a sustainable competitive advantage.

In the context of HR strategies and practices, the RBV theory suggests that aligning HR strategies and practices with organizational goals, integrating HR strategies and practices with business strategy, focusing on long-term goals and emphasizing employee development can create valuable, rare, inimitable, and non-substitutable human resources that can contribute to superior organizational performance.

For example, aligning HR strategies and practices with organizational goals can ensure that employees are working towards the same objectives as the organization, which can increase efficiency and effectiveness. Integrating HR strategies and practices with business strategy can ensure that HR practices are supporting the overall business strategy, which can increase alignment and coordination. Focusing on long-term goals can encourage employees to think beyond short-term gains and focus on sustainable growth, which can contribute to long-term success. Emphasizing employee development can create a skilled and motivated workforce that can contribute to innovation and competitive advantage.

2.1.2.2 Strategic Fit

According to Wright & McMahan (1992) cited in (Wright et al., 2001) strategic HRM is the pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals. This definition implies that there should be a fit between HR strategy and business strategy. Wright & McMahan (1992) cited in (Wright et al., 2001) identified two types of fit. The first one is the fit between human resource management practices and the strategic management process of the firm. This ensures that the general human resource strategy that dictates the direction of where the human capital and skill inventory is going must be aligned with the business strategy of the firm. This type of fit is known as vertical fit. On the other hand, horizontal fit in human resource management refers to the consistency and congruence between different HR practices used within the organization. This means that the various HR practices, such as recruitment, training, performance management, and compensation, should be aligned

with each other to support the overall HR strategy. Both the vertical and the horizontal fit are largely, confirmed to have positive impact on organizational performance (B. Gerhart, 2007).

Hanson, Hitt, Ireland, and Hoskisson (2016) writes that strategic fit is related to resource based view in that the key to profitability and enhanced organizational performance comes not only by external factors like industry selection and position but also from identifying and utilizing the unique internal characteristics of an organization. Consequently, Hanson et al. (2016) mentioned Armstrong and Taylor (2014) confirmed that strategic HRM is underpinned by resource based understanding and strategic fit.

In general, those two strategic human resource management models are important for this study. Specifically this study basis on resource based view theory (RBV). All the study variables (HR practice and policies alignment with organizational goal and objective, integration with business strategy, focus on long term goals and emphases for employee development) and research hypothesis are supported by resource based view theory. Strategic fit theory support this study. Because this Strategic fit theory, conclude that human resource management practice and policies must vertical and horizontally with organization goal and business strategy and this is the assumption of this study.

2.1.3 Model of Strategic HRM

There are several strategic human resource management (SHRM) models that organizations can use to align their HR practices with their overall business strategy. The models of SHRM influenced the theory and practices of SHRM in history. The models provide analytical framework for studying SHRM, legitimize SHRM and its effectiveness, describe the characteristics of SHRM and explain the nature and significance of key HR practices and HR outcomes. For this research purpose the Matching and the Harvard models of SHRM have been selected. The models are selected in reference to their significance to the study purpose.

2.1.3.1 The Matching Model

The matching model were developed by Fombrun, Tichy and Devanna (1997) of Michigan School (Fombrun & Tichy, 1997). The matching model asserts that HR systems and the organization structure should be managed in a way that is congruent with organizational strategy (Armstrong, 2006). The name matching HRM and emphasizes the efficient utilization of HR to

meet organizational objectives (Fombrun, Tichy and Devanna, 1997). Accordingly, HR have to be obtained models was given due to this assentation. It highlights the 'resource' aspect of cheaply, used sparingly, and developed and exploited as fully as possible. This model emphasizes the interrelatedness and the coherence of HRM activities prescribing that the different HRM activities are interrelated and consistent to each other (Armstrong & Taylor, 2014).

The Matching Model consists of four key components: Strategy: The organization's strategy and goals provide the foundation for HR practices. HR practices should be designed to support the organization's strategic objectives. Internal Alignment: HR practices should be internally consistent and aligned with each other. For example, recruitment and selection practices should be aligned with performance management practices. External Alignment: HR practices should be aligned with the external environment, including the demands of the marketplace and the needs of customers, shareholders, and other stakeholders. Flexibility: HR practices should be flexible and adaptable to changing circumstances. This includes the ability to respond to changes in the external environment, as well as changes in the organization's strategy and goals.

The model also further asserts that there is human resource cycle in HRM. The human resource cycle consists of four generic processes or functions that are performed in all organizations. The human resource cycle includes selection, appraisal, reward and development. Selection is matching of available human resources to jobs, Appraisal is performance management, Rewards is rewarding short- as well as long-term achievements by bearing in mind that 'the organization must perform in the present to succeed in the future' and Development is developing high-quality employees (Armstrong, 2006).

The overall performance of the organization depends on the effective operation of each of the components of SHRM and their co-ordination with the organization overall strategy. The Matching Model is a strategic human resource management (SHRM) model that emphasizes the importance of aligning HR practices with the organization's strategy and goals. This model suggests that HR practices should be designed to match the organization's internal resources and capabilities with the external demands of the marketplace.

The Matching Model suggests that HR practices should be designed to create a high-performance work system that supports the organization's strategic objectives. This includes practices such as recruitment and selection, training and development, performance management, compensation and benefits, and employee involvement and participation.

Overall, the Matching Model emphasizes the importance of aligning HR practices with the organization's strategy and goals, and creating a flexible and adaptable work system that can respond to changing circumstances. The matching model is selected in literature review section in this study because one area of investigation of this research is congruence of organizational strategy with the HR system, consistency and congruence of SHRM cycle elements which are indicated above: selection, appraisal, reward and development as well as the views of organizations regarding the people of their organizations.

2.1.3.2 The Harvard Model

The Harvard School of Beer, Spector, Lawrence, Mills, and Walton (1984) develop the Harvard Model of SHRM. The Harvard model has exerted considerable influence over the theory and practice of HRM, particularly in its emphasis on the fact that HRM is the concern of management in general rather than the personnel function in particular (Armstrong, 2006). The model stresses that HRM has to emanate from the central philosophy or a strategic vision of general managers. These pressures have created a need for a longer-term perspective in managing people and consideration of people as potential assets rather than merely a variable cost (Armstrong, 2006). Human resource management involves all management decisions and action that affect the nature of the relationship between the organization and its employees – its human resources (Armstrong & Taylor, 2014).

The model also recognizes the important roles of line managers in SHRM. It ascertains more responsibility for ensuring the alignment of competitive strategy and personnel policies to line managers and the responsibilities of setting policies that govern personnel activities to HR personnel in ways that makes them more mutually reinforcing (Armstrong, 2006). The outcomes that these four HR policies need to achieve are commitment, competence, congruence, and cost effectiveness. The model also stated that different stakeholders exist in the organization having different interests. The interest of these stakeholders is related with the objective of management.

Stakeholders that are available in the organization are shareholders, management, employee groups, government, community and unions. Furthermore, the model stated that SHRM has long-term outcomes. The long-term outcome of SHRM is to develop and sustain mutual trust and improve individual/group performance at the minimum cost so as to achieve individual well-being, organizational effectiveness and societal well-being (Armstrong, & Taylor, 2014). The Harvard Model is selected in literature review section of this study because one scope of investigation of this research is examination of the SHRM alignment with organizational goal, congruence, role HR people as well as top management and investigation of the impact of SHRM on organizational performance

2.2 Organizational performance

Organizational performance refers to the extent to which an organization achieves its goals and objectives. It is a measure of how well an organization is functioning and how effectively it is using its resources to achieve its desired outcomes. Organizational performance can be measured in a variety of ways, including financial performance, customer satisfaction, employee engagement, productivity, quality of products or services, innovation, and social responsibility. High organizational performance is typically associated with increased profitability, market share, and customer loyalty, as well as improved employee morale and retention. Effective management practices, strategic planning, and a strong organizational culture are all important factors that contribute to high organizational performance.

Organizational performance is the most widely used dependent variable in much organizational research but it remains one of the vaguest and most loosely defined constructs (Rogers & Wright, 1998). As a result, there is no common theory concerning organizational performance. The focus of attention of the construct is concerned almost entirely on the financial measure of performance (Mengesha, Chekole, & Wedajo, 2018).

The identifying the real measurement for organizational performance is difficult issue in past researches. The measurement we use for business organization may not use for public and non-profit organization. Organizational performance has different dimension and it is difficult to address all of them but, several studies conduct the study in the nature of the organization. According to Richard and Johnson (2001) achieving organizational goals and objectives is known as organizational performance because the organizational goals, strategies and objectives emanate from the internal side of them like culture. Organizational performance in business

institution measured through subjectively and objectively through the subjective (non-financial) and the predictor of objective (financial) aspect because in the objective side high fluctuation of condition for actual figure (Sofi & Devanadhen, 2015).

For the purpose of this study Balanced Scorecard Model was chooses since Balanced scorecard makes it possible to see performance in different areas at the same time and evaluate how these processes evolve as well as their outcomes. This model consists of performance evaluation in four areas i. Financial perspective, ii. Customer perspective, iii. Internal processes, iv. Learning and innovation perspective (Kaldırım, 2020).

Balanced Scorecard Model: "Balanced scorecard makes it possible to see performance in different areas at the same time and evaluate how these processes evolve as well as their outcomes.

Financial perspective

In private companies, the financial perspective is the main objective without having to sacrifice the interest is other relevant stakeholders (community, environment, government, etc.) In the financial perspective, the strategic goal is the long-term shareholders value. This goal is driven by two elements, to be revenue growth and cost effectiveness.

Customer perspective

This point of view is extremely instrumental, in light of the fact that without clients, in what manner an organization can endure. Customer perspective covers the following elements Customer acquisition, Customer retention, Customer profitability, Market share and Customer satisfaction.

Internal processes perspective

This perspective reflects the process in key business that should be operationalized in order to meet the needs of the customers. There are four primary metrics to be assessed in this point of view, in particular: Operations management process, Customer management process, Innovation process, Regulatory, and social process

Learning and innovation perspective

This perspective reflects the capability that good human resource development system, organizational system, and information system forms a solid foundation for improving company performance are assessed.

2.3 Role of Strategic HRM for organizational performance

The overall purpose of strategic human resource management is linked with the attainment of the goals and strategic objectives of an organization. Strategic human resource management helps the very existence/purpose of organizations is met through people (Armstrong & Taylor, 2014) Through strategic human resource management, critical issues or success factors related to human resource of an organization are addressed and strategic decisions are made that have a major and long-term impact on the behavior and success of organizations (Amstrong, 2006). The critical issues or success factors of HR can be motivation, job engagement, commitment, skill, knowledge, attitude and behavior

2.4 Empirical Review

Previous studies have shown the relation between Strategic HRM and organizational performance. A study by Becker and Huselid (1995) found that firms that adopted SHRM practices such as employee involvement, training, and performance management had higher market value and return on investment compared to firms that did not adopt these practices.

A study by Huselid (1995) found that firms that adopted high-performance work practices, which are a key component of SHRM, had higher productivity, profitability, and employee retention rates compared to firms that did not adopt these practices. A meta-analysis by (Jiang et al., 2012) found that SHRM was positively related to various measures of organizational performance, including financial performance, innovation, and customer satisfaction.

According to Jackson and Schuler (1995) HRM activities is regarded as strategic when the organization's philosophy, policies, programs, practices, HRM processes and strategic needs are systematically linked. The basic two types of integrations mentioned in literatures are SHRM vertical integration and SHRM Horizontal integration.

SHRM Vertical fit is an alignment of HRM and strategy at the top-level process of the organization in which HRM is aligned with organization mission and objectives (Soomro & Shamsi, 2018). The focus of such alignment at the top level of the organization is to differentiate an organization from its competitors and achieve competitive advantages. SHRM horizontal integration on the other hand is concerned about an alignment of HRM policies and practices within and outside HRM hierarchy. In this regard, HRM policies and practices are aligned each

other and their core objective is to derive employee's behavior and achieve better organizations results. Outside the HRM hierarchy, HRM policies and practices are business driven where their key focus is to create an alignment in between HRM and organization structure to generate synergetic results. Integration of HRM and strategy have been theorized under SHRM theories of resource-based view, universalistic theory and fit theoretical approach (Soomro & Shamsi, 2018).

Empirically, even though extensive studies on SHRM fit were conducted, the focus of studies was, how HRM and organization strategy can be fit with each other instead of their categorization under fit dimensions Soomro (2019). Generally, studies made on SHRM fit indicated that the more HRM is vertically integrated, the greater increase in competitiveness, competitive position and survival of the organization and the more the HRM is horizontally integrated and coherent, the greater the organization achieve competitive position (Jacques, 2000).

As far as the relationship between SHRM and Organizational performance is concerned, published research generally reports that there is statistically positive relationship between strategic human resource management and organizational performance. Sector wise, findings of the studies are quite different. Researches done in the business sector for example indicated that strategic human resource management and business performance are positively associated (Besma, 2014). Similarly research done in the health sector have also confirmed that strategic human resource management practices and organization resilience are positively related (Sura, 2019).

In the same way, research made by (Gamedze, 2012) in South Africa has also recognized the importance of adoption of strategic human resource management in the public sector due to the fact that the public sectors are not free from competitive challenges. But the research done in the pharmaceuticals manufacturing companies did not show similar results as those conducted in the banking industry. The study made by Eskinder (2013), did not show the existence of SHRM practice in the pharmaceutical manufacturing companies and the practices that were in use were not in a bundle and therefore, their fit and integration effect was found to be not generalizable.

2.3 Conceptual framework

According to Asenahabi (2019) conceptual framework is an aspect of research in which a precise idea is described as a quantifiable incident which provides a coherent interpretation of the notion. The independent variables and the dependent variable as shown in figure 2.1.

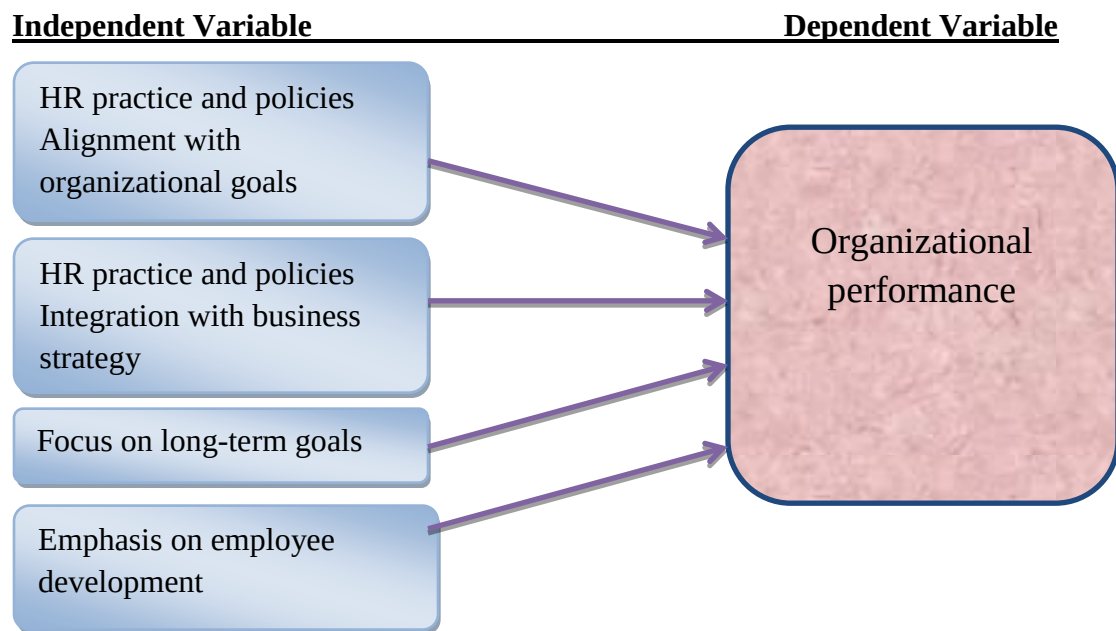


Figure 2.1 conceptual framework

Source: Developed based on HRM theories and models

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research methodology is a term that describes how we come to know in a very practical manner, it focuses on the specific methods and means of obtaining knowledge through which we can try to understand our world better (Trochim, Cabrera, Milstein, Gallagher, & Leischow, 2006). In this chapter this chapter discuss in detail about the research approach, research design, data type and sources of data, population, sample size, sampling technique, data collection tools, measurements of variables, data analysis techniques, validity, reliability, and ethical considerations are presented in detail.

3.2 Research approach

Considering the research problem and objective along with the philosophy of the different research approaches, quantitative research approach is found to be more appropriate for this study. These is because of quantitative approach use for testing a theory by specifying narrow hypotheses and the collection of data to support or refute the hypotheses and employs strategies of inquiry through surveys and collect data on predetermined instruments that yield statistics data (Almalki, 2016).

3.3 Research design

The study was employed explanatory survey research design. Explanatory research is conducted when we encounter an issue that is already known and have a description of it, we might begin to wonder why things are the way they are. The study analyzed the casual relations between the dependent (organizational performance) and the independent variable (alignment with organizational goals, integration with business strategy, focus on long-term goals and emphasis for employee development) using correlation and regression, which make the research explanatory. Therefore, this study was explanatory in its nature.

3.4 Target population and sampling technique

3.4.1 Target population of the study

The target population of the study was employees of Bahir dar textile factory. Bahir Dar Textile Share Company founded in 1961 by the Italian government grant to Ethiopia as war compensation. Its headquarter is in Bahir Dar (a tourist destination convenient town in northern part of the country), with branch at Addis Ababa, Ethiopia. The company crossed many milestones in textile sector which utilized organic cotton a lonely row material. The company has six major departments namely human resource department, finance department, operation department, quality assurance and inspection, engineering, purchasing and procurement and others. According to the human resource department of the factory there are 1179 employees in the factory.

3.4.2 Sampling and sample size determination

The sample size is an important feature of any empirical study in which the goal is to make conclusion about a population from the sample. Larger sample sizes generally lead to increased precision when estimating unknown parameters (Kumar, 1996). According to Yamane's, (1967) the study was applied a simplified formula to determine the required sample size at 95% confidence level, and allowable error =5%

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

Where: 'n' is the sample size, 'N' is total population and 'e' is the level of Precision. Substitute numbers in the formula:

$$n = 1179 / 1 + 1179 (0.05)^2 = 298.42 = 298$$

Therefore, 298 employees are selected as a sample from 1179 employees of the factory. The researcher used proportional stratified random sampling in order to select sample from each department. In stratified random sampling, the researcher then extracts a random sample from each of the subpopulations. The main reason for using stratified random sampling is that it has the potential for reducing sampling error. Sampling error occurs when, by chance, the sample

does not represent the population (Bown 2011). The table below shows the number population in each department and the sample taken from each department.

Table 3.1. Number of population and sample taken

No	Departments	No of employees	Sample
1.	Operation department	772	$772/1179 \times 298 = 195$
2.	Human resource department	58	$58/1179 \times 298 = 15$
3.	Finance department	35	$35/1179 \times 298 = 9$
4.	Engineering department	83	$83/1179 \times 298 = 21$
5.	Quality assurance and inspection	60	$60/1179 \times 298 = 15$
6.	Purchasing and procurement	114	$114/1179 \times 298 = 29$
7.	Other	57	$57/1179 \times 298 = 14$
	Total	1179	298

3.6 Sources of data and Data collection instruments

In this study, primary data are used. In order to collect the required primary data questionnaire survey method is used as data collection instrument. Structured questionnaire used to collect data from respondents. The questionnaires were handed over to the factory employees and given sufficient time to read and respond to the questions in order to obtain sufficient data.

3.7 Measurement of variable

The questionnaire based on literature review and adopted from private researchers with little modification to undertake this study. The questionnaire contains statements that were specifically designed to measure organizational performance the factory in relation to the four dimensions of SHRM (alignment of HR policy and practice with organizational goals, integration of HR policy and practice with business strategy, focus on long-term goals and emphasis for employee development) developed by of HR policy and practice. The questionnaires were mainly adopted from Ekhsan and Othman (2009) and Robert H. Waterman Jr (1980s). The questionnaires will compose two sections. The first section contain questioner items used to collect demographic data of respondents and the second section on five point Likert Scale to assess the effect of strategic human resource management on organizational performance.

3.8 Method of data analysis

In this study before the analysis of data using SPSS version 26 started, data cleaned, edited, checked for accuracy and coded. These processes are essential to ensure that the collected data were systematically organize in a manner that facilitates analysis (Mugenda, 2003)

Under quantitative analysis the data, were summarized into numerical values to form both descriptive and inferential statistics. These included; frequencies, percentages and means, standard deviation as well as correlations, Z statistics, and R Squared values from the regression analysis.

Cohen, Swerdlik, and Sturman (2002) postulate that the Pearson Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables are continuous. To ascertain whether a statistically significant relationship exists between the dependent and independent variable Correlation Coefficient has been used.

In order to examine the strength and relationship between the studies variables, a multiple linear regression model of the form below used. Multiple linear regression model is used when we want to predict the value of a variable based on the value of another variable. Since both dependent and independent variables are continuous, multiple linear regressions were used in this study.

$$Y = \beta_0 + \beta_1 ALO + \beta_2 IS + \beta_3 FLG + \beta_4 EED + \epsilon$$

Where Y = Organizational performance

ALO= Alignment with organizational goals

IS = Integration with business strategy

FLG = Focus on long-term goals

EED= emphasis for employee development

ϵ = Error term

B_0 is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero. β_1 , β_2 , β_3 , β_4 and β_5 refer to the coefficient of their respective independent variable, which measures the change in the mean value of Y, per unit change in their respective independent variables.

3.9 Validity and Reliability of Research Design

The quality of research depends on the design of research instruments as well as application of these instruments in data collection in the field. There are several criteria or tests for judging the quality of any empirical research. These include validity and reliability (Singh & Easwaran, 2010).

(i) Validity

Validity is the extent to which the instruments used during the studies to measure the issues they are intended to measure (Amin, 2005). In this study, before collecting the necessary data a pilot testing was conducted for a sample of 10 % respondents' to check validity of the research instruments. This helps to identify vague questions and unclear instructions. Validity is also used to captures important comments and suggestions from the respondents that enable the researcher to improve efficiency of instruments and to maximize response rate. To ensure validity, the instruments have been developed under close guidance of the research Advisor.

(ii) Reliability

Reliability as the degree to which a survey instrument is considered reliable if its repeated application results in consistent scores. According to Saunders, Lewis, and Thornhill (2009), reliability refers to the degree to which data collection method or methods yield consistent findings. Gall and Borg (1989) also define reliability as the degree of consistency that the instruments demonstrate in whatever it is measuring.

Theoretically, alpha varies from 0 to 1, the higher the Cronbach alpha, the more reliable the test results will be. Different authors accept different values of Cronbach's alpha so as to achieve internal reliability, but the most frequently accepted value is 0.70 and above to reach internal reliability. According to Lombard (2008), the Cronbachs alpha result Coefficients from 0.70 to 0.90 acceptable, and appropriate in some explanatory studies. Another author added that if the Cranach's alpha coefficient is greater than 0.9 it implies excellent, greater than 0.8 is Good, greater than 0.7 is acceptable, greater than 0.6 is questionable, greater than 0.5 is poor, and less than 0.5 is unacceptable" (Gliem & Gliem, 2003).

In this study, to determine the reliability of the instruments, pre- test was conducted from the collected data of sample respondents of Bahirdar textile factory. To this, end the Cronbachs alpha result Coefficients of each variable were observed:

Table 3.2 reliability statistics

Variable	Number of item	alpha Coefficients
HR practice and policy alignment with organizational goal	5	0.78
HR practice and policy integration with business strategy	7	0.82
Focused on long term goal	5	0.74
Emphasis on employee development	5	0.86
Organizational performance	19	0.83

3.10 Ethical Considerations

According Saunders et al. (2009) ethics refers to the appropriateness of your behavior in relation to the rights of those who became the subject of your work or are affected by it. All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent is secured before the beginning of conducting survey. Regarding the right to privacy of the respondents, the study maintains all participants has been briefed about the research and joined with their full consent, the confidentiality of the identity of each participant and the researcher was report the findings incomplete honesty

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents both descriptive and inferential statistical analysis. It has three sections: The first section is the descriptive statistics, which summarizes the main features of the study variable such as mean, frequency, and percentage. The second section is the correlation analysis which shows the degree of association between the study variables. The third sections of the chapter, presents the output of the regression models.

4.2. Response rate

To conduct this study the researcher has distributed 298 questionnaires and the response rate indicated in the table below.

Table 4.1 response rate

Description	Response rate	
	In number	In percentage
Questionnaire distributed	298	100%
Questionnaire collected	282	94.6%
Questionnaire uncollected	16	5.4%

Source: Survey data, 2023

As shown table 4.1, 282 (96.4%) of the 298 disseminated questionnaires were collected, leaving 16 (5.4%) of them uncollected which is statistically acceptable for the purpose of making inference for the general population.

4.3 Background of the study

The following table summarizes the demographic characteristics of the respondents in the study population.

4.2 Demographic characteristics of respondents

Items	Options	Frequency	Valid Percent	Cumulative Percent
Sex	Male	163	57.8	57.8
	Female	119	42.2	100
	Total	282	100	
Age	< 25 years	48	17.0	17.0
	25-35 years	115	40.8	57.8
	36-45 years	76	27.0	84.8
	>45 years	43	15.2	100.0
	Total	282	100.0	
Educational level	Diploma and blow	150	53.2	53.2
	Degree	74	26.2	79.4
	Masters	58	20.6	100.0
	Total	282	100.0	
Work experience	< 5 year	58	20.6	20.6
	5-10 years	154	54.6	75.2
	11-15 years	70	24.8	100.0
	Total	282	100.0	
Job category	Engineering	20	7.1	7.1
	Purchasing and procurement	27	9.6	16.7
	quality assurance	14	5.0	21.6
	operation	187	66.3	87.9
	Human resource	14	5.0	92.9
	finance	8	2.8	95.7
	Other	12	4.3	100.0
	Total	282	100.0	

Source: Survey data, 2023

4.3.1 Gender of the respondent

The gender distribution of the study's participants is shown in the above table by frequency and percentage. According to the 4.2 above 163 (57.8%) of the 282 respondents were male and 119 (42.2%) of the respondents were female. This demonstrates the relative male dominance that currently exists in the sampled population.

4.3.2 Age of the respondent

Table 4.2 above reveals research participants divided in to four age categories. Respondents in the category < 25 years and 25-35 years count 48 (17.0%) and 115 (40.8%) respectively; whereas, those in the age category 36-45 and above 45 are 76 (27%) and 43(15.2%) respectively. This shows that the study population was dominated with young generation of employees in the productive age category.

4.3.3 Educational level of the respondent

Table 4.2 on the above shows higher level of educational achievement attained by respondents. Out of the total participants majority, 150 (53.2%) had college diploma level education and below. The majority, 74 (26.2%) and 58 (20.8%) have completed their first and second degrees respectively. This shows that the largest proportion of the study participants' have not completed first degree level educational background.

4.3.4 Work experience of the respondent

Table 4.2 above reveals distribution of respondents four categories of work their experience. About 58 (20.6%) of them belong to the category of new entrants to employment with work experience of less than five years, 154 (54.6%) of them belong to those having five to ten years, 70(24.8%) of the respondents having eleven to fifteen years work experience and none of the respondents have more than fifteen years of work experience.

4.3.5 Job categories of the respondent

Table 4.2 above reveals distribution of respondents on their job categories/departments. About 20 (7.1 %) of them belong to engineering department, 27(9.6%) of respondents belong in purchasing and procurement department. 14(5%) of the respondents working quality assurance department. Majority of the respondent 187 (66.1%) belongs to operation department, 14(5%) of the respondents working in human resource management department, 8 (2.8%) of respondent belongs to finance department and the remaining 12(4.1%) of the respondent belongs to other supporting departments like research and development, marketing and sales.

4.4 Descriptive analysis of the research variables

Creating clear understanding and giving an overall picture of research data is very necessary step in research work. To this end arithmetic mean and standard deviation, the most commonly used forms of descriptive statistics, are given a due emphasis and computed for all of the research variables. According to Pihie and Akmaliah (2009), as cited by (Abdissa, Ayalew, Dunay, & Illés, 2022) it is suggested that the mean score ranges for data interpretation in descriptive statistics of five point Likert scale as follows.

Table 4.3 Cut-point of Mean Score of Five Point Likert Scale Instrument

Mean score	Description
Below 3.39	Low
Between 3.4 and 3.79	Medium
Above 3.79	High

Source: Pihie&Akmaliah, 2009

Therefore, the mean score of the independent variables indicated in table 4.3 here above are analyzed in the light of the specification of Pihie and Akmaliah (2009) as cited by (Abdissa et al., 2022)0.

Table 4.4 descriptive statistics of research variable

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Alignment of HR practice and policy with organization goal and objective	282	2.60	5.00	4.1447	.43682
Integration of HR practice and policy with business strategies	282	2.29	4.29	3.3705	.34531
Focused on long term goals	282	2.20	4.80	3.5199	.44987
Emphasis for employee development	282	2.40	4.60	3.5901	.45107
Organizational performance	282	2.84	4.21	3.5519	.31604
Valid N (listwise)	282				

Source: Survey data, 2023

As shown from table 4.4 Alignment of HR practice and policy with organization goal and objective has a mean distribution of 4.1447 and a standard deviation of 0.43682. This shows that Alignment of HR practices and policies with organization goal and objective among participants in the study area is at a higher state. Integration of HR practice and policies with business strategies has a mean distribution of 3.3705 and a standard deviation of 0.34531. This signifies that the prevalence of Integration of HR practice and policies with business strategies in the study population is at a low state. Focused on long term goals, Emphasis for employee development and Organizational performance have a mean score of 3.5199, 3.5901 and 3.5519 and a standard deviation of .44987, .45107 and .31604. This shows that moderate state of prevalence of variable in study area.

4.5 Correlation analysis

Correlations measure the linear relationship between two variables. It measures the degree to which two sets of data are related. Correlation (r) is a parametric technique which gives a measure of the strength of association between any two variables. The standard correlation coefficient is (Pearson's r) which applies primarily to variables distributed more or less along with interval or ratio scales of measurement (Andy, F., 2006).

In this section, correlation analysis was conducted in the light of each research objectives and hypotheses developed. To determine the relationship between SHRM dimensions (Alignment of HR practice and policies with organization goal and objective, integration of HR practice and policies with business strategies, focused on long-term goals and objectives and emphasis for employee development) and organization performance were investigated using correlation analysis. This provided correlation coefficients, which indicated the strength and direction of the relationship. The p-value also indicated the probability of these relationships' significant. Table 4.5 below shows the results of Pearson correlation on the relationship between SHRM dimensions and organization performance.

According to Sekaran and Bougie (2016) correlation between 0.10 and 0.29, the relationship's strength (r) can be weak. Medium between 0.30 and 0.49, and strong between 0.50 and 1.0. If the correlation is less than 0.05, it is negligible, and if it is greater than 0.9, it is absolute. The

correlation portion of the analysis is shown below so that readers may understand the relationship between the variables.

Table 4.5 *Correlation between Variables*

		Correlations				
		ALO	IBS	FLG	EED	OP
ALO	Pearson Correlation	1				
	Sig. (2-tailed)					
IBS	Pearson Correlation	.426**	1			
	Sig. (2-tailed)	.000				
FLG	Pearson Correlation	.385**	.382**	1		
	Sig. (2-tailed)	.000	.000			
EED	Pearson Correlation	.212**	.361**	.105	1	
	Sig. (2-tailed)	.000	.000	.079		
OP	Pearson Correlation	.570**	.730**	.656**	.435**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: Survey data, 2023

Note: ALO= alignment of HR practice and policies with organizational goal and objective, IBS= integration of HR practice and policies with business strategy, FLG = focused on long term goals, EED = emphasis for employee development and OP = organizational performance.

Table 4.5: above shows that all the explanatory variables are correlated with the dependent variable with different strength. As we can see above here there exists positive and strong relationship between integration of HR practice and policies with business strategy and organizational performance ($r = 0.730$, $p < 0.01$). Which means integration of HR practice and policies with business strategy correlates positively and significantly with overall performance of the organization.

Table 4.5 above also indicated that there is strong relationship between focused on long term goals and organizational performance ($r = 0.656$, $p < 0.01$). This reveals that organizational Dar textile factory correlates with focused on long term goals. It can further be interpreted that that organizational performance is positively and strongly associated organizations focused on long term goals rather than short term objectives.

The other result table 4.5 shows is the relationship between alignment of HR practice and policies with organizational goal and objective and organizational performance. As per the information displayed, there exist substantial relationship between organizational performance and alignment of HR practice and policies with organizational goal and objective ($r = 0.570$, $p < 0.01$). This reveals that organizational performance of Bahir Dar textile factory is correlated with the alignment of HR practice and policies with organizational goal and objective. This relationship between the two variables is further characterized as positive and strong.

Lastly, the correlation matrix revealed that the relationship between emphasis for employee development and organizational performance is moderate and positive in dimension. It is depicted emphasis for employee development is correlated with organizational performance at ($r = 0.435$, $p < 0.01$). This shows the correlation between leader- member exchange and innovative behavior is significant and positive in direction. Therefore, it is possible to conclude that a substantial positive causal linkage exists between emphasis for employee development and organizational performance in Bahir Dar textile factory. All the dimensions of SHRM included in the study are correlated positively with organizational performance of Bahir dar textile factory with strong and moderate strength.

4.6 Regression analysis

Linear regression is the next step up after correlation. It is used when we want to predict the value of a variable based on the value of another variable. Since the both dependent and independent variables are continuous, multiple linear regressions was used in this study. According to Denis (2018) regression serves to predict a dependent variable through determinant variables. As such the data gathered using ordinal scale measuring items whose means are incorporated in to their respective variables. It was started with an investigation that has been made on whether the designated assumptions apply in the regression analysis of this particular study or not.

4.6.1 Multicollinearity

Creswell and Poth (2016) mentioned Multi-linearity refers to the existence of a perfect linear relationship among some or all factors in a specific regression model. With the supposition of tolerance and the use of VIF statistics, the multicollinearity problem needs to be investigated.

According to Field (2013), if the tolerance value is less than 0.1, there has been a critical collinearity-related violation. Liu (2010) claims in a similar manner that a VIF value larger than 10 is also regarded as a critical collinearity challenge. The tolerance values for the research's explanatory variables, which are HR practice and policies alignment with organization goal and objective, HR practice and policies integration with business strategies, focused on long term goal and emphasis for employee development are 0.756, 0.690, 0.791, and 0.862, respectively, as shown in table 4.6 below. The variance inflation factors (VIF) HR practice and policies alignment with organization goal and objective, HR practice and policies integration with business strategies, focused on long-term goal and emphasis for employee development are 1.326, 1.251, 1.201 and 1.087, respectively. The tolerance value and VIF results demonstrate that there is no issue with multicollinearity in these research variables.

Table 4.6 colinarity statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	HR practice and policies alignment with organization goal and objective	.756	1.323
	HR practice and policies integration with business strategies	.690	1.450
	Focused on long term goals	.791	1.265
	Emphasis for employee development	.862	1.160

Source: Survey data, 2023

4.6.2 Normality

The other important assumption in regression analysis is also that the dependent variable should be tested for normal distribution. Normality is used to describe a symmetrical, bell-shaped curve, which has the greatest frequency of scores around in the middle combined with smaller frequencies towards the extremes (Creswell & Poth, 2016). At the same, time it provides indication about insights gap in the data and outliers. The dependent variable in this study is organizational performance. We can test normality assumption by statistical method using skewness and kurtosis and histogram method. In this study histogram method is used to show the normality of the dependent variable. Therefore, normality test is computed for the dependent

variable in this study. The histogram indicated below in Figure 4.1 reveals the fulfillment of the main assumption on the existence of normal distribution.

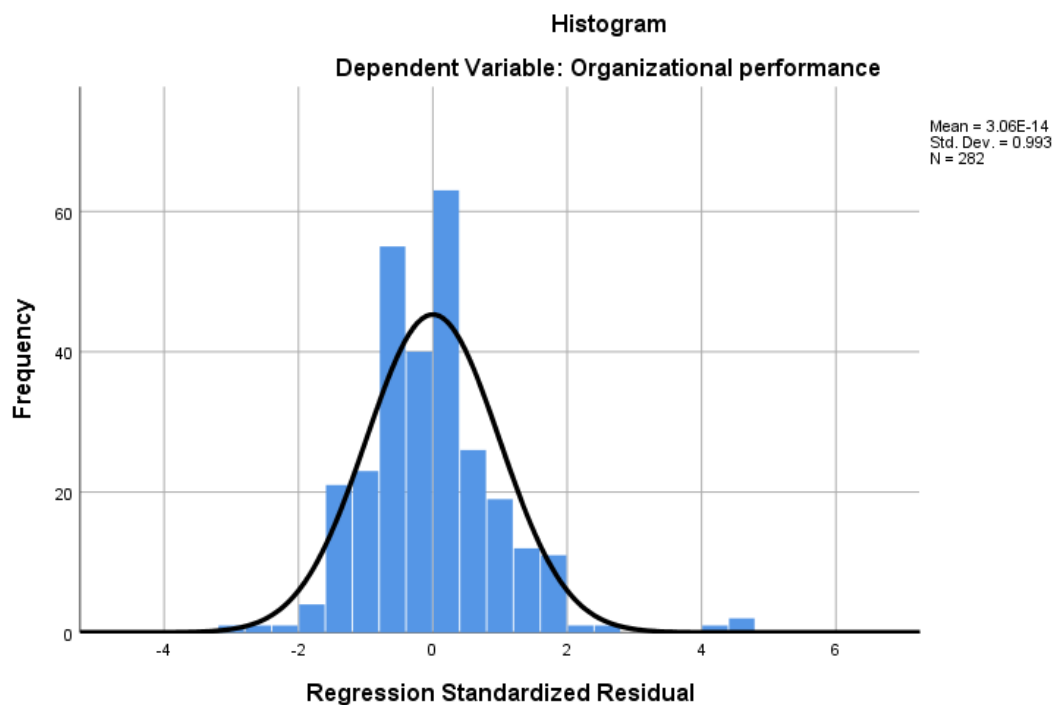


Figure 4.1 normality test histogram

4.6.3 Linearity

The model that relates the response Y to the predictors $X_1, X_2 \dots X_N$ is assumed to be linear in the regression parameter (Bhattacharya, Protim Das, Chatterjee, & Chakraborty, 2021). This means that standard multiple regressions can only accurately estimate the relationship between dependent and independent variables if the relationships are linear. Linearity can be seen in relation to the amounts of the rate of change, between scores on two variables, which are assumed to be constant for the entire range of scores for the variables Gujarati and Porter (2004). To say a relationship is linear, the points in the normal p-p plot should be closer to the diagonal line and should lie in a reasonably straight diagonal line from bottom left to top right. To check the linearity, this study used normal p-p plot as shown below in figure 4.2.

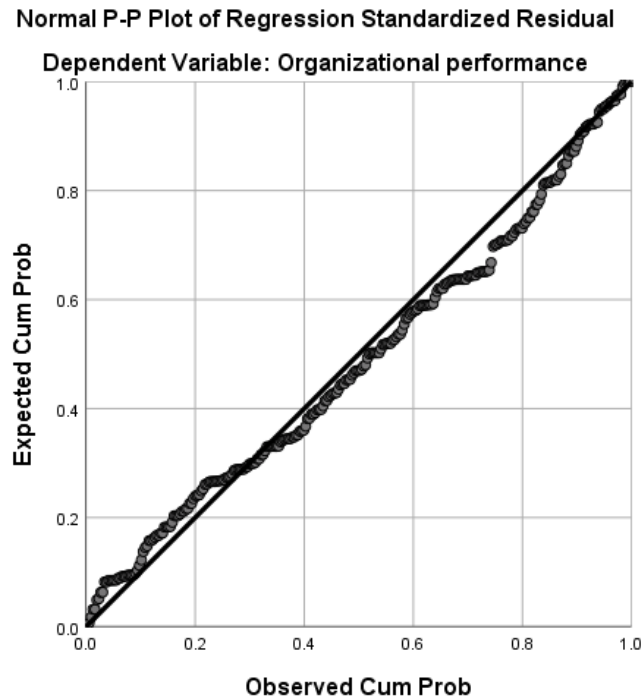


Figure 4.2 Normal point plot of standardized residual

Source: SPSSV-26output, 2023

4.6.4 Homoscedasticity

Homoscedasticity errors are generally assumed to have an unfamiliar but finite variance that is constant across all levels of the predictor variables. This assumption is also known as the homogeneity of variance assumption. As we have seen in figure 4.3 below, it can be assured that the point is random and evenly throughout the scattered diagram and no evidence of funnel-like the shape of points on one side than the other is observed, so no heteroscedasticity in the data is confirmed.

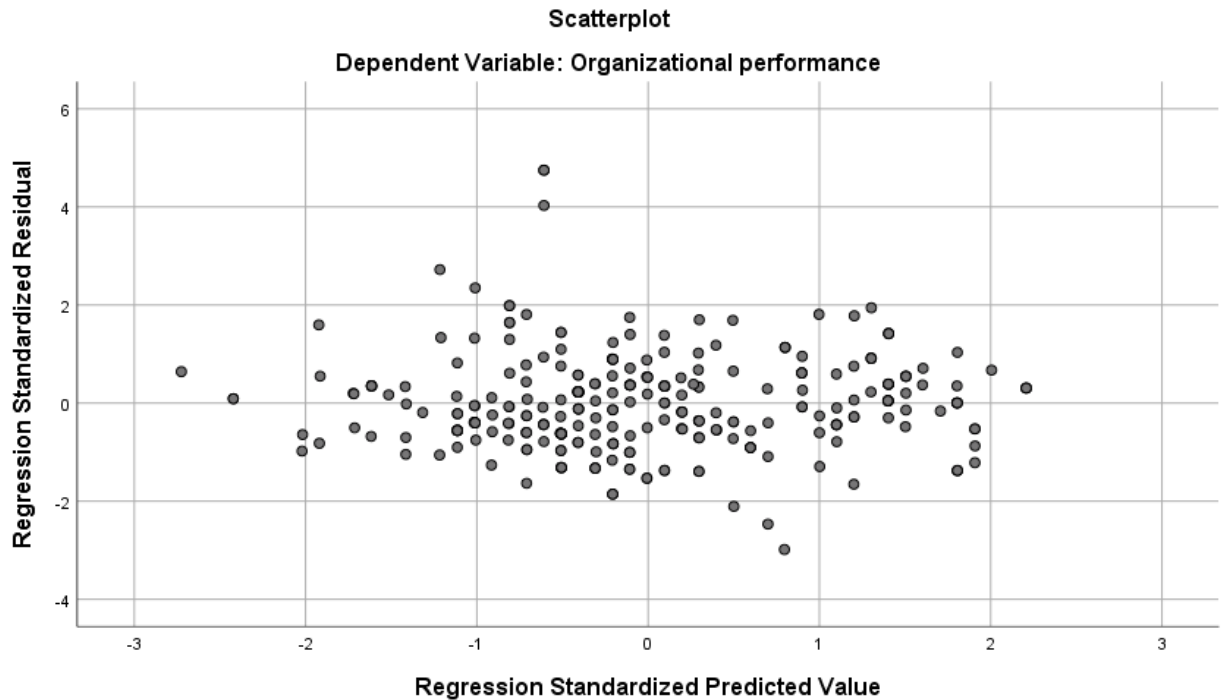


Figure 4.3 scatter plot

Source:SPSSV-26output,2023

4.6.5 Test of independence of residuals

Multiple linear regression models assume the residuals are independent of one another. The Durbin-Watson statistic is used to test for the presence of serial correlation among the residuals. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are not correlated if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50.

Table 4.7 test of independence of residuals

Durbin Watson
1.933

Source:SPSSV-26output, 2023

From the table 4:8 above, it is understandable that the Durbin Watson value of 1.933 was also informative of the fact that the assumption of independence of residuals is satisfied.

Generally, the study discussed five major assumptions that must be fulfilled for one to analyze data using multiple linear regression models. As all the four assumptions had not been violated,

it became possible to examine the data collected by schedule using multiple regression model as follow.

4.6.6 Effect analysis results

Multiple regression analysis is used to measure the statistical effect of each individual independent variable on the dependent variable. The model is an appropriate one for explanatory studies that involve predicting the value of the dependent variable based on the value of more than one independent variables in the study (Field, 2013).

This measurement is made by referring the value of adjusted R^2 to explain the magnitude of the effect of the independent variable on the dependent variable. Thus, the model presents how much of the variance in organization performance is explained by independent variables. The analysis of direct effect of all predictor variables organization performance is presented in the model and coefficient tables below.

Table 4.8 model summery

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.877 ^a	.769	.766	.1550	1.933

a. Predictors: (Constant), Emphasis for employee development , Focused on long term goals, HR integration with business strategies, HR alignment with organization goal and objective

b. Dependent Variable: Organizational performance

Source: SPSSV-26output, 2023

Based on the results indicated in table 4.8above, the correlation between the dependent and independent variable or the value R is .877. R^2 is also called the squared multiple correlation coefficient or the coefficient of determination since $(R)^2 = (0.877)^2 = .769$. Adjusted R^2 (.766) is taken for interpretation. It clearly reflects that 76.6% the total variation in the dependent variable (organization performance) is explained or caused by the change (increase) in all independent variables (alignment of HR practice and policy with organizational goal and objective, integration of HR practice and policy with business strategy, focused on long term goals and emphasis for employee development). The remaining 23.4% of the variation in overall organization performance could be explained by extraneous variables, which are not incorporated under this study.

Generally, the model was found to be significant by explaining 76.6% of the variance on the dependent variable. Given the remaining 23.4% of the variance are attributed to variables not included.

The present researcher in this research produced the ANOVA model to determine whether the model used for research purpose is fit/appropriate or not. The result regarding this is summarized and presented in table 4.9 below.

Table 4.9 ANOVA table

ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.582	4	5.395	230.457	.000 ^b
	Residual	6.485	277	.023		
	Total	28.067	281			

a. Dependent Variable: Organizational performance

b. Predictors: (Constant), Emphasis for employee development , Focused on long term goals, HR alignment with organization goal and objective , HR integration with business strategies

Source: SPSSV-26output, 2023

The study finding in ANOVA table 4.9 indicated that the above-discussed coefficient of determination was significant as evidence of F ratio 230.457 with p-value $0.000 < 0.05$ (level of confidence). Therefore, the model was fit/ appropriate to predict organizational performance using alignment of HR practice and policy with organizational goal and objective, integration of HR practice and policy with business strategy, focused on long-term goals and emphasis for employee development in Bahir dar textile factory.

Table 4.10 Regression Coefficient result

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.175	.116		1.514	.131
	alignment of HR practice and policies with organization goal and objective	.140	.024	.194	5.840	.000
	integration of HR practice and policies with business strategies	.389	.032	.425	12.222	.000
	Focused on long term goals	.279	.023	.398	12.242	.000
	Emphasis for employee development	.139	.022	.199	6.396	.000
a. Dependent Variable: Organizational performance						

Source: SPSSV-26 output, 2023

In multiple linear regression model both standardized and unstandardized beta value of explanatory variable are interpreted separately. Unstandardized beta value used to show the per unit contribution of each independent variable whereas standardized beta value used to compare the influence of each independent variable on the dependent variable (Andy 2013).

As shown in table 4.10, since all the sig value all the explanatory variables included in this study namely alignment of HR practice and policy with organizational goal and objective, integration of HR practice and policy with business strategy, focused on long-term goals and emphasis for employee development <0.05, they have significant effect on the dependent variable organizational performance.

Further inspection of the regression coefficients of individual predictor variables revealed that alignment of HR practice and policy with organizational goal and objective unstandardized Beta of = 0.140, $p < 0.05$); this result shows one unit increase alignment of HR practice and policy with organizational goal and objective can result in 0.140 increase organizational performance. Integration of HR practice and policy with business strategy has unstandardized Beta of = .389, $p < 0.05$); the result can be interpreted one unit increase in Integration of HR practice and policy with business can result in .389 increase organization performance.

Focused on long-term goals has unstandardized Beta value of $\beta_3 = 0.279$, $p < 0.05$); the result can be interpreted one unit increase in focused on long-term goals can result in 0.279 increase organization performance with the same dimension.

Emphasis for employee development has unstandardized Beta value of $\beta_4 = 0.139$, $p < 0.05$); this means that when one unit increase in Emphasis for employee development can result in 0.139 increase organization performance.

The constant in the regression coefficient matrix has unstandardized beta value of $\beta_0 = 0.172$ ($p < 0.05$) this means all the model variables become zero the value of the dependent variable which is organizational performance becomes 0.172.

By having this unstandardized beta coefficient the model developed for testing $Y = \beta_0 + \beta_1 ALO + \beta_2 IS + \beta_3 FLG + \beta_4 EED + \epsilon$ becomes

$$Y = 0.172 + 0.140ALO + 0.389IBS + 0.279FLG + 0.139EED + \epsilon$$

In general, all the four independent variables are significant predictors of organizational performance in Bahir Dar textile factory. Moreover in this finding integration of HR practice and policies with business strategy has a standardized beta value of 0.426 which is the highest of all independent variable standardized beta value followed focused on long term goals. The standardized beta value indicates that from all explanatory variable included in the model integration of HR practice and policies with business strategy is the most predictive variable for the dependent variable organization performance.

4.7 Discussion of regression result and hypothesis testing

As shown in table 4.10 above at a 5% level of significance, the regression unstandardized beta coefficient for the alignment of HR practice and policy with organizational goal and objective is 0.140 its p value < 0.05 . This shows that there is a positive significant effect of alignment of HR practice and policy with organizational goal and objective on organization performance in case of Bahir dar textile factory. Therefore, the study accepts alternative hypothesis H_1 that is alignment of HR practice and policy with organizational goal and objective has positive and significant effect on organizational performance. The study finding also supported by previous research findings (Soomro, 2019) and Schuler (1998) which concludes that organizations human resource policies and practice aligned with the organization goal and objective, the organization

performance and productivity increase support the research finding. The study finding also in-line with resource based view theory and strategic fit theory of strategic human resource management.

Integration of HR practice and policy with business strategy at 5% level of significance, the regression unstandardized beta coefficient is .389, its p value < 0.05 . This implies that there is a positive significant effect of Integration of HR practice and policy with business strategy on organization performance in case of Bahir dar textile factory. Therefore, the study accept alternative hypothesis H_2 that is integration of HR practice and policy with business strategy has positive and significant effect on organizational performance. This research finding align with previous research finding Shin and Konrad (2017) the objective was to examine the effect of strategic human resource management (SHRM) on organizational performance, and the mediating role of high-performance work systems (HPWS) in this relationship. The study concludes that the integration of HR practices and policies with business strategy can lead to improved organizational performance. The study finding also in line with resource based view theory and strategic fit theory of strategic human resource management.

As shown in table 4.10 above at 5% level of significance, the regression at unstandardized coefficient for focused on long term goals is .279, its p value < 0.05 . This indicates that there is a positive significant effect focused on long term goals on organization performance in case of Bahir dar textile factory. Therefore, the study accepts alternative hypothesis H_3 that is focused on long term goals has positive and significant effect on organizational performance. The study finding aligned with previous research findings (Xiaohua Yang, Xiaohui Liu, and Wei Zhang 2019) the objective of this study was to examine the effect of long-term orientation on organizational performance in Chinese firms. The study concludes that focusing on long-term goals and objectives can lead to improved organizational performance, especially in dynamic environments. The study finding also supported by resource based view theory (RBV) of strategic human resource management.

The other issue presented in table 4.10 above is at 5% level of significance, the regression unstandardized beta coefficient for emphasis for employee development is .139, its p value < 0.05 . This shows that there is a positive significant effect of emphasis for employee development on organization performance in case of Bahir dar textile factory. Therefore, the study accept

alternative hypothesis H₄ that is emphasis for employee development has positive and significant effect on organizational performance. This research finding is similar with Muhammad Asif, Muhammad Ahsan, and Muhammad Irfan (2018). The objective of this study was to examine the effect of employee development on organizational performance. The study concludes that emphasizing employee development can lead to improved organizational performance. The study finding also supported by resource based view theory (RBV) of strategic human resource management.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter is constituted of four important sub-components. It starts with summary of results, provides the conclusions based on the findings of this research, forward recommendations for concerned body, show important aspects of limitations and future research implications.

5.2 Summary of major findings

The main purpose of this study was to investigate the effect of strategic human resource management on organization performance in case of Bahir dar textile factory.

Under this research study, quantitative research approach and explanatory research design were used. Four strategic human resource management dimensions namely; alignment of HR practice and policy with organizational goal and objective, integration of HR practice and policy with business strategy, focused on long-term goals and emphasis for employee development selected as independent variables while the organizational performance was the dependent variable.

The target population comprised of 298 employees of Bahir dar textile factory. Proportional stratified sampling used to select sample from the entire population. Research findings were analyzed to enable the researcher to understand what the findings from the data collected meant and this was done with the help of the statistical packages for social sciences (SPSS version 26). The demographic profiles of the respondents were analyzed using percentages and frequencies. As for inferential statistics, tools such as correlation, regression, coefficient, and ANOVA were used to analyze and study the nature of effects between independent and dependent variables. After analyzing the gathered information, the following major findings were identified.

The results of the demographic characteristics of the employees indicated that the majority of the total respondents 163 (57.8%) were males, aged in the range of 25-30 years. 115 (40.8%), of the with educational level of diploma and below 150 (53.6%), with working experience ranging between 5 to 10years 154 (54.2 %), and majority of job category 128 (45.4%) of the respondents are working in operation department.

The major results of the descriptive statistics showed that alignment of HR practice and policy with organizational goal and objective has the highest mean score of 4.1447, which is the highest mean among the dimensions of strategic human resource management. The second most popular dimensions of strategic human resource management perceived by the respondent is integration of HR practice and policy with business strategy which has a mean score of 3.3705. The third most popular dimensions of strategic human resource management perceived by the respondent are focused on long-term a goal which has a mean score of 3.5199. Lastly, the least popular dimensions of strategic human resource management perceived by the respondents is emphasis for employee development which has mean score of 3.5901. The dependent variable organizational performance has mean of 3.5519.

The major findings with regard to the correlation result of this study presented that, alignment of HR practice and policy with organizational goal and objective has positively and strongly correlated to organizational performance having $r=0.570$ and $p=.000$. Integration of HR practice and policy with business strategy and focused on long term goals also positively and strongly related to organization performance having $r=0.730$ and $p=.000$ and $r= 0.656$ and $p= .000$ respectively. The other important dimension emphasis for employee development correlated positively and moderately with the value of $r=0.435$ and $p=.000$.

The multiple regression results also revealed that the four research explanatory dimensions together explain 76.6% of the variation over the dependent variable organization performance. The other remaining percentage (23.4%) has covered by other variables, which are not included in this model.

5.3. Conclusion

In this specific study it was found that alignment of human resource management practice and policies with organizational goal and objective has significant effect on organization performance. Enhancing the alignment of human resource management practice and policies with organizational goal and objective (horizontal fit), results in better overall organizational success.

According to the study's findings integration of human resource management practice and policies with business strategy has significant effect on organization performance. Integration of human resource management practice and policies with business strategy is leads the better

organization performance. When organizations human resource management integrates with overall business strategy mean vertical fit the organization performance showed improvement.

According to the study's findings, focusing on long-term goals and objectives has positive and significant effect on organization performance. It was evident that when human resource focusing on long term goals and objectives rather than short term objectives the company overall organizational performance would increase.

According to the results of the correlation and regression result of the study, emphasis for employee development has significant effect on organizations performance. The results also supported the idea that organizations focused on employee development leads to increase in the performance of the organization.

Generally, all the four research explanatory variables are significant predictors of the dependent variable. From explanatory variables, integration of human resource management practice and policies with business strategy goal found the most significant explanatory variable of all with standardized beta of 0.425.

5.4 Recommendation

Based on the findings obtained and conclusions drawn the following recommendations are proposed. Accordingly, it is crucial for Bahir dar textile factory to make sure that whether the factory human resource management policies and practice are aligned with the organizational goal and objectives (horizontally fit) and integrated with business strategy of the factory (vertical fit). Because those dimensions of strategic human resource management have been found that, they have significant effect on organization performance in this specific study.

Bahir dar textile factory should make sure that when it plans and implement its human resource management policies and practices focused on long-term goals and objectives rather than short term gains. Because the more focused on long-term goals leads to boost the overall organization performance.

Since in this study found that focused on long-term goals and objectives is the most influential dimensions of all SHRM compared to each other, Bahir dar textile factory should give more

concern for this dimension. Human resource departments can engage in strategic workforce planning to align the organization's long-term goals with its workforce needs. This involves analyzing future business requirements, identifying the skills and competencies needed, and developing strategies to attract, develop, and retain the right talent.

Bahir dar textile factory should show concern and emphasis for the development of its employee, by offering training programs, workshops, seminars, and courses to enhance employees' skills and knowledge. These programs can be conducted internally or externally, and can cover a wide range of topics relevant to employees' roles and career growth.

5.5 Direction for further research

Despite the contribution of the present study, its limitations must be noted. Even if the topic of the study entitled the effect of strategic human resource management (SHRM) on organizations performance, the study focused only on four strategic human resource management dimensions. But there are other dimensions of (SHRM) which are not included in this specific study. The study suggests that further studies should examine the effects of other dimensions including the variables like reward and recognition system, and other variables that may have significant mediating and moderating effects.

The research methodology used for this study is primarily of the quantitative. To learn more about the effect of strategic human resource management (SHRM) on organizations performance future studies should include both quantitative and qualitative data or it is better to use mixed research approach. Additionally, this study adopted a cross-sectional data collection method and based on only in quantitative data. In this method, the data was collected at a time. Hence, it is suggested for future researchers to employ longitudinal design.

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APPENDIX-1

BAHIR DAR UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS

Department of management

Research questionnaire (English Version)

Dear respondents: -

The intention of this research questionnaire is to collect data from the respondents in order to examine the effect of strategic human resource management on organizational performance in case of Bahir dar textile factory. The quality of the result for this research will be based on the accuracy of the information you will provide. Eventually, I promise you, the information you will provide me is purely for academic purposes. I would like to thank you for your cooperation and allowing me to take a few minutes of your valuable time.

General direction:

- ❖ For your free and genuine responses, please tick (✓) mark your choice.
- ❖ No need of writing your name.
- ❖ In case of any question please contact me via phone. - 09-21-10-46-27

Part I - General Information of the Respondent

1. Gender: Male ☐ Female ☐
2. Age: < 25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ 56-65 ☐
3. Service years in the organization: 0-5 ☐ 6-10 ☐ 11-15 ☐ > 16 ☐
4. Education level: Diploma and below ☐ Bachelor's Degree ☐ Master's Degree ☐ PHD ☐
5. Job category: Finance ☐ Human resource ☐ Marketing ☐ Operation ☐
Information technology ☐ other ☐

Part II questions related to STHR management dimensions

To what extent do you agree with the following statements the alignment of HR practice and strategies with organizational goal and objective. Please tick (✓) the box with a number from the scale below that best describes your response. Where 5 = strongly agree 4 = agree 3 = somewhat agree 2 = disagree 1 = strongly disagree.

#	Statement	1	2	3	4	5
1	I believe that the factory HRM strategies and practices are aligned with the overall goals and objectives of the organization.					
2	I believe that the factory HR ensures that its strategies and practices are aligned with the organization's goals and objectives.					
3	I believe that the factory HR measures the effectiveness of its strategies and practices in achieving organizational goals.					
4	I believe that the factory HR actively seeks feedback from employees on how its strategies and practices align with organizational goals.					
5	I believe that the factory HR regularly reviews and updates its strategies and practices to ensure alignment with organizational goals					

To what extent do you agree with the following statements the integration of HR strategies and practice with business strategies Please tick (✓) the box with a number from the scale below that best describes your response. Where 5 = strongly agree 4 = agree 3 = somewhat agree 2 = disagree 1 = strongly disagree.

#	Statement	1	2	3	4	5
1	I believe that the Bahir dar textile factory HRM policies are interconnected with a company values					
2	I believe that the Bahir dar textile factory HR actively seeks feedback from employees on how its strategies and practices align with the business strategy.					
3	I believe that the Bahir dar textile factory HRM practices are interdependent and integrated with each other					
4	I believe that the Bahir dar textile factory HRM practices are coherent with other departments.					

5	I believe that the Bahir dar textile factory HRM practices are business driven					
6	I believe that the Bahir dar textile factory HRM practices work together to achieve organizational objectives					
7	I believe that the Bahir dar textile factory HRM practices are compatible (are aligned) with the organization structure					

To what extent do you agree with the following statements pertaining focus on long-term goals in your organization Please tick (✓) the box with a number from the scale below that best describes your response. Where 5 = strongly agree 4 = agree 3 = somewhat agree 2 = disagree 1 = strongly disagree.

#	Statement	1	2	3	4	5
1	I believe that Bahir dar textile factory HR focuses on long-term goals and objectives, rather than short-term fixes.					
2	I believe that Bahir dar textile factory HR ensures that its strategies and practices are aligned with the long-term goals and objectives of the organization.					
3	I believe that Bahir dar textile factory HR measures the effectiveness of its strategies and practices in achieving long-term goals and objectives.					
4	I believe that Bahir dar textile factory HR actively seeks feedback from employees on how its strategies and practices contribute to long-term success.					
5	I believe that Bahir dar textile factory HR regularly reviews and updates its strategies and practices to ensure alignment with long-term goals and objectives.					

To what extent do you agree with the following statements pertaining emphasis for employee development in your organization. Please tick (✓) the box with a number from the scale below that best describes your response. Where 5 = strongly agree 4 = agree 3 = somewhat agree 2 = disagree 1 = strongly disagree.

#	Statement	1	2	3	4	5
1	I believe that Bahir dar textile factory HR ensures that employees have the skills and knowledge needed to achieve organizational goals.					
2	I believe that Bahir dar textile factory HR emphasizes employee development and training					
3	I believe that Bahir dar textile factory HR measures the effectiveness of its employee development and training programs.					
4	I believe that Bahirdar textile factory HR actively seeks feedback from employees on the effectiveness of its employee development and training programs.					
5	I believe that Bahir dar textile factory HR regularly reviews and updates its employee development and training programs to ensure effectiveness.					

Part III questions related to organizational performance

Please tick (✓) the box with a number from the scale below that best describes your response.

Where 5 = strongly agree 4 = agree 3 = somewhat agree 2 = disagree 1 = strongly disagree.

	Dimensions	1	2	3	4	5
#	<i>Customer perspective</i>					
1	I have observed that Bahir dar textile factory customers are satisfied with the textile factory services delivery.					
2	I have observed that Bahir dar textile factory customers increased.					
3	The textile factory HR result in an increase in revenues					
4	The factory HR result in a decrease in costs					
	<i>Finance Perspective</i>					
5	I have observed that Bahir dar textile factory revenue increased.					

6	I have observed that textile factory revenue outflow decreased.					
7	I have observed that textile factory resource utilization improved.					
	<i>Internal process perspective</i>					
9	I have observed that textile factory service accessibility improved.					
10	I have observed that textile factory communication and branding activities are improved.					
11	I have observed that textile factory product and services portfolio increased.					
12	I have observed that textile factory service quality increased.					
13	I have observed that textile factory fraud prevention performance has been enhanced.					
14	I have observed that textile factory infrastructure and information systems security has been enhanced.					
	<i>Learning and Development</i>					
15	I have observed that textile factory corporate culture has been improved.					
16	I have observed that textile factory employee satisfaction has been improved.					
17	I have observed that textile factory performance in deployment and utilization latest technologies has been improved.					
18	I have observed that the textile factory organizational process and structures has been improved.					
19	I have observed that textile factory performance in building the staffs capacity has been improved.					
20	I have observed that textile factory performance in building the management capacity has been improved.					

Thank you in advance!!!