

STRATEGIC HUMAN RESOURCE PRACTICES AND ORGANISATIONAL PERFORMANCE AMONG COMMERCIAL BANKS IN ABUJA METROPOLIS

UDEH, Chinenye Justina¹, C.P.A GBANDE Ph.D² & Ahmed IBRAHIM Ph.D³
^{1,2&3}Department of Business Administration, Nasarawa State University Keffi

Abstract

The study was aimed at examining the effect of strategic human resource management on the performance of commercial banks in Abuja, Nigeria. Specifically, the study evaluated the relationship between compensation and performance of the banks; examined the extent to which recruitment and selection affects performance; determined the relationship between performance appraisal and performance of the banks. This study adopts the descriptive survey research design to gather responses directly from respondents for the purpose of analysis. The target population comprises of all the 8,091 staff of all the branches of the 12 listed commercial banks currently operating in Abuja Metropolis. The sample size 586 which was arrived at with the use of Yamane's formula while the Simple random sampling technique is then used to select the respondents. The study used multiple regression analysis technique for the purpose of analyzing the data. The study has established that compensation, recruitment and selection and performance appraisal had significant impact of the performance of commercial banks in Abuja, Nigeria. Hence, the study concludes, that at the crust of achieving higher levels of performance is the import of engaging SHRM practices especially compensation, recruitment and selection and performance appraisal. Thus, the study recommended that banks equip their human resource departments with competent, well trained and experienced individuals since for banks human capital is most important assets of the organization.

Keywords: Strategic Human Resource Management, Compensation, Recruitment and Selection, Performance Appraisal, Banks Performance, Abuja.

Introduction

Banking is one of the most important economic sectors globally. It is one of the main sectors driving the wheel of economy. The importance banks lie in that fact it provides financial services to individuals and organizations alike, belonging to both the public and private sectors (Hamza & Khan, 2014). Banks represent intermediaries between two groups of entities in the society, which are the savers (depositors) and investors (borrowers) (Basit, Sebastian & Hassan, 2017). In recent years, the banking sector has witnessed substantial growth and has turned into a knowledge-intensive sector. It has also become of a more dynamic nature and witnessed increased competition, and that is due to the increased globalization in the market. The emerging global competition where more focus is placed on customer satisfaction, speed in service delivery and flexibility in business have created challenges in all types of organizations in modern market economy (Issah & Amah, 2021). The efforts at achieving excellence are through the fundamental elements of the human resource management that is focusing on learning, quality of work, team work and reengineering which are driven by the way organization get things done and how they treat their people.

Strategic human resource management (HRM) is a set of practices carried out for managing employees' performance, stimulating their motivation, and developing their abilities. Human

resource management is referred to as a set of strategic practices aiming at employing people effectively and building a workforce characterized by competency and strong commitment, and that is for the purpose of attaining the organization's goals (Hecklau et al., 2016; Helfat & Winter, 2011).). It is a strategic approach adopted by the organization for the purpose of managing people, who constitute the most valuable resource for any organization and who contribute to attaining its goals (Patro, 2013). The effective implementation of these practices can help the organization in maximizing employees' performance, leading to improving the organization's performance and attaining competitive advantage.

Effective HRM is something that distinguishes successful organizations from unsuccessful ones (Šikýř, 2013). Through effective HRM practices, the organization can ensure the attainment of higher levels of competency and flexibility compared to competitors. This is achievable through implementing policies that can ensure hiring, retaining, and developing competent employees and directing their behaviors and actions with accordance to organizational goals. Thus, the organization will be more capable of achieving higher levels of performance and sustaining competitive advantage in the market, especially if the adopted policies cannot be duplicated by others (Rawashdeh & Al-Adwan, 2012).

One dimension of HRM concerns is compensation, which is the provision of rewards (both financial and non-financial) to employees. Rewards provided to employees are not equal in quantity or quality. There are various criteria by which the amounts and types of rewards are defined, and these criteria include the value of the job position to the organization, level of performance, number of efforts spent, and the employee's contribution (Jouda et al., 2016; Jolaosho, Shodiya, Olajide & Akintan, 2018). Another priority for HRM department in any organization is the recruitment of qualified employees and selection of most suitable and talented from among them. Recruitment and hiring (selection) are two complementary processes; recruitment involves launching a campaign for attracting applicants who meet certain criteria, while in the hiring process the employees who are deemed the most competent and suitable for achieving organizational goals are selected (Osifu & Lawal, 2019). Literature again identifies performance appraisal as predictor of organisational performance because it involves a process or way of determining and communicating how the employees do their jobs and come up with a plan for improving the process of carrying out work responsibilities. Fakhimi and Raisy (2013) aver that performance appraisal is essential as it gives updates on the performance of the employees; it identifies training needs and come up with plans for employee development. With a good appraisal system those who contribute more will be adequately rewarded and the right type of people are likely to be promoted into positions of higher responsibilities

Meanwhile, maintaining sustainable performance and competitiveness in the banking sector is one of the main challenges that banks have to address in order to attain success, especially in the light of the highly dynamic nature of contemporary business environments. Achieving sustainable performance is important for achieving organizational success. It is related to the achievement of profitability and protection of the market share. However, improving performance is a considerable challenge; it requires that the organization modifies its strategies in order to adapt to changing conditions (Abdullahi, Murat & Michael, 2021). One of the key areas of organizational management that play a significant role in improving the sustainability of performance is human resource management (HRM).

The study is motivated by the consistent dwindling of banks performance in the Nigerian economy despite the heavy reliance of citizens on them for a multiplicity of their transaction and the subsequent failure or merger of these banks even with the reconsolidation. It is believed that an indebt analysis into the human resource strategy which is banks must import capital can avail some of the challenges faced in effectively managing human capital. Thus, the thrust of this study is to examine the effect of human resource strategies on the performance of listed commercial banks in Abuja Metropolis.

Statement of the Problem

Human resource management (HRM) practices are being increasingly considered as major contributory factors in performance of organizations especially banks that rely heavily on human capital as its most influential intangible assets. In order to improve the organizational performance, strategies in the human resources are among the elements taken into consideration. Efficient and skilled manpower can manage the financial risks that the banks need to take on regular basis. The Human Resource department is responsible for finding such talented manpower and placing them in right positions in the banks. However, it has been observed that there is high level of employee turnover and misplacements of employees in the banks which points to the inability of the banks to efficiently employ the various strategies of managing human resources.

Another major problem is in the recruitment and selection of people who work in banks. For any organization dealing with people requires a good human resource management for efficient working of the organization. Banking for instance has been and will always be a "People Business". Efficient and effective management of the human resource especially with regard to issues of staffing in the organization turns it a successful one. For banking, the importance of human resource management has grown manifold because the nature of the banking industry, which is mainly service based. The management of people in the organization **along with** handling the financial and economic risks at the wider level is the most potent challenges in front of the banking industry in any given time frame. Efficient and skilled manpower in the sector can only manage the financial risks that the banks need to take on regular basis. The Human Resource department is responsible for finding such talented manpower and placing them in right jobs in the banks.

There is also an ever-existing problem of customer satisfaction in the banks across the country. Apart from the risks in the banking sector, the people handling the day-to-day affairs in the banks need to keep the **customer satisfaction** in mind. The people working at the front office become the face of the bank and thus it is the responsibility of the HR to make sure there are eligible people working up front. They need to make sure that the candidates selected in the banks go through necessary training and orientation before they begin their work, so that they are aware of the nuances of the core banking industry and customer relationship, better. This is often frequently lacking. The HR management needs to think both about the quantity and quality requirement in the banking sector and deal with the shortage in the skilled manpower supply in the sector efficiently.

Considering the operational problem and in a bid to addressing this research gap, this study therefore seeks to examine the effect of HRM (measured by; leadership style, compensation,

recruitment and selection, employee participation and performance appraisal) on nonfinancial performance of banks in Nigeria (measured by: customer retention, customer orientation, empathy, market penetration). The dimensions for both human resource management and performance matrices and unique which to the best of researcher's knowledge and as extant literature reveals no study has combined such variables.

Objective of the Study

The main objective of this study is to examine the effect of human resource management on organizational performance among listed commercial banks in Nigeria. The specific objectives are to;

- i. assess the effect of compensation on the performance of listed commercial banks in Abuja Metropolis
- ii. determine the effect of recruitment and selection on the performance of listed commercial banks in Abuja Metropolis
- iii. identify the effect of performance appraisal on the performance of listed commercial banks in Abuja Metropolis

Statement of Hypotheses

The following hypotheses will guide the study

- Ho1:** Compensation has no significant effect on the performance of listed commercial banks in Abuja Metropolis
- Ho2:** recruitment and selection have no significant effect on the performance of listed commercial banks in Abuja Metropolis
- Ho3:** Performance appraisal has no significant effect on the performance of listed commercial banks in Abuja Metropolis

Literature Review

Human Resource Practices

According to Katou (2011), Human capital is one of the key factors that provide flexibility and adaptability to the organization. According to Rundle (1997) the people or the human resource are the adaptive mechanism not the organization or firm that determines the response of the organization towards the competitive environment. Human Resource Management helps to select the right person, for the right job, at the right time and at right position in a changeable surrounding. According to Schuler & Jackson (1987); Schuler & Macmillan (1984); and Wright & Snell (1991); Human Resource Management comprises of the activities of an organization directed towards the management of the human resources and taking care of the facts that the resources are appointed at the right place and time for the right purpose for the fulfilment of the goals of the organization.

According to Dobre (2012), human resource strategy entails the activities that would ensure the development of employees that would ensure they perform to improve the organizational performance. Human resource management practices go beyond the selection and recruitment of the employee.

Wright et al. (2005) provide a standard definition of human resource management as a strategy of achieving competitive advantage by deploying a competitive workforce. According to Cascio (2015), human resource practices are a set of activities that should be done to achieve the objectives of the organization. The selection and recruitment of the employees is a critical practice that should have a procedure that promotes the admission of qualified personnel into the organization. Albrecht et al. (2015) emphasizes on training and development as an essential HRM practice that would need to get to improve the skills of employees. To retain the employees, Jouda, Ahmad and Dahleez (2016) proposes a proper compensation plan as HRM practice that will see most employees remain at the institution. Lucrative compensation plans promote productivity and a high employee retention rate. Also, an organization should have ways of managing the performance of employees.

Human resource management (HRM) includes tasks like HR preparation, human resources management, strategic recruiting, employee training, growth compensation management, efficiency, worker relations, health care, employee satisfaction as well as provision of employee services. It includes policies and practices set to improve organizational efficiency, engagement of employees and work quality (Khan & Abdullah, 2019). Gbolahan (2012) opined that having HRM practices in place, would positively improve the firm's performance; such as, revenue returns, benefit, competitiveness and market share. There is an abundance of HRM strategies which are suitable for the development of organizational effectiveness (Abdullah et al., 2017). The concept takes in all three aspects: Individual, organizational, and financial in addition to being material. According to Sadikova, (2020), an organization's contribution to the employee's productivity is not necessarily maximized because the workers are not exerting their full capacity (generating their optimal yield) offices, benefits for their employees and enable companies to bring in more hires who have more experience, expertise, skills, and capacities for employees (Yong et al., 2020).

Compensation

According to Tulenan (2015), compensation is explained to be the economic, monetary, and non-monetary benefits that employees obtain for the work done and individual contributions to the progress of the organization. Armstrong and Brown (2001) in defining compensation conceptualised it as an adequate and equitable remuneration for employees due to their contributions to achieving organisational objectives. Roa (2011) asserted that compensation is what employees receive in exchange for their contribution to the organization. Employees usually offer their services for three types of rewards which are base pay, pay incentives and benefits. Compensation has a great influence on the recruitment of employees, motivation; productivity and employee turnover (Wekesa & Nyaroo, 2013). Azhdar et al. (2015) and Obi Anike and Ekwe (2014) averred that compensation varies across the type of job, the kind organizations, countries, and industries but should however be fair and adequate to carry the employee through. They also indicated that compensation produces several organizational outcomes such as job satisfaction, low absenteeism, positive organizational image, loyalty among others not taking away improvement in employee's performance. According to Nigusie and Getachew (2019), compensation is divided into intrinsic and extrinsic. The extrinsic compensations come in the form of salary/wages/pay, bonuses, promotions, and fringe benefits. The intrinsic compensations are psychologically motivated which come in the form of praise, recognition, empowerment, job security, promotion among others (Gey van Pittius-Bergh, 2018).

Compensation is explained as the overall income that is monetary and non-monetary of an employee as a result of work completed or performed for an organization in a given period (Okwudili, 2015). Compensations are described as the returns of an individual for work done (Obi, Anike & Ekwe, 2014). According to Nigusie and Getachew (2019), compensation of an employee is determined by several factors among such as the qualifications, skills, creativity, knowledge scope, competencies, experience, position, achievements, type of work, location of work, and the capacity for an organization to fulfill compensation obligations. Past researchers have shown that compensation posits to be the foremost important aspect of a job that promotes several organizational and employee behaviors such as achievement of organizational targets, create a healthy working atmosphere, promote innovation and creativity, and ensure employee retention. However, it is indicated that the evidence of an appropriate compensation plan is reflected in the employee's performance or output (Fischer & Lindermoyer, 2020; Nigusie & Getachew, 2019).

Recruitment and Selection

Recruitment is the process of generating a pool of capable candidates applying to an organization for employment (Gold, 2007). According to Armstrong (2006), the aim is to obtain, at a minimum cost, the number of suitable and qualified candidates to satisfy the needs of the organization. El-Kot and Leat (2008) observation are that recruitment begins with advertising existing vacancies. Recruitment is central to any management process and its failure can increase difficulties for any organization including an adverse on its profitability and inappropriate levels of staffing or skills (Soliman, 2000). According to Eze (2002), recruitment is the process of finding and attempting to attract job candidates who are suitably qualified and therefore capable of filling vacancies in job positions. The purpose is to encourage them to apply for the vacant position. Costello (2006) affirm that recruitment is a set of activities and processes used to legally obtain an adequate number of qualified applicants at the right place and time to enable the applicant and the organization selects each other for their optimum interest.

The chartered institute of personnel management of Nigeria (CIPM) in 2007 defined recruitment as the process of identifying and attracting or encouraging individuals with the requisite skills and profile (potential candidates) to apply to fill existing or future vacant positions in the organization by making them aware that such vacancies exist. Jovanovic (2004) noted that recruitment is a process of attracting a great pool of high-quality applicants to select the best candidate among them. According to Niles (2013), recruitment is organizations process of attracting applicants to jobs in an institution. Ofori and Aryeetey (2011) also define recruitment as the process of generating a pool of capable people to apply for employment in an institution. Recruitment can come from internal and external sources.

According to Nwaiwu (2009) internal recruitment means considering present employees as applicants for available positions. When there are some job vacancies to fill, an internal source of recruitment is a comfortable option. This can be done through either promotion or transfer. The employee who has the required knowledge and skills for the jobs can be assessed against other external applicants, and the best one will be selected (Rashmi, 2010). Recruiting from internal sources was proof to carry several benefits. It acts as a great motivator that encourages current employees to improve their performances for better career opportunities. The attrition rate is lower, as the recruitment, selection and induction costs and training time is also reduced greatly. Besides, the mutual knowledge between the employee and the organization eliminates major

risks associated with recruits. The transferred or promoted employees also understand company culture, which helps them adapt more quickly to the new positions (Rashmi, 2010).

Performance Appraisal

Natalie (2014) describes performance appraisal as a process or way of determining and communicating how the employees do their jobs and coming up with a plan for improving the process of carrying out work responsibilities. He continues that performance appraisal is essential as it gives updates on the performance of the employees; it identifies training needs and come up with plans for employee development. Fakhimi and Raisy (2013) conceptualized performance appraisal as a reference for moral and financial appreciation of employees and because of development of continuous communication between employees and the organization, it improves employees' performance. Thus, employees' activities, performance and outcomes are organization's expectation that performance appraisal process assists in explaining them. Performance appraisal is defined by Malik and Aslam (2013) as a formal process that allows for determining the extent organization's current employees have been able to manage their job in line with the organizations predefined criteria. It is the degree to which an organization fulfils its pre-agreed set objectives.

Tekalegn, Solomon and Gebre (2016) see performance Appraisal (PA) as the process of determining and communicating to employees how he or she is performing on the job and ideally establishing a plan of improvement. They add that if performance appraisal system (PAS) is successfully carried out in an organization, the employees would be able to know how well they are performing and what is expected of them in future in terms of effort and task direction through an established plan for performance improvement. So, performance appraisal is a useful tool for understanding and assessing employee skill and potential. Hartzell (2006) further conceptualized performance appraisal as a systematic evaluation of the performance of an employee on his present job and also in relation to future jobs that he may be required to take up. It measures and evaluates the results of the performance of workers pointing out their potentialities and deficiencies so that they can improve over time. A good appraisal system is so fundamental to the management of people in any organization. The success of the organization itself depends largely on a good appraisal system. With a good appraisal system those who contribute more will be adequately rewarded and the right type of people are likely to be promoted into positions of higher responsibilities (Stonner, Freeman & Gilbert, 2005).

Concept of Performance

Performance is defined circumstantially as what the organization hires one to do in an institution. Therefore, only actions which can be scaled or measured are considered to constitute performance, (Boohene & Asuinura, 2011). Katou (2011) on the other hand looks at performance in terms of the ability of employees to meet set deadlines/objectives, teamwork, low turnover rate, increased profitability, employee satisfaction, improved employee wellbeing, productivity, complete integration and synergy between individual career goals and alignment to the firms' objectives, growth, sense of identity, social responsibility and flexibility.

According to Khang et al. (2014), performance is determined by the extent to which it achieves its objectives, its efficiency and effectiveness in attaining its economic, operational and market-oriented objectives. Therefore, it can be argued that it is of paramount concern how well an organization implements its policies and programs and fulfills its strategic mission and vision.

Performance of the firm relates to the extent to which the goals of a company are or have been achieved. Organizational performance also relates to a measure of how well a company uses its resources to achieve its objectives and goals (Bennett, Lance & Woehr, 2014). Parmenter (2015) noted that an organization's performance is used to assess over a specified period of time the general economic and non-financial well-being of the firm. Consequently, the accomplishment of an organization is evaluated by several qualitative and quantitative indicators. These have to do with economic efficiency, customer satisfaction, the creation of quality goods and services, innovation and creativity, and employee engagement.

Performance is thus a subset of organizational effectiveness that covers both operational and financial outcomes objectives, (Selvam, Gayathri, Vasanth, Lingaraja, & Marxiaoli, 2016). Performance in firms is based on the premise that for a firm to achieve a collective purpose, then there must be voluntarily associates productive assets that include human, capital and capital resources (Monday et al., 2015). Agreeing to Al-Matari, Abdullah Kaid, and Fadzil (2014), the position of performance can be argued with three measurements: Managerial, experimental, and theoretical. The managerial significance is obvious from many applications on how committed managers can enhance businesses performance. The experimental intellectual, part of this, is developed and further improved in the several debates of researchers who examine the effect of particular strategies on business performance in the actual environment and the theoretical reasoning derives from the well- verified concept that (superior) performance is the period test of any strategy (Venkatraman & Camillus, 2012).

Empirical Review

Issah and Amah (2021) examined the impact of compensation on performance of private hospitals in Rivers State. Eighty formed the sample size from a population of 100 nurses in 10 private hospitals in Rivers State. A structured questionnaire was used as the primary source of data collection. Out of 80 copies of the questionnaire distributed, 72 were retrieved and confirmed valid for the analysis. The findings of the study revealed the dimensions of compensations (salary and promotion) were positively and significantly related with the measures of performance. The study was done on hospitals while the currents study is in the banking sector which have immense value for human capital.

Roua and Uzma (2021) ascertained the effect of compensation on performance of SMEs in Jeddah city, Saudi Arabi. The population comprises employees and the manager of five small and medium size organizations in Jeddah city, Saudi Arabia. There are 100 employees and managers responding to questionnaire. The data was collected using the mobile survey from the employees of the selected organization. The data after the cleaning was analysed with linear regression using Microsoft Excel based on graphical presentation and frequency tables. The study found that there was positive correlation between the compensation and performance of SMEs in Jeddah city, Saudi Arabia. A study in Saudi Arabia cannot be effective in respect to decision making in the Nigerian context due to problems of external validity in knowledge.

Abdullahi, Murat and Michael (2021) investigated the effect of recruitment on the performance of first bank branches in North West, Nigeria. The study used survey research design. The population of this study comprises of all the branches of first bank Plc in North West, Nigeria which is 98 and 6931 population of employees. Taro Yamane formula was adopted to realize the sample size of 378. The study collected data from the respondents who were employees of First

bank Plc branches in North West, Nigeria. Descriptive statistics, correlation test and regression, were used for analysis. The study found that recruitment has a positive and significant effect on the effectiveness of branches of First Bank Nigeria Plc, North West, Nigeria. This current study will be conducted on the banks in Abuja Metropolis.

Sulaimon, Hassan and Ebhohon (2021) examined the effect of recruitment and selection practices on employees' performance of selected deposit money banks in Nigeria. Survey research design was used to obtain primary data from 126 sampled managerial staff of the largest six deposit money banks (DMBS) through a four-point likert scale questionnaire. Hypothesis were formulated and subjected to linear regression statistical test at five percent significance level with the aid of Statistical Package for Social Science (SPSS). Results showed that recruitment and selection practices have significant effect on employees' performance of the selected DMBs. The study ignored other banks and concentrated on only six banks while the current study will cover the entire 13 banks currently quoted on the Nigerian stock exchange.

Akindele, Oludare and Taiwo (2020) investigated the effect of performance appraisal strategy on employee performance with specific reference to selected Nigerian banks. Five banks were selected through purposive method. Judgmental sampling technique was also used to select Head of Operation, Accountant, Auditor, and Branch Manager from 5 branches of the selected banks in Ibadan metropolis, Oyo State, Nigeria. One hundred (100) respondents served as sample size for the study. The data collection instrument for the study was structured questionnaire to elicit information. Simple percentage and Ordinary Least Square (OLS) were adopted for data analysis. Findings show that performance appraisal in Nigerian banks has a significant effect on employee performance. This study selected only five banks and as such the result cannot be fully generalized for the entire banks since the need for a study that covers the entire quoted banks in Nigeria.

Ibrahim and Liman (2019) explored the effect of performance appraisal on the performance of bank employees in Nigeria. The study utilized a cross sectional design. The population of the study comprises employees working with selected branches of Guaranty Trust Bank, UBA, Unity Bank and First Bank branches in Kano metropolis. The total size of the population size is 318 employees. Non probability sampling technique was adopted as both branches and the 102 respondents were selected purposively. The purposive sampling was adopted and primary data was collected from 102 employees based on a seven-point Likert scale. Hypotheses were formulated, tested and analyzed using Pearson Coefficient Correlation and SPSS was employed for the analysis using Multiple Regressions and correlations. The findings of the study revealed that performance appraisal has a significant and positive of effect on bank employee performance. The study was done in Kano metropolis while the current study focuses on Abuja Metropolis.

Theoretical Framework

Human Capital Theory

Gary Becker (1962) propounded Human capital theory and it stated that a different level of education and training contribute to a different level of wages and salaries, the more knowledge, skill and ability, the more likely to get a better job (Blair, 2012). According to Gary Backer (1964), human capital is a physical means of production. Organizations invests in human capital via education, training, and health. Later, Thomas Davenport (1999) advanced that "the

component of human capital consisted of abilities, knowledge, skill, personal talent, behavior, and effort, when those three components plus time” (p10), he extended that 1) the knowledge included IQ, intelligence, specific and general knowledge to work. 2) Skill is expertise used in working, including the physical body, and movement of the job. 3) Talent is a personal characteristic which is innate and can be improved by development. 4) Behavior is an expression and observable behavior, norm, ethics and personal belief. 5) Effort is when people try to use their innate or personal resources including their talent, experience, knowledge and ability to work to be successful, and finally there is time.

According to Becker (1964), human capital can be accumulated in different forms of education, training, migration, and health. Through such forms, employees gain knowledge, skills and abilities in different ways. Firms invest in human capital because these firm view humans as an asset and expect that what the firm has invested will be returned and provide a positive value in the future. In other words, an individual investment in their schooling or training and anticipate that the knowledge, skill earned will be enhanced to their career advancement. Ulrich (1998) argued that traditionally human resource of labor and business function has been viewed as a cost to be minimized. However, nowadays, human resource is now viewed as human capital which leads to a source of value. Still, Phillips (2005) said that there is a tremendous paradigm shift which has occurred in the concept of human capital from the traditional to the present view. These shifts changed human resource function by moving from an activity-based process to result-based which is more connected and aligned with business strategy and views human capital as a value creation to be used in strategic management. Moreover, Vejchayanon (2005) argued that human capital concept is seen that employees are an asset and should be developed, and integrated with multi-dimensional technology. However, the paradigm of the human capital shift from an activity-based (focus on a specific measurement, input focus, preparing for a routine works, etc.) to a result-based (focus on result and total performance such as business impact, cost-benefit analysis, output focus, and performance effectiveness) paradigm affects the human capital policy and practice by focusing more on the bottom line instead of top-down management (Phillip, 2005).

Methodology

This study adopts the descriptive survey research design to gather responses directly from respondents for the purpose of analysis. The target population comprises of all the 8,091 staff of all the branches of the 12 listed commercial banks currently operating in Abuja Metropolis. Only commercial banks listed on the Nigerian Exchange Group were chosen because they are key players in this sector and there is high level of regulation in respect to human capital acquisition and management.

Table 1: list of listed commercial banks in Abuja Metropolis

S/ N	Name of Organization	Number of Staff
1	Access Bank	1,174
2	First Bank Holding	1,059

3	First City Monumental Bank	429
4	Guaranty Trust Bank	863
5	United Bank for Africa	957
6	Unity Bank	344
7	Zenith Bank	865
8	Jaiz Bank	234
9	Fidelity Bank	524
10	Sterling Bank	342
11	Union Bank of Nigeria	548
12	Stanbic IBTC Bank	312
13	Ecobank	467
Total		8,091

Source: Field Survey, 2022

In order to determine the sample size for the study, Taro Yamane (1967) formula for calculating sample size for finite population will be adopted. Where 'n' is the sample size, 'N' is the finite population size, and 'e' is the level of precision.

Formula 1:

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

Applying the formula above, where:

n = sample size

N = Finite population size

e = Maximum acceptable error margin which is 5%

$$n = \frac{8091}{1 + 8091(0.05)^2}$$

$$n = \frac{8091}{1 + 8091(0.0025)}$$

$$n = \frac{8091}{1 + 15.065}$$

$$n = \frac{8091}{16.065}$$

$$n = 503.73$$

The sample size which was arrived at with the use of Yamane's formula is five hundred and three (503). However, thirty percent (30%) of 503 will be added to compensate for non-response rate (Attrition) thereby increasing to six hundred and fifty-four (653.9) approximating to six hundred and (654) which will be the sample size to be used in this study.

In order to arrive at the proportionate sample size for each of the banks, the following formula was adopted.

Formula 2:

$$H = \frac{y}{N} * (n)$$

Where:

H = is the proportionate sample size

y = represent the total number of elements for each stratum

N = represent the total population size for the study

n = represent sample size derived for the study

Table 2: Research Sampling

S/ N	Name of Organization	Number of Staff	Total Pop.	Sample Size	Proportionate Sample Size	Sample %
1	Access Bank	1,174			95	15%
2	First Bank	1,059			86	13%
3	Holding					
3	First City	429			35	5%
	Monumental					
	Bank					
4	Guaranty Trust	863			70	11%
	Bank					
5	United Bank for	957	8,091	654	77	12%
	Africa					
6	Unity Bank	344			28	4%
7	Zenith Bank	865			70	11%
8	Jaiz Bank	234			19	3%
9	Fidelity Bank	524			42	6%
10	Sterling Bank	342			28	4%
11	Union Bank of	548			44	7%
	Nigeria					
12	Stanbic IBTC	312			25	4%
	Bank					
13	Ecobank	467			38	6%
Total		8,091				100%

Source: Field Survey, 2022

The Simple random sampling technique is then used to select the respondents and the condition is that the employee would have spent five years and above in a particular before they are eligible to fill in the questionnaire. For the purpose of this study, primary source of data collection was adopted using questionnaire. The study used multiple regression analysis technique for the purpose of analyzing the data. Multiple regression is a statistical technique that can be used to analyze the relationship between a single dependent variable and several independent variables. The model for the study is presented below to encapsulate the linearity between one independent variable (Bank Performance) and the dependent variables (Compensation, Recruitment and Selection and Performance Appraisal):

$$PERF_i = \alpha + \beta_1 COM_i + \beta_2 RAS_i + \beta_3 PEA_i + \varepsilon_i \dots \dots \dots (i)$$

Where: PERF=Performance, α = Constant, COM= Compensation, RAS= Recruitment and Selection, PEA= Performance Appraisal, ε = Error Term, i= Cross sectional

Results and Discussions

The study administered a total of four hundred questionnaires (654) questionnaires to selected employees of the sampled banks in Abuja Metropolis. A total number of 586 had their questionnaires properly filled and returned in a manner sufficient for the purpose of analysis. The result of the study is presented and discussed below.

Table 3: Summary of Descriptive statistics for Strategic Human Resource Management

Variables	SAMPLE	MEAN	SD	MIN	MAX
PERF	586	4.3341	0.5100	1	5
COM	586	4.2325	0.5241	1	5
RAS	586	4.1775	0.5975	1	5
PEA	586	4.1975	0.7416	1	5

Source: Field Survey (2022)

The results in Table 3 relates the indices of measures of strategic human resource management and the performance of commercial banks in Abuja Metropolis. The dependent variable which is banks performance has an aggregate mean cumulative from all questions of 4.3341 and a standard deviation of 0.5100. This indicates a high tilting of the responses towards agreement. The standard deviation also indicated a relatively low variation in responses.

The first independent variable is compensation displayed an average of 4.2325 with a corresponding standard deviation of 0.5241. From the result, it can be seen that each of the items reflected relatively high mean scores indicating a high tilting of the responses towards agreement and low variation in responses as reflected in the standard deviation.

Accordingly, the second independent variable addressed recruitment and selection as an important human resource activity and from the result in the table it can be that the aggregate mean value is 4.1775 with an accompanying standard deviation of 0.5975. The mean score was 4.1775 and standard deviation 0.5975 indicate a tilting of the responses towards agreement, with low variation in responses.

The result of the summary of descriptive statistics in Table 3 also provided that the mean value and standard deviation of for performance appraisal stands at 4.1975 and 0.7416 respectively. This is an indication that the responses tilted more towards agreement and there was slight variation in responses. This may be a sign that the performance appraisals of the selected banks were effectively conducted.

Test of Hypotheses

Table 4. Multiple regression results for SHRM and Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.650 ^a	.423	.391	1.37657	
ANOVA					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	99.876	3	24.969	13.177	.000 ^b
Residual	136.436	582	1.895		
Total	236.312	586			
Coefficient					
Model	B	Std. Error	Beta	T	Sig.
(Constant)	5.145	4.334		1.187	.239
Compensation	.417	.164	.230	2.541	.013
Recruitment and Selection	.579	.146	.383	3.961	.000
Performance Appraisal	.156	.075	.200	2.079	.041
a. Dependent Variable: Performance					
b. Predictors: (Constant), compensation, recruitment and selection, performance appraisal					

a. Dependent Variable: Performance

b. Predictors: (Constant), compensation, recruitment and selection, performance appraisal

Source: Field Survey (2022)

The results from the model summary in table 4 reveals that the extent to which SHRM measured by compensation, recruitment and selection and performance appraisal and performance affect performance of commercial banks in Abuja is 42.3% (i.e. R Square=.423). The remaining 57.7% of variance in the banks' performance would be explained by other variables which are excluded in this study. The ANOVA table 4 also shows that the F-cal is 13.177 at 0.0001 level of significance. The implication of this result is that the model is fit and significant. Hence, at least one of the variables can be used to model performance. The coefficient shows a simple model that expresses the extent to which SHRM affects performance of the commercial banks in Abuja, Nigeria. The mathematical model is restated below.

$Y = A + Bx_i + Bx_{ii} + Bx_{iii} + \mu$, where Y is the performance; A is the constant; B is the value of coefficient; μ is the error term.

Therefore, $PERF = 5.145 + .417(COM) + .579(RAS) + .1567(PEA) + \mu$.

Ho1: Compensation has no significant effect on the performance of listed commercial banks in Abuja Metropolis

Based the individual explanatory variables the study rejects the first hypothesis which states compensation has no significant effect on the performance of commercial banks in Abuja Metropolis. This evidenced by the p-value of 0.013 which is significant at 95% level of confidence. From the result it can be seen that a percentage increase in compensation levels will result in a 41.7% increase in performance of commercial banks while other factors constant.

Ho2: recruitment and selection have no significant effect on the performance of listed commercial banks in Abuja Metropolis

The study also found statistical evidence to show that recruitment and selection has positive significant effect on the performance of quoted commercial banks in Abuja Metropolis. This is evidenced by the coefficient and probability value of 0.146 and 0.000 respectively. This means a percentage improvement in the recruitment and selection of employees would cumulate in 14.6% increase in the performance of deposit money banks in Nigeria. From the p-value, the study falls to accept the hypothesis which states that recruitment and selection has no significant effect on the performance of commercial banks in Abuja Metropolis.

Ho3: Performance appraisal has no significant effect on the performance of listed commercial banks in Abuja Metropolis

The study again rejected the third hypothesis which states that performance appraisal has no significant effect on the performance of quoted commercial banks in Nigeria. This is substantiated by the probability value which is 0.041 and less than 0.05 significant level. From the result it can be seen that a percentage increase in performance appraisal with consummate in a 15.6% increase in the performance of commercial banks in Abuja Metropolis.

Discussion of Findings

The study showed that improved compensation was significantly related to performance and was a significant predictor of changes in the levels of performance of the banks. Fundamentally, compensation is the area of human resources management which involves making decisions about pay that are fair, equitable and competitive with current market rates; providing employees with incentives to improve performance; ensuring that benefits packages are cost effective and serve to motivate employees, and making certain that all compensation-related policies and programmes comply with government requirements. This finding is tandem with that of Isaah and Amah (2021) who revealed that the dimensions of compensations (salary and promotion) were positively and significantly related with the measures of performance.

The study also found that recruitment and selection are significantly related to banks performance. This corroborates the findings of Sulaimon, Hassan and Ebhohon (2021) who

found a significant relationship between empowerment and performance. It is one of the key functions of human resources unit geared towards generating a pool of capable candidates applying to an organisation for employment in order to obtain, at a minimum cost, the number of suitable and qualified candidates to satisfy the needs of the organisation.

The study equally revealed that performance appraisal was a significant predictor of service quality. Performance appraisals are usually conducted annually without any surprises which help workers focus on the formal goals and performance expectations that influence their pay and rewards or promotions. This finding supports the study of Akindele, Oludare and Taiwo (2020) and Nyandiko and Onger (2015) who found SHRM to positively affect the organizational performance. Performance appraisal is essential as it gives updates on the performance of the employees; it identifies training needs and come up with plans for employee development.

Conclusion and Recommendations

The study was aimed at examining the effect of SHRM on the performance of commercial banks in Abuja, Nigeria. Specifically, the study evaluated the relationship between compensation and performance of the banks; examined the extent to which recruitment and selection affects performance; determined the relationship between performance appraisal and performance of the banks. A total of 654 bank staff participated in the survey and their opinion were collected using a structured questionnaire. However, the only 586 questionnaires were retrieved and used for the purpose of data analysis. The data obtained were analysed using descriptive and inferential statistics.

The study has established that compensation, recruitment and selection and performance appraisal had significant impact of the performance of commercial banks in Abuja, Nigeria. Hence, the study concludes, that at the crust of achieving higher levels of performance is the import of engaging SHRM practices especially compensation, recruitment and selection and performance appraisal.

Based on the findings of the study, it is thus recommended that there is the necessity for every staff of banks to be properly compensated commensurate with the nature responsibility and ability to effectively discharge such duties. Again, the recruitment process should be made public to attract more qualified candidates and the selection process should be based on the staff needs of banks and the ability of the candidate to perform such tasks. Also, performance appraisal should be centred on pointing out the strength of the employees whilst addressing ways to improve them in areas where they are weak. Equally Banks' human resource management should formulate and implement an active reward policy linked to the overall banks strategy.

Reference

Abdullahi, A. B., Murat, A. & Michael, I. O. (2021). Effect Of Electronic Recruitment on The Performance of First Bank Branches In north West, Nigeria. *Journal of Global Economics and Business*. 2(5), 41-65.

- Akindele, T. I., Oludare, A. O. & Taiwo, T. O. (2020). Impact of Performance Appraisal Strategy on Employee performance: Evidence from Selected Nigerian Banks. *Journal of Management and Social Sciences*. 9(1), 13-20.
- Armstrong, M., & Brown, D. (2001). *Pay: The new dimensions*. London: CIPD.
- Athkia, S., Mufidur, M.D.R. & Mohammad, R. R. (2020). Employees Perception on Recruitment and Selection Process in the Banking Sector of Bangladesh. *Journal of Management Theory and Practice (JMTP)*. 1(3), 21-30.
- Azhdar, K., Samira, S. A., & Sarani, B. (2015). The Influence of HR Practices on Business Strategy and Firm Performance: The Case of Banking Industry in Iran. *The IUP Journal of Management Research*, 14(1).
- Basit, A., Sebastian, V., & Hassan, Z., (2017). Impact of leadership style on employee performance (a case study on a private organization in Malaysia). *International Journal of Accounting & Business Management*, 5(2); 112-130.
- Cole, G.A. (2005). *Personnel and Human Resources Management* (5th Edition), London, Thompson Learning.
- Eze, F.C. (2002). *Human Resource Management in Nigeria. The key component*, Enugu: Makaland publication.
- Fakhimi, F. & Raisy, A. (2013). Satisfaction with Performance Appraisal from the Employees' Perspective and its Behavioural Outcomes (Case Study of the Headquarters Offices of Bank Refah). *European Online Journal of Natural Social Sciences*. 2(3s), 296-305.
- Fischer, M., & Lindermoyer, J. (2020). Dodd Frank Act: Reporting CEO Compensation Relationship to Worker Ratio and Firm Performance. *American Journal of Management*, 20(1).
- Gary, D. (2005). *Human Resource Management*. Courier/ Kendallville: Pearson Prentice Hall.
- Gold, J. & Bratton, J. (2007). 'Recruitment and Selection'. *Human Resource Management: Theory and practice* (4th ed),. Hampshire: Palgrave Macmillan. pp. 239–273.
- Hartzell, D. (2006). *Dictionary of Management*. New Delhi: Academic Publishers.
- Hasan, A. (2013). *Marketing dan Kasus-Kasus Pilihan*. Yogyakarta: CAPS (Center for Academic Publishing Service).
- Helfat, C. E., & Winter, S. G. (2011). Untangling Dynamic and Operational Capabilities: Strategy for the (N)ever-Changing World. *Strategic Management Journal*, 32(11).
- Ibrahim, G. M. & Liman, M. (2019). Effect of training and performance appraisal on the performance of bank employees in Nigeria. *Bayero Journal of African Entrepreneurship Studies*. 2 (1), 55-69.

- Issah, T.E. & Amah, E. (2021). Compensation and Employees Engagement of Private Hospital in Rivers State, Nigeria. *International Academy Journal of Management, Marketing & Entrepreneurial Studies*. 8(3), 12-24.
- Jolaosho S.O., Shodiya, O. A., Olajide, A. R. & Akintan, I.O. (2018). The Effect of Recruitment and Selection Process on Job Performance in Telecommunication Industry in Nigeria: An Assessment of MTN Customer Service Centre Abeokuta. *International Journal Of Management And Economics Invention*, 4(02), 1639-1651.
<https://doi.org/10.31142/ijmei/v4i2.03>
- Katou, A. (2011) Test of a causal Human Resource Management-Performance Linkage Model: Evidence from the Greek manufacturing sector. *International Journal of Business Science and Applied Management*, 6(1): 17-30.
- Khan, I. (2013). Impact of customers satisfaction and customers retention on customer loyalty. *International journal of Scientific and Technology Research* Vol.1 Issue 2.
- Khan, S. & Abdullah, N. N. (2019). The effect of ATM service quality on customer's satisfaction and loyalty: an empirical analysis. *RJOAS*, 5(89): DOI 10.18551/rjoas.2019-05.28.
- Natalie, C.C. (2014). The Effect of Performance Appraisal on Employee Motivation: A Survey of Slum Based Non-Governmental Organisations in Nairobi. M.Sc Project, Chandaria School of Business, United States International University-Africa.
- Nigusie, G. T., & Getachew, H. (2019). The effect of reward system on employee creativity. *Journal of Higher Education Service Science and Management (JoHESSM)*, 2(1), 1–19.
- Niles, N. J. (2013). Basic Concepts of Health Care Human Resource Management, Jones and Bartlett, Burlington.
- Niles, N. J. (2013). Basic Concepts of Health Care Human Resource Management, Jones and Bartlett, Burlington.
- Obi Anike, H. O., & Ekwe, M. C. (2014). Impact of Training and Development on Organizational Effectiveness: Evidence from Selected Public Sector Organizations in Nigeria. *European Journal of Business and Management*, 6(29), 66 75.
- Ofori, D. & Aryeetey, M. (2011). Recruitment and selection practices in small and medium enterprises: *Perspectives from Ghana*, *International Journal of Business Administration*, 2 (3). 45-60.
- Okwudili, B. E. (2015). Effects of non-monetary Rewards on Productivity of Employees Among selected government parastatals in Abia State, Nigeria. *Journal of Business and Management*, 17(2), 06-11.
- Okwudili, B.E. & Edeh, F.O. (2017). The Effect of Compensation on Employee Performance in Nigeria Civil Service: A Study of Rivers State Board of Internal Revenue Service. *SSRN Electronic Journal*, 6(2), 1-10.



- Osifo, S. J. & Lawal, B. A. (2019). Leadership Styles and Employee Performance: Empirical Evidence from Selected Banks in Edo State. *Nigerian Academy of Management Journal*, 14 (2), 117-125.
- Rashmi T.K. (2010). Recruitment Management. Mumbai, IND: Himalaya Publishing House.
- Costello, D. (2006), Leveraging the Employee Life Cycle, CRM Magazine, 10 (12), 48-48. Retrieved February 23, 2017, from Academic Search Premier Database.
- Roa, V.S.P. (2011). Human resource management: Texts and cases. New Delhi: Excel Books.
- Roua, M. A., & Uzma, J. (2021). The Impact Of Rewards And Compensation On Employees' Performance-- *Palarch's Journal Of Archaeology Of Egypt/Egyptology* 18(14), 135-145.
- Schlechter, A., Thompson, N. C., & Bussin, M. (2015). Attractiveness of non-financial rewards for prospective knowledge workers. *Employee Relations*.
- Stoner, J. A. F., Freeman, R. E., & Gilbert, D. R. (2005). Management. India: Prentice-Hall Publishers.
- Sulaimon, A. A., Hassan, B. A. & Ebhohon, E. M. (2021). Recruitment and Selection Practices as Strategic Factors for Employee Performance: A Study of Selected Deposit Money Banks in Nigeria. *ERJSSH* 8(1), 2-12.
- Tulenan, S. (2015). The Effect of Work Environment and Compensation Toward Employee Performance At The Office Of State Assets And Auction Service Manado. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 3(3), 672–682.
- Wekesa, J. N. & Nyaroo, S. (2013). Effect of compensation on performance of public secondary school teachers in Eldoret municipality Kenya. *International Journal of Scientific and Research Publications*, 3 (6), 1-4.