

# Strategic HRM Principles Implementation & Organizational Performance: The Case of Ethio Telecom

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*This study examines the interface between strategic human resource management principles implementation and organizational performance based on data collected from Ethio Telecom's managerial category employees. Descriptive statistics revealed that implementation of strategic human resource management principles in the company is only moderate. Correlation analysis showed that there is positive relationship between overall performance of the company and strategic human resource management principles. The regression model revealed that implementation of SHRM principles explains 37.5% of the company's performance. The mediation analysis revealed that HR plays a partial mediation role in enabling the implementation of SHRM principles.*

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## Background

In the past 20 years, globalization has been impacting the business environment by “increased competition, flexibility, responsiveness, quality and the need for all functions of the business to demonstrate their contribution to the bottom line” (Beardwell et al, 2004). To win the competition, organizations have been implementing varying strategies. The reality is that if we want the strategy to be executed, we are expected to manage the people of the organization accordingly. Acknowledging this fact, the HR's role in the organization has been dramatically changed in recent years.

According to Sisssion (1990:5) there are four principles of strategic HRM. The first states that HR policies should have a link to the company business strategy and the policies should have consistency and congruence in between themselves. The second describes that the line

managers are responsible to play the personnel management role and the HR professionals are responsible to support the line managers so that they can play their personnel management role appropriately. The third and the fourth principles advise managers to establish a close relationship with the employees so that their motivation and commitment can be increased in return. The successful implementation of these principles will help organizations to apply the SHRM approach and contribute for the improvement of overall organizational performance. But when we observe the scenario of Ethiopia there are no studies to assess the practice of Ethiopian public utility companies in implementing SHRM principles. Thus, this study will contribute to fill this gap and create awareness for Ethio Telecom to show its current status in implementing the SHRM principles and reveal the implications on the overall performance of the organization.

### **The Problem**

Literature supports that HR should play its strategic role by being involved in the development and implementation of the firm's strategies. As revealed by Tenkasi, and Mohrman (1999) the causes of many strategies' failure are not preparation of

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poor strategies, rather their poor execution the main cause of which is often the result of poor human capital management. However, since SHRM is a recent concept, there are limited number of evidences captured concerning its application especially in public organizations and its impact on the organizational performance. Based on the discussions with some of the management members, the researchers came to the conclusion that the management employees do not have enough information about the implementation of SHRM principles in Ethio Telecom. They feel that the company has a problem in implementing SHRM principles. Therefore, the researchers would like to contribute to the knowledge of SHRM and fill the information gap observed in the implementation of SHRM principles in Ethio Telecom.

### **Research Questions**

The study is mainly intended to answer the following questions:

1. Do Ethio Telecom's HRM strategies, policies and practices have a vertical (internal) alignment with the company vision, mission and strategies?
2. Are the different HRM policies and practices consistent with each other (horizontal alignment)?
3. Does human resource department play a mediating role in realizing organizational strategies?
4. To what extent the implementation of SHRM principles affect the overall performance of the organization?

## **The Concept of SHRM & Its Principles**

Strategic Human Resource Management (SHRM) is an approach that defines how the organization's goals will be achieved through people by means of HR strategies and integrated HR policies and practices (Armstrong, 2008). Strategic HRM centers on how organizations can improve their competitive performance by considering and utilizing their human resources effectively (Cynthia et al, 2006). Strategic HRM considers people as a source of competitive advantage and uses them to generate strategic capability of organizations by ensuring the existence of the required manpower with the right skill and motivation. (Armstrong, 2008).

Strategic HR is a recent approach and has significant differences from the traditional approach in which people management is the main responsibility of HR professionals and the focus is to create good employee relation. On the contrary, in strategic HR, people management is the main responsibility of all line managers and the focus of HRM is to create partnerships with internal and external customers. The traditional HR system is slow to take initiatives and it is reactive in nature but Strategic HR working system is fast and proactive to take initiatives. Traditional HR focus is short term and its controlling mechanism is bureaucratic while the focus of strategic HR can be short, medium or long term and its controlling mechanism is very organic and flexible. In traditional HR, the role of HR professionals is transactional

in nature and HR is considered as a cost center by the management but in strategic HR, the role of HR professionals is transformational in nature and HR is seen as an investment center. In traditional HR, the key investment is made on capital or products but in strategic HR the key investment is made on people and knowledge. Strategic HR output is measured by what it delivers than by what it does and HR is expected to play strategic partner role as well as a change agent role, administrative expert role and employee champion role.

As stated by Sission (1990:5), there are four principles of Strategic HRM. The first principle states that the HR policies should have a link with the company business strategy and the policies should have consistency in between themselves. HR policies should have a link with the company business strategy (vertical fit) and the policies should have consistency in between themselves (horizontal fit). Vertical fit (Strategic fit) approach states that there should be alignment in between the business strategy and the HR strategy. To create a strategic fit, it is mandatory to drive the HR strategies from the overall business strategy, to ensure key HR issues are included as part of the overall business strategy, to assign HR director in a high-level seat (board of directors) in the company (Boselie, 2010), to clearly understand the business goal of the organization, to translate the business strategy in to actionable HR policies and practices (Dessler, 2017), to align a business strategy with the business plan, organization goals, team objectives and individual objectives, to get

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set the individual level goals having discussion with employees. The second principle describes that the line managers are responsible to play the personnel management role and the HR professionals are responsible to support the line managers so that they can play their personnel management role appropriately. The third and the fourth principles advise managers to establish a close relationship with employees so that employee's motivation and commitment can be increased in return. Mello (2011) has cited also Ulrich framework and explained that HR should be evaluated by the value it creates to its customers, investors and employees. He stated that HR should play the strategic partner role by conducting architectural assessment and identify ways to renovate the organization architecture, ensuring that employees are committed to the organization by partnering with line managers to recognize and avoid the causes of low morale, such as unclear goals, unfocused priorities and ambiguous performance and being the voice of employees on decisions that has direct impact on employees. In addition to Ulrich framework, the description of each principles is mentioned in the next section.

### **The Relationship**

Different studies have showed that organizations have the practice of defining strategies to guide the direction of the

business. However, there are many problems in applying the strategic HRM approach in the company. The study by Emebet (2017) in Ethiopian Financial Sector has revealed that the overall strategic link and integration of HR practices with corporate strategy was negatively perceived by the private banks. The line managers in the studied banks were not good at the execution of the intended strategy caused by lack of transparency and ignorance in regard to internalizing the objectives in a holistic manner.

Sahni's study (2015) on Modeling Human Resource Practices by taking the telecom industry of Kingdom of Saudi Arabia has explained that organization's performance can be increased by integrating HRM strategies with the business strategy. As explained by him, most of the companies are assigning HR just to perform administrative or public functions because they do not have enough understanding about the role and benefit of strategic HR and its impact on organizational performance. As a result, strategic role of HR has been missed in most of the companies and company performance has been negatively impacted.

The study by Uysal (2013) confirms that the strategic use of HR can bring success to the organization because it enables the organization to use its human intellectual capital in a way that can contribute to the business strategy. As cited by Haftu (2013), the study by Green et al, (2006) has confirmed that companies that have vertically aligned and horizontally integrated HR function and practice are able to improve organizational perfor-

mances. Adler and Lawler (1999) revealed that the higher officials of the organizations have been stating that ‘people are the key assets of the organization’ but practically the application of this saying is not available in many organizations. They concluded that in a world that is technologically dynamic and globally integrated, applying effective human resource management is very mandatory. There is a broad consensus that HRM has not been the function of HR only, but it should also be the role of all management members of the organization. The study concluded that the HR people should play their strategic partner role and building their capacity on the SHRM area will help them to play their role successfully. The study by Hunter and Renwick (2009), conducted to identify the formal and informal involvement of line managers in HRM activities, has revealed that formally line managers believe that they are willing and competent to play their HRM role and they allocate time to play their HRM role effectively. But practically, they don’t have much reliance on HR policy. This shows that there is a gap between what they think they are doing and what they actually are doing.

Wan et al (2002) found that implementation of SHRM variables or practices has a positive effect on the improving organizational performance. The rationale behind this conclusion is that applying SHRM variables will increase the firm’s HR performance by increasing employees’ satisfaction, commitment and productivity. Applying bundles of HRM practices has a direct positive impact on the organization performance. Costas

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(2013) revealed that perceived systems of HRM practices have a direct positive impact on the organization performance. Dereje (2016) has conducted a study regarding the line supervisor’s role in the implementation of HRM policies by taking the case of Sheraton Addis Luxury Collection Hotel. The result of the study shows that the line supervisors of Sheraton believes that they have the competence to implement HRM policies and practices, but they don’t have enough time for playing their HRM role. On the contrary, 76% employees gave a “not strongly agreed” response regarding the performance of their immediate supervisors as implementers of HRM policies and practices.

The study by Hunter and Renwick (2009) shows that line managers in the studied company believes that they are playing their HRM role with willingness and they are exerting the required time and competency for performing their HRM role. Nonetheless, practically they don’t have much reliance on HRM policies in performing the HRM practices. The study by Willy and Anita (2003), regarding the limits of strategic HRM by taking the case of the Mauritian civil service, has confirmed that SHRM is not practiced because the concept is not widely known, there is no strategic framework and staff management is highly centralized. Asaasira (2016) has provided a comprehensive review of the

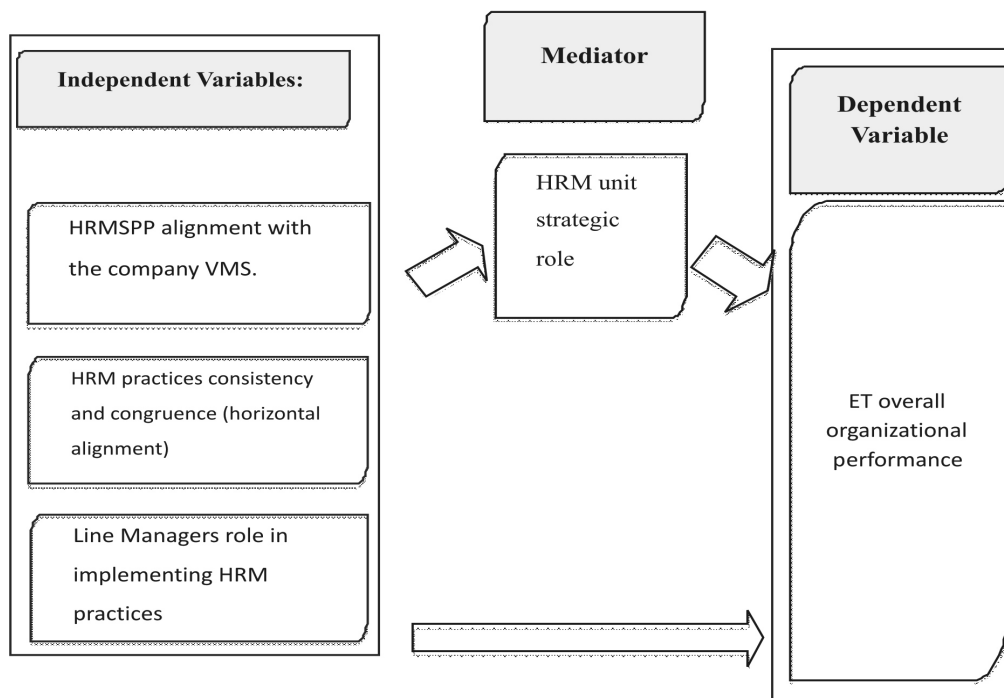
balanced score card as a tool of strategy implementation and performance of Tier One Commercial Banks in Kenya. The finding of the study reveals that company performance can be measured by the four perspectives of BSC namely, customer perspective, internal process perspective, learning and growth perspective and financial perspective.

**Conceptual Framework**

The model for “Strategic Human Resource Management (SHRM) principles implementation and its implication on Ethio

Telecom performance” shows how implementation of SHRM principles impacts the organization performance. As shown in the fig. 1, HR should play a strategic role by developing HRM strategies and practices in alignment with the company vision, mission and strategies (including its competition strategy) and by ensuring the consistency and congruence of HRM policies and practices. HR should also play its meditation role by creating an enabling environment for implementation of the developed strategies and involving the line managers in the development and implementation of HRM strategies.

**Fig. 1 Conceptual Framework of the study**



Based on the conceptual framework of the study, the following hypotheses were targeted to be tested.

H1: Ethio Telecom’s HRM strategies, policies and practices vertical (internal) alignment have significant effect on the company’s performance.

- H2: Ethio Telecom's HRM policies and practices consistency and congruence (horizontal alignment) have significant effect on the company's performance.
- H3: Ethio Telecom's HRM unit plays a significant mediating role on the company's performance
- H4: Ethio Telecom line managers' role in implementing HRM practices has significant effect on the company's performance.
- H5: Ethio Telecom's overall implementation of SHRM principles has a significant effect on its performance.

### **Research Approach & Design**

The researchers used quantitative approach. In order to capture the logical structure of the study, the researchers have employed an explanatory research design because it enables the researcher to form and test hypothesis and assess the link of the key factors. To collect the primary data, questionnaires developed in line with the body of knowledge in the area of strategic human resource management were used. Questions related to vertical alignment, consistency, line managers' role, the role of human resource unit were constructed by adopting the questionnaires developed by the following authors: A questionnaire developed by Ulrich (1997) and adopted by Paauwe and Bosile (Bosile, 2010: 270-71), a questionnaire developed by Association of Management Consulting Evaluation and adopted by Wubishet (2018). Structured questions were developed based on ma-

ior reference books in the area of strategic human resource management such as Armstrong (2008), Greer (2001). The overall organizational performance of Ethio Telecom was measured based on four perspectives of balanced score card outlined in the company's strategic document of 2008-2012 E.C. The close-ended questions were measured by a five-point Likert scale (from strongly disagree to strongly agree).

### **Validity & Reliability Tests**

The validity of the questionnaire was checked by experts having vast experience in human resource management area and its reliability was tested using Chronbach alpha test which showed a value of 0.82. According to Sekaran and Bougie (2016) the Chronbach alpha test values less than 0.60 are considered of poor reliability, values in the 0.70 range are acceptable and those over 0.80 are good.

### **Population & Sampling**

In Ethio Telecom, there are three main domains i.e commercial, technical and support and five levels of management i.e Chief Executive Officer, Chief Officer, Director, Manager and Supervisors who are working at different locations of Ethiopia. For this study, the researchers have targeted employees working at the management level because managers can give the required information for the research since they are involved in the development and execution of strategies. To determine a sample size, Yamane's (1967) sampling formula was

used. A representative sample size with 95% confidence level was applied. Hence, a total of 340 respondents were selected for the survey. Stratified sampling was used to select samples from each management levels and domains considering that all the managers in a given stratum are homogenous (have same level of educational background and level of job categories). The respondents of each category had been selected using simple random by applying the computer sampling method because simple random sampling can give equal chance of selection of all targeted respondents. Computer method of selection sampling techniques has been applied because the computer can select the respondents from

each stratum based on the allocated quota and provide all the required information from the given data. (Sarantakos, 1993).

**Response Rate Result**

Data were obtained using close ended questionnaires distributed among a total of 450 employees targeting to get 340 responses. Out of 340 targeted respondents, 291 questionnaires were filled and returned. This represented 85.58% response rate.

**Characteristics of the Respondents**

The profile of the respondents in terms of their managerial domains are shown in Table 1.

**Table 1 Categories of the Respondents**

Management Domain/ Management Category	Support	Technical	Commercial	Total
Total No. of Managers	229	239	331	799
Chief Officers				
Total	10	2	6	18
Quota	0.6	0.1	0.3	1
Sample	4	1	2	7
Directors				
Total	27	15	14	56
Quota	0.5	0.27	0.25	1.02
Sample	12	6	6	24
Managers				
Total	81	68	51	200
Quota	0.4	0.34	0.26	1
Sample	34	29	22	85
Supervisors				
Total	111	154	260	525
Quota	0.21	0.29	0.495	0.995
Sample	47	66	111	224

Source: Survey Result, 2019

Considering their managerial category, the majority of them are drawn from supervisory level. The demographic profile of the respondents has confirmed the reliability of the source of information since the respondents are drawn from the managerial category of the organization.

**Descriptive Analysis**

To assess the present status of Ethio Telecom in applying SHRM principles, respondents were asked to rate 48 items in the questionnaire. The items were interpreted in line with Baba (1997) reference points shown as follows: 1.00 – 1.80

Strongly Disagree/low, 1.81 – 2.60 Disagree/Moderately Low, 2.61 – 3.40 Moderate Agreement, 3.41 – 4.20 Agree/Moderately agreement, 4.21 – 5.00 Strongly Agree /High Agreement. The summary of responses is given Table 2.

**Table 2 Summary of the Descriptive Statistics**

Item	N	M	S.D	Skewness		Kurtosis	
	Sta	Stat	Stat	Sta	S.E	Sta	S.E
ET HRM strategies, policies and practices vertical (internal) alignment with the company VMS.	286	3.22	0.68	0.70	0.14	0.22	0.29
Et HRM policies and practices consistency and congruence (horizontal alignment)	280	3.17	0.72	0.57	0.15	0.06	0.29
ET HRM unit strategic role	284	3.10	0.71	0.13	0.15	0.07	0.29
Et LM's HRM role	283	3.35	0.62	0.66	0.15	1.13	0.29
ET performance in customer service perspective	291	3.49	0.70	0.52	0.14	0.87	0.29
ET performance in finance perspective	289	3.29	0.61	0.06	0.14	0.11	0.29
Et performance in internal process perspective	290	3.43	0.56	0.22	0.14	0.67	0.29
ET performance in learning and development perspective	289	3.31	0.67	0.50	0.14	0.09	0.29
ET overall performance in all perspectives	286	3.38	0.51	0.21	0.14	0.45	0.29

Source: Survey Result, 2019

As shown in Table 2, the mean of respondents' perception related to Ethio Telecom's HRM strategies, policies and practice's internal alignment with the company vision, mission and strategies is 3.22 with standard a deviation of .68. This revealed the respondents' moderate agreement on the company's HRM strategies, policies and practices vertical (internal) alignment with the company vision, mission and strategies. Many authors in the area of strategic human resource management (for example, Bosile, 2010) has supported that there should be vertical alimnt between the business strategy and the HR strategy. Dessler (2017) has also explained that the business goal of the organization

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should be translated in the business strategy and actionable HR policies and practices. Empirical evidences are also consistent with facts described by different authors. For example, the study by Sahni (2015), explained that organizations performance can be increased by integrating strategies (including HR strategies) with the overall business strategy.

Respondents were asked to rate 8 questions related to Ethio Telecom's HRM policies and practices' consistency

and congruence (horizontal alignment). As shown in Table 2 the mean of the items was found to be 3.17 with a standard deviation of .72 implying that there is moderate alignment between the company's HRM policies and practices (horizontal alignment). The finding is comparable with those by many authors in the area of strategic human resource management. For example, Dessler (2017) has supported that HR policies should have horizontal consistency among them. As cited by Haftu (2013), the study by Green et al, (2006) has confirmed that companies that have vertically aligned and horizontally integrated HR function and practice are able to improve organizational performances.

The third item shows the perception of employees towards Ethio Telecom's HRM unit's strategic role. The respondents were requested to rate 8 items. The mean of the items as shown in Table 2 was found to be 3.1 with a standard deviation of .71 implying that the company's HRM unit is moderately playing its strategic role. Many authors in the area of strategic human resource management (e.g. Ulrich (1997) cited in Boselie (2010) mentioned that HR is expected to play its strategic partner role. It means that, HR should align HR strategy and practices to the business strategy and ensure the execution of the strategy. Mello (2011) has also cited the framework developed by Ulrich (1997) and explained that HR should be evaluated by the value it creates to its customers, investors and employees. He stated that HR should play the strategic partner role by conducting architectural assessment and identifying

ways to renovate the organization architecture, ensuring that employees are committed to the organization

The fourth item shows the perception of employees towards Ethio Telecom line managers' role in implementing HRM practices. They were requested to rate 5 items. The mean of the items (Table 2) was found to be 3.35 with a standard deviation of .62 implying that the company's line managers role in implementing HRM practices is moderate. Many authors recommend that line managers are supposed to play different HRM roles. For example, Dessler (2017), has stated that, though there are HRM professionals in the company, line managers are responsible to play their role by being involved in placement of the right person in the right job, provision of orientation for the newly recruited employees, develop employees' capacity, assess the job performance of each employee and provide support for better productivity, create a smooth work relationship, translate the company policies implementation in their job domain, ensure that the policies are implemented by all employees who are under their supervision and protect employees' health and physical conditions. As stated by Adler et al, (1999) there is a broad consensus that HRM should not be the function of HR only, but it should also be the role of all management members of the organization.

**HRM should not be the function of HR only, but it should also be the role of all management members of the organization.**

The fifth item shows the perception of employees towards Ethio Telecom's performance in customer service perspective. They were requested to rate two items. The mean of the items (Table 2) was found to be 3.49 with standard deviation of .70 implying that Ethio Telecom's performance with respect to increasing customers number and satisfaction is moderately high.

The sixth item shows the perception of employees towards Ethio Telecom's performance in finance perspective. They were requested to rate 3 items. The mean of the items (Table 2) was found to be 3.29 with a standard deviation of .61 implying that the company's performance with respect to increasing revenue and decreasing wastage is moderate.

The seventh item shows the perception of employees towards Ethio Telecom's overall performance in internal process perspective (including its service accessibility and portfolio increment). They were requested to rate 7 items. The mean of the items as shown in Table 2 was 3.43 with a standard deviation of .56 implying that the company's performance with respect to improving its internal process is moderately high.

The eighth item shows the perception of employees towards opportunities related to Ethio Telecom's overall performance in learning and development perspective. They were requested to rate 7 items. The mean of the items (Table 2) was 3.31 with a standard de-

viation of .67 implying that the company's performance with respect to learning and development activities is moderate.

The last item shows the perception of employees towards Ethio Telecom's overall performance in the total of 4 perspectives. In total, respondents were asked to respond for 18 items. The mean of the items (Table 2) was 3.38 with a standard deviation of .51 implying that the company's overall performance in the last 3 and half years is moderate.

### **Implementation of SHRM Principles & Overall Performance.**

In order to show the extent to which implementation of selected SHRM principles related with over all organizational performance, analyses were done based on Cohen (1988 :79-81) correlation coefficients formula:

$r = 0.10$  to  $0.29$  or  $r = -0.10$  to  $-0.29$  represents small correlation,

$r = 0.30$  to  $0.49$  or  $r = -0.30$  to  $-0.49$  represents medium correlation and

$r = 0.50$  to  $1.0$  or  $r = -0.50$  to  $-1.0$  represents high correlation.

The results of the coefficients of variables obtained were summarized in matrix form as shown in Table 3. The vertical alignment between Ethio Telecom's HRM strategies, policies and practices with the company vision, mission and strategies has strong relation with the overall performance of the company since its correlation is .536. Table 3 also

reveals that the consistency and congruence of HRM policies and practices (horizontal alignment) have medium relation with the overall performance of the organization as the correlation was .459. As depicted in Table 3, Ethio Telecom's HRM unit's strategic role has strong re-

lation with the overall performance of the company based on the correlation result of .504. The company's line managers' role in implementing HRM practices has medium relation with the overall performance of the company since the correlation is .466.

**Table 3 Correlation Coefficients**

		1	2	3	4	5
ET HRM strategies, policies and practices vertical (internal) alignment with the company VMS. (1)	Pearson Correlation	1	0.742	0.568	0.523	0.536
	Sig. (1-tailed)		0.000	0.000	0.000	0.000
	N	286	275	279	278	281
ET HRM policies and practices consistency and congruence (horizontal alignment) (2)	Pearson Correlation	0.742	1	0.690	0.551	0.459
	Sig. (1-tailed)	0.000		0.000	0.000	0.000
	N	275	280	274	274	275
ET HRM unit strategic role (3)	Pearson Correlation	0.568	0.690	1	0.439	0.504
	Sig. (1-tailed)	0.000	0.000		0.000	0.000
	N	279	274	284	276	279
ET LM HRM role (4)	Pearson Correlation	0.523	0.551	0.439	1	0.466
	Sig. (1-tailed)	0.000	0.000	0.000		0.000
	N	278	274	276	283	278
ET overall performance (5)	Pearson Correlation	0.536	0.459	0.504	0.466	1
	Sig. (1-tailed)	0.000	0.000	0.000	0.000	
	N	281	275	279	278	286

Source: Survey Result (2019)

**Effect of SHRM Principles Implementation**

In order to assess the effect of SHRM principles implementation on Ethio Telecom's performance, a multivariate regression model was employed to test the hypothesis that SHRM principles implementation has

a significant effect on the company's performance. All the key assumptions of the test of model fit as proposed by Kothari (2004) and Hayes (2013) were met. Accordingly, the model summary of the effect of SHRM principles on organizational performance is shown in Table 4.

**Table 4 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.620	.385	.375	.39611

Source: Survey Result (2019)

Table 4 indicates that 37.5% of the overall performance of Ethio Telecom is explained by strategic HRM principles implementation. Hence, the hypothesis 5 that Ethio Telecom’s overall implementation of SHRM principles has a significant effect on its performance has been supported.

**Contribution of the Independent Variables**

In order to show the contribution of each independent variable as depicted in the conceptual model a test was made using coefficients and significance of independent variables.

**Table 5 Coefficients and Significance of Independent Variables**

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	1.561	.154		10.141 .000
Vertical alignment.	.255	.057	.339	4.462 .000
Horizontal alignment.	-.020	.058	-.029	-.342 .733
Line manager’s role	.172	.049	.214	3.539 .000

Note: Dependent variable: Ethio Telecom performance  
Source: Survey Result (2019)

Table 5 shows the coefficients Beta value of the independent variables on Ethio Telecom performance, i.e vertical alignment, horizontal alignment and line managers’ role in implementing HRM practices are .255, -.020, and .172 respectively. The significance level of these three variables .000, .733 and .000 show their relative effects on Ethio Telecom performance. Therefore, the hypotheses in terms of the effect of SHRM principles on Ethio Telecom performance were summarized as follows.

**Mediation Analysis**

The role of HR unit’s support on organizational performance was chosen as a mediator. Before the analysis, we first examined the variables to determine if mediation is appropriate. According to Baron and Kenny (1986)

cited in Psychol (2009), the mediation analysis was tested using the following 4 steps. The first step was to test the significance level of the independent variable to the dependent variable. The relationship is significant if the P value is less than 0.05. As shown in Table 7 the relationship between the independent variables (variables 3,4,5) and dependent (variable 2) is significant. The second step was to test the relationship between independent variable (variables 4,5) and mediator (variable 3) is significant.

Step three is assessment of the significance of mediator (variable 3) to the dependent variable without the independent variables (variables 4,5). As denoted by R, its significance level is below 0.05 and the relationship is valid.

**Table 6 Summary of the Result of the test of Hypotheses**

Hypothesis	Decision	Level
H1: Ethio Telecom's HRM strategies, policies and practices vertical (internal) alignment have significant effect on the company's performance.	Accepted	B=.255 Sig. 000
H2: Ethio Telecom's HRM policies and practices consistency and congruence (horizontal alignment) have significant effect on the company's performance.	Rejected	B=-20Sig..733
H4: Ethio Telecom line managers' role in implementing HRM practices has significant effect on the company's performance	Accepted	B=.172Sig. 000

**Table 7 Regression Weights Summary**

			Estimate	S.E.	C.R.	P	Significance
HRM unit strategic role (1)	<---	Line managers HRM role (3)	0.12	0.104	1.154	0.249	Significant
HRM unit strategic role (1)	<---	HR policies and practices consistency and congruence (4)	0.554	0.064	8.664	0.000	Significant
HRM unit strategic role (1)	<---	HR strategies, policies and practices vertical alignment with organizational strategy (5)	0.157	0.055	2.844	0.004	Significant
Ethio Tele overall performance (2)	<---	Line managers HRM role (3)	0.482	0.134	3.603	0.000	Significant
Ethio Tele overall performance(2)	<---	HR policies and practices consistency and congruence (4)	-0.108	0.053	-2.052	0.04	Significant
Ethio Tele overall performance(2)	<---	HR strategies, policies and practices vertical alignment with organizational strategy (5)	0.305	0.062	4.957	0.000	Significant
Ethio Tele overall performance(2)	<---	HRM unit strategic role (1)	0.273	0.075	3.659	0.000	Significant

Source; Survey (2019)

Step four is assessment of beta value of the independent variable's relation with the dependent variable in the presence of the mediator, say "A", compared with the Beta value of the independent dependent variable to dependent variable, say "B", if A is less than B, then the data are consistent with mediation. It was found that  $A = .31, .11$  and  $.49$  is less than  $.35, .04$  and  $.52$ . This shows that the data is consistent for mediation analysis.

Based on the above mediation analysis, it is necessary to complete hypotheses testing. H3: Ethio Telecom's HRM unit plays a significant mediating role on the company's performance. Results from the mediation analysis indicated that HR unit's support has a partial mediating role in the relationship between SHRM principles implementation and organizational performance. Therefore, H3 was supported. As depicted in Table 7 it can be concluded that Ethio Telecom's HRM unit plays a significant partial mediating role on the company's performance since its P value is less than 0.05 and greater than 0.1 ( $a = .27, p < .17$ ).

### Concluding Remarks & Suggestions

The study has proved that, SHRM principles implementation has a positive impact on organizational performance. Implementation of SHRM principles i.e Ethio Telecom's HRM strategies, policies and practices' vertical (internal) integration with company vision, mission and business strategies, its HRM policies and practices' consistency and congruence (horizontal), HR unit's strategic role and

line managers HRM role are at a moderate level. This shows that SHRM principles implementation in the company is at a moderate level. The study also shows that HR unit has a partial mediation role in the SHRM principles implementation.

As explained in the methodology section the study sample is mainly focused on the management employees of Ethio Telecom who are located at head quarter, in Addis Ababa. Thus, the study has not considered the perception of the company's non-managerial category of employees. Future studies can show the interface between strategic human resource management principles implementation and operational performance of the company by taking in to account the perception of zonal and regional employees. It is also suggested that further studies should be conducted by other large governmental organizations in Ethiopia.

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