



Strategic Human Resource Management and Performance of Selected Deposit Money Banks in Abuja, Nigeria

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Abstract:

The objective of this study was to assess the impact of strategic human resource management (extensive training, empowerment, performance appraisal and performance based pay) on organizational performance (service quality) of selected deposit money banks in Abuja. The study was a survey research sampling the opinion of 77 staff of Zenith, Polaris, First bank and First city monument bank, Bwari branch. Their opinion was collected using a structured questionnaire. The data obtained was analysed using descriptive and inferential statistics. The hypotheses were tested by means of correlation and multiple regressions. The study found significant relationship between extensive training, empowerment and performance based pay and service quality. There is also significant relationship between performance appraisal and service quality. The study concluded that Strategic Human Resource Management (SHRM) is important for improved service quality in Nigerian deposit money banks and therefore recommended among others the necessity for every staff of banks to be properly equipped with the skills, technical know-how required to carry out their task effectively; Training programs should target specific need areas of the employees and this should be organized timely given the rate of market and technology changes; 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. Also Banks' human resource management should formulate and implement an active reward policy linked to the overall banks strategy. The reward policy should ensure that employees' rewards are matched with the employees' efforts.

Keywords:

extensive training; empowerment, performance appraisal, performance based pay (PBP), service quality

I. Introduction

Human resources are regarded as one of the most important sources of today's organisations possessions. Therefore, Human resources management is more important than other competitive actions, because the people use other assets in organization to realize objectives. Thus, organizations must understand the expectations of their workforce in order to achieve the desired performance. The realization of the expectations of employees will enable the manifestation of their desired behavior in the organization. Achieving service quality by organizations whether service or industrial has been classified as an organizational performance outcome (Cania, 2014) and has become an important issue for organizational survival. The need for increased quality of service has become even more important to firms given its perceived influence on business performance, cost reduction and profitability (Jogarao, 2018). However, meeting customers' needs, demands and providing them quality services has been a challenging task in today's competitive environment especially due to the

inherent intangible nature of service. For example, the banking industry has witnessed unprecedented changes in technology, competition, and customer preferences over the years. So much so that it seems essential these days to invest in quality service delivery. This has led to a major shift in the orientation of banking institutions from economic organizations to more of socio-economic organizations. In addition, the historical dichotomy of high quality versus low cost is increasingly challenged by effective quality management, resulting in both improved quality and reduced cost. Organizations crave to attract the best talents by adopting various (HR) practices and strategies. The strategic human resource management (SHRM) integrates strategic principle to the optimum utilization and development of human resource so that the organization can achieve the competitive advantage with help of its most effective resource (Gardia, 2018, Mhirna, 2019). As opposed to the traditional HRM practices, SHRM Practices target not only the improvement of some activities relating to recruitment, selection, compensation, and labour union, but also responsible for new activities implementation such as training and skill development, empowerment, performance appraisal, performance based pay, leadership, creativity, and innovation development, making change and transformation management inevitable.

1.1 Statement of the Problem

Despite attempts by banks to improve performance, many including those in Abuja, Nigeria fall below the high service quality industry benchmark evident in the increasing rate of customer complaints and dissatisfaction especially relating to the quality of service being received. Although a mix of internal and external factors contribute to this set back however to a large extent, unresolved HR issues such as skill deficiency/lack of training, rigid policies and poor promotion and financial benefits plans, low empowerment and career development plans especially for workers at the lower level are principal factors. By implication, bank workers are being overworked and under-compensated leading to low passion and motivation. Employees therefore perform their duties as “routine”, while counting down to pay day (Mhirna, 2019). These dispositions to work, if not duly addressed, has critical performance implications such as low customer satisfaction, high customer complaints, high employee turnover and low level of service quality delivery. There is therefore a need for a methodical looks at how SHRM relatively affects an organizations’ performance through the eye of its service quality delivery especially in a sector such as the banking industry, hence this study. So, on the whole this study will provide answers to the following pertinent questions;

1. What is the relationship between extensive training and service quality of Deposit Money banks in Abuja?
2. To what the extent does empowerment affect service quality of Deposit Money banks in Abuja?
3. What is the relationship between performance appraisal and service quality of Deposit Money banks in Abuja? and
4. To what extent does performance-based pay affect service quality of deposit money banks in Abuja?

1.2 Research Hypotheses

For the purpose of this study, four hypotheses stated in their null form are postulated as follows:

H_{0i}: There is no significant relationship between extensive training and service quality of deposit money banks in Abuja.

H_{0ii}: Empowerment does not significantly affect quality of service in deposit money banks in Abuja.

H_{0iii}: Performance appraisal does not have significant relationship with service quality of deposit money banks in Abuja.

H_{0iv}: Variations in performance based pay does not account for significant variations in quality service delivery of deposit money banks in Abuja.

II. Review of Literature

2.1 Strategic Human Resource Management (SHRM)

Strategy is a blueprint intended to realize something futuristic. It is a path which an organization chooses to follow in a bid to improve her current position and to actualize the desired goals in the future (Gardia, 2018). Strategy in most cases has been used in relation to gaining competitive advantage (Mitchell, Obeidat, & Bray, 2013). The advent of strategy as essential to HRM is a consequence of organizations' strategic management trends. In today's management practices, all business functions attempt to integrate work methods and practices with firm strategy in a bid to realize higher Organisational Performance (Zehir, Gurol, Karaboga, & Kole, 2016). Hence, harmonizing HR strategies, processes and practices with firm strategies is SHRM (Zehir et al., 2016). In other words, SHRM implies the use of strategy in the field of HRM to improve the business operations.

This study approaches SHRM from the angle identified by Wan, Kok, & Ong, (2002), pointing out six variables that can be used to explain SHRM, but will focus on four however: extensive training, empowerment, performance appraisal and performance based pay.

2.2 Extensive Training

Training is concerned with formal addition of value to existing knowledge or skills of an employee. Extensive or strategic training is an integral component in producing highly capable HR (Nyambu, 2018). Training succeeds strategic recruitment and selective hiring. The goal of training is to improve effectiveness in organization operations. It also influences employee performance, as well as in relation to Organisational Performance (Alaraqi, 2017). Work-related education and training is very germane for employee development including supervisors and co-workers interaction. Adresi and Darun (2017) mentioned that employees with high level of education are most likely to get opportunities for the training to improve their skills. Training promotes a well skilled and developed employee which contributes in the organizational success (Gardia, 2018).

2.3 Empowerment

Empowerment has been defined in numerous ways, but most authors agree that the core underpinning of empowerment revolves around giving employees latitude over certain task related activities (Kumar & Kumar, 2017). Employee empowerment relates to designating a defined level of autonomy and responsibility to an employee to make decisions relating to specific tasks in the organization. This could be a fancy way of referring to "delegation". However, Kondalkar (2007) held that empowerment is not just "giving people the power to make decisions" but includes the power to make intelligent decisions capable of helping the company operate at optimum level. The underlying presumption of this strategic approach is underpinned on the notion that the skills, resources, authority, opportunity, motivation of employees as well as holding employees accountable for outcomes of their action contributes to their competence and satisfaction. In other words, employee empowerment involves making available the relevant tools capable of encouraging and motivating the employees for ensuring sustainable performance. This in turn benefits the organization by constructing a complete setting to deliver quality products and services.

2.4 Performance Appraisal

Performance appraisal is a formal evaluation and assessment of individual employees by their managers during and following a review meeting (Fatema, 2018). 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. Although organizations today are embracing a more frequent performance appraisal approach such as quarterly performance appraisal system. Performance appraisal is a mechanism targeted to providing maximum job satisfaction to the employees working in the organization. Also, Performance appraisal play significant roles in increased productivity by providing just in time feedback to employees; guiding organizational decisions regarding employee the pay, retention, transfer of employees, professional development, and promotion (Alaraqi, 2017).

2.5 Performance Based Pay (PBP)

Performance based pay is measured as total income and additional benefits in the form of wages and salaries during an accounting period considered as compensation (Kalén, 2017). In HR activity, compensation is central to providing broad and unswerving metrics for the employees. Compensation system challenges the employees to improve their know-how, skills, and abilities. Performance based by also helps in increasing employee motivation and quality of work as well as retention (Adresi & Darun, 2017). PBP is a compensation scheme that marries pay with performance. It is a remuneration system in which an employee's salary is solely or mainly contingent on his/her appraisal or merit rating. To us, it involves providing a financial reward to an employee based on individual, group or organisational performance.

2.6 Organizational performance (OP)

According to Muchiri (2016), OP is the extent to which firm realize their stated objectives, and Performance is a measure firm's attractiveness. Organizational performance can be financial and non-financial. The proponents of each financial and non-financial performance measures tried to support their point of view (Mhirna, 2019). Although the majority of the studies measuring organizational performance used the account-based measure, this study chooses the non-financial measures due to the following reasoning. Firstly, financial metrics of OP are not quite stable hence making them sensitive to industry related change factors. Secondly, financial metrics can be easily manoeuvred preventing it from reflecting actual performance. Finally, the financial metrics lacks the long term focus since they mainly focus on past performance which in many cases can be misleading especially when used to predict the future performance (Al-swidi & Al-hosam, 2012). These discrepancies hence make measurement sine qua non in HRM planning.

This study focuses on the organizational outcome using service quality as a benchmark for measuring organizational performance. We conceptualises service quality as a measure of performance. The Service Quality concept is a combination of two different constructs, service and quality. Understanding service quality requires understanding the two constructs separately. Service is an abstract or intangible activity or benefit that an organization provides to customers. Quality on another hand is a relative and subjective term and is most often than not defined by the customer or the service receiver rather than the service providers. The judge of quality, therefore, has always and will most likely continue to be the customer. The customer judges the quality of a service and his/her perceptions create an image of good or bad quality. Bringing both terms together, service quality can be defined as customers perceiving an organization measures up to their needs and different cravings.

2.7 Theoretical Review

. The study is anchored on the resourced based view theory that explains the importance of having talent (human resource) for sustainable competitive advantage.

The Resource Based View (RBV) was popularized in the work of Barney (1991) and Hamel and Prahalad (1996). The RBV theory analyses and interprets internal resources of the organizations and emphasizes resources and capabilities in formulating strategy to achieve sustainable competitive advantages. According to Barney, Wright and Ketchen (2001) these resources and capabilities can be viewed as bundles of tangible and intangible assets, including a firm's management skills, its organizational processes and routines, and the information and knowledge it controls. The RBV focuses on the concept of difficult-to-imitate attributes of the firm as sources of superior performance and competitive (Barney, 1991; Hamel & Prahalad, 1996). Resources may be considered as inputs that enable firms to carry out their activities. In line with this thought, Barney (1991) submitted that resources that are valuable, rare, inimitable and non-substitutable make it possible for businesses to develop and maintain competitive advantages for superior performance.

According to RBV a resource is valuable if it provides strategic value to the firm. Resources provide value if it helps firms in exploiting market opportunities or helps in reducing market threats. There is no advantage of possessing a resource if it does not add or enhance value of the firm (Barney, 1991). Resources must be difficult to find among the existing and potential competitors of the firm. Hence resources (like the knowledge of Marcus Garvey Orji) must be rare or unique to offer competitive advantages. Resources that are possessed by a several firms in the market place cannot provide competitive advantage, as they cannot design and execute a unique business strategy in comparison with others. This means making copy or imitating the resources will not be feasible. There has been considerable debate over whether SHRM practices can provide sustainable competitive advantage. Individual SHRM practices may be imitable but SHRM systems and routines, which develop over time, may be unique to a particular firm and contribute to the creation of specific human capital skills (Barney, Wright, & Ketchen, 2001). The resource based view theory therefore captures how important the human resource is to firms pursuing sustainable advantage through enhanced performance. This study is hence, anchored on the RBV.

III. Research Methods

The mathematical model is demonstrated as:

$$Y = A + Bx_i + Bx_{ii} + Bx_{iii} + Bx_{iv} + \mu,$$

Where Y is the Service quality; A is the constant; B is the value of coefficient; μ is the error term.

$$\text{Therefore, } SQ = (ET) + (E) + (PA) + (PBP) + \mu.$$

Where

ET= extensive training

E= empowerment

PA= empowerment

PBP= performance based pay

IV. Result and Discussion

4.1 Analysis and Findings

Table 1. Descriptive statistics for Strategic Human Resource Management (SHRM)

		Respondents	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total	Mean	Standard Deviation
Extensive Training										
1	Training programs are need-driven	No	15	60	-	2	-	77	4.14	0.53
		%	19.5	77.9	-	2.6	-	100		
2	Training programs are organized timely	No	18	57	-	2	-	77	4.18	0.55
		%	23.4	74.0	-	2.6	-	100		
3	Training quality is usually evaluated	No	34	42	1	-	-	77	4.42	0.52
		%	44.2	54.5	1.3	-	-	100		
4	Superiors facilitate and support training	No	17	58	2	-	-	77	4.19	0.45
		%	22.1	75.3	2.6	-	-	100		
Empowerment										
5	I have significant influence on what happens in the organization	No	20	41	9	7	-	77	3.96	0.86
		%	26.0	53.2	11.7	9.1	-	100		
6	I have considerable opportunity for independence and freedom in how I do my job	No	24	47	5	-	1	77	4.21	0.67
		%	31.2	61.0	6.5	-	1.3	100		
7	I have mastered the skills necessary for my job	No	33	44	-	-	-	77	4.42	0.49
		%	42.9	57.1	-	-	-	100		
8	I am given a meaningful task in my bank	No	11	65	1	-	-	77	4.12	0.37
		%	14.3	84.4	1.3	11.3	-	100		
Performance Appraisal										
9	The performance appraisal methods used by my employer is suitable and relevant	No	24	49	1	3	-	77	4.22	0.66
		%	31.2	63.6	1.3	3.9	-	100		
10	My bank constantly evaluates me to identify my weakness and potential	No	24	48	1	2	2	77	4.16	0.80
		%	31.2	62.3	1.3	2.6	2.6	100		
11	Staff are provided	No	24	45	-	7	1	77		

	with constant feedback in form of praise and reward or criticism	%	31.2	58.4	-	9.1	1.3	100	4.09	0.89
12	Rigorous monitoring of performance outcomes	No	29	46	-	2	-	77	4.32	0.61
		%	37.7	59.7	-	2.6	-	100		
Performance Based Pay										
13	Remuneration reflects individual performance	No	22	54	1	-	-	77	4.27	0.47
		%	28.6	70.1	1.3	-	-	100		
14	Excellent performers are recognized compensation-wise	No	26	50	-	1	-	77	4.31	0.54
		%	33.8	64.9	-	1.3	-	100		
15	Staff remuneration is linked to the performance of the organization	No	21	53	3	-	-	77	4.23	0.51
		%	27.3	68.8	3.8	-	-	100		

Source: Field Survey (2021)

Table 1 relates the indices of measures of SHRM. The first variable is extensive training. Four questions were asked to measure the extensive training practice of the banks. The first item focused on capturing the opinion of the respondents on whether the training programs in their firm were need-driven of which 19.5% strongly agree, 77.9% agree, and only 2.6% disagreed. The mean score was 4.14 and standard deviation 0.53. The second item asked if the training programs were organized timely and 23.4% strongly agreed, 74.0% agreed, while 2.6% disagreed. The mean score was 4.18 and standard deviation 0.55. The third item asked if the training quality were usually evaluated and 44.2% strongly agreed, 54.5% agreed, and only 1.3% were neutral. The mean score was 4.42 with standard deviation of 0.52. The last item measured if the respondents' superiors facilitated and supported their training, 22.1% strongly agreed, 75.3% agreed, and 2.6% indicated undecided. The mean score was 4.19 and standard deviation 0.45. Each of the items reflected relatively high mean scores with the least being 4.14 (item1) indicating a high tilting of the responses towards agreement and low variation in responses as reflected in the standard deviation.

The second variable was empowerment. The variable targets the level to which the staff were being delegated authority and empowered to apply initiative at work with less supervision. Four items were used to measure this variable. The first question asked was if the respondents had significant influence on what happens in the organization and 26% strongly agreed, 53.2% agreed, 11.7% indicated undecided, 9.1% disagreed. The mean score was 3.98 and standard deviation 0.86. The second question was to know if the respondent had considerable opportunity for independence and freedom to do their job of which 31.2% indicated strongly agreed, 61% indicated agreed while 6.5% indicated undecided and 1.3% strongly disagreed. The mean score was 4.21 and standard deviation 0.67. The third item was to know if the respondents have mastered the skills necessary for their job and 42.9% indicated strongly agree claiming to have mastered the requisite skills for their jobs, while 57.1% similarly agreed. The mean score was 4.42 and standard deviation 0.49. The last item measuring empowerment was to know if the respondents were being given meaningful task in their banks and 14.3% strongly agreed, 84.4% agreed, 1.3% indicated undecided. The mean

score was 4.12 and standard deviation 0.37 indicating a tilting of the responses towards agreement, with low variation in responses.

The third variable measuring SHRM was performance appraisal. This variable focuses on the degree to which the performance of the staff were been assessed and the basis for the assessment. Four questions were asked to measure the performance appraisal of the banks. The first item was to know if the performance appraisal methods used by their employer were suitable and relevant of which 31.2% indicated strongly agreed, 63.6% agreed, 1.3% indicated undecided, and 3.9% disagreed. The mean score was 4.22 and standard deviation 0.66. The second item was to know if the banks constantly evaluated the staff to identify both weakness and potentials of which 31.2% indicated strongly agreed, 62.3% agreed, 1.3% were neutral and only 2.6% and 2.6% disagreed and strongly disagreed respectively. The mean score was 4.16 and standard deviation 0.80. The third item was to know if the staff were provided with constant feedback in the form of praise and reward or criticism and 31.2% strongly agreed, 58.4% agreed and 9.1% indicated disagree while 1.3% indicated strongly disagree showing that the banks provided effective feedback. The mean score was 4.09 and standard deviation 0.89. The fourth item was to identify if there was rigorous monitoring of performance outcomes and 37.7% strongly agreed, 59.7% agreed while 2.6% disagreed. The mean score was 4.32 and standard deviation 0.61. This is an indication that the responses tilted more towards agreement and there was slight variation in responses. The may be an indication that the performance appraisals of the selected banks were effectively conducted.

Performance based pay is the last variable measuring SHRM practices in banks. Under this variable three items were used to measure performance based pay. The first item showed if remuneration reflected individual performances and 28.6% strongly agreed while 70.1% agreed attesting that remuneration reflected their individual performance while 1.3% indicated undecided. The mean score was 4.27 and standard deviation 0.47. The second item assessed if excellent performance were recognized compensation wise and 33.8% strongly agreed, 64.9% agreed, and 1.3% disagreed. The mean score was 4.31 and standard deviation 0.54. The third item measured if staff remuneration was linked to the company's overall performance, 27.3% strongly agreed, 68.8% agreed, 3.8% indicated undecided. The mean score was 4.23 and standard deviation 0.51. The relatively high mean score of at least 4.23 shows a tilting of the responses inclined towards agreement for all the items with a low variation in responses.

Table 2. Descriptive Statistics for Service Quality

		SA (%)	A (%)	U (%)	D (%)	SD (%)	M	S.DV
i.	The bank honours commitment	33(42.9)	43(55.8)	1(1.3)	-	-	4.41	0.52
ii	Sense of security during transactions	28(36.4)	49(63.6)	-	-	-	4.36	0.48
iii	Banking service increase customers' confidence and trust	30(39.0)	47(61.0)	-	-	-	4.39	0.49
iv	Staff provide prompt and appropriate services	20(26)	53(68.8)	4(5.2)		-	4.20	0.52
V	Staff are enthusiastic to	27(35.1)	47(61.0)	3(3.9)	-	-	4.31	0.54

	understand customer needs							
vi	Satisfying customer needs are top priority for staff	43(55.8)	34(44.2)	-	-	-	4.55	0.49
vii	Staff provide customers precise personal services	19(24.7)	57(74)	1(1.3)	-	-	4.23	0.45
viii	Staff understand customers' needs	21(27.3)	56(72.7)	-	-	-	4.27	0.44

Source: Field Survey (2021)

Table 2 shows the indices of performance (service quality). The respondents were asked 8 questions to ascertain the level of service quality in the banks. The first item was the bank honours commitment and 42.9% strongly agreed, 55.8% agreed, 1.3% undecided. The mean score was 4.41 and standard deviation 0.52. The second item was “sense of security during transactions” and 36.4% strongly agreed, 63.6% agreed. The mean score was 4.36 and standard deviation 0.52. The third item was “banking service increase customers’ confidence and trust” of which 39% strongly agreed, and 61% agreed. The mean score was 4.39 and standard deviation 0.49. The fourth item was “staff provide prompt and appropriate services” and 26% strongly agreed, 68.8% agreed, 5.2% undecided. The mean score was 4.20 and standard deviation 0.52. Item 5 was “staff are enthusiastic to understand customer needs” and 35.1% strongly agreed, 61% agreed, 3.9% undecided. The mean score was 4.31 and standard deviation 0.54. Item 6 was “satisfying customer needs are top priority for staff” of which 55.8% strongly agreed, and 44.2% agreed. The mean score was 4.55 and standard deviation 0.49. Item 7 was “staff provide customers precise personal services” of which 24.7% strongly agreed, 74% agreed, 1.3% undecided. The mean score was 4.23 and standard deviation 0.45. Item 8 was “staff understand customer needs” and 27.3% strongly agreed, while 72.7% agreed. The mean score was 4.27 and standard deviation 0.44. The item with the least mean score was item 4 with a mean score of 4.20 and this indicates a high tilting of the responses towards agreement. The standard deviation also indicated a relatively low variation in responses.

4.2 Test of Hypotheses

Table 3. Multiple regression results for SHRM and service quality

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	4	24.969	13.177	.000 ^b
Residual	136.436	72	1.895		
Total	236.312	76			
Coefficient					
Model	B	Std. Error	Beta	T	Sig.
(Constant)	5.145	4.334		1.187	.239
Extensive training	.417	.164	.230	2.541	.013

Empowerment	.579	.146	.383	3.961	.000
Performance appraisal	.156	.075	.200	2.079	.041
Performance based pay	.799	.183	.394	4.362	.000
a. Dependent Variable: Service quality					
b. Predictors: (Constant), extensive training, empowerment, performance appraisal, performance based pay					

Source: Field Survey (2021)

The results from the model summary in table 4.3 reveals that the extent to which SHRM measured by extensive training, empowerment, performance appraisal and performance based pay affect service quality of deposit money banks in Abuja is 42.3% (i.e. R Square=.423). The remaining 57.7% of variance in service quality would be explained by other variables which are excluded in this research. The ANOVA table 4.3 also shows that the Fcal 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 service quality. The coefficient shows a simple model that expresses the extent to which SHRM affects service quality of the deposit money banks in Abuja, Nigeria. The mathematical model is demonstrated below.

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

Therefore, $SQ = 5.145 + .417(ET) + .579(E) + .1567(PA) + .799(PBP) + \mu$.

Where

ET= extensive training

E= empowerment

PA= empowerment

PBP= performance based pay

4.3 Discussion of Findings

The study was aimed at examining the effect of SHRM on performance of deposit money banks in Abuja, Nigeria with emphasis on Bwari Area Council. Specifically, the study evaluated the relationship between extensive training and service quality of the banks; examined the extent to which empowerment affects service quality; determined the relationship between performance appraisal and service quality; and assessed the extent to which performance based pay affects service quality of the banks. A total of 77 bank staff from Polaris bank, Zenith bank, First bank and First City Monument bank (FCMB) participated in the survey and their opinion were collected using a structured questionnaire. The data obtained were analysed using descriptive and inferential statistics.

The study showed that extensive training was significantly related to service quality and was a significant predictor of changes in the levels of service quality of the banks. Training succeeds strategic recruitment and selective hiring. This finding resonates with the findings of Gardia (2018) who reported that training promotes a well skilled and developed employee which contributes in the organizational success. Similarly, the works of Adresi and Darun (2017); Alaraqi (2017) and Nyambu (2018) report positive links between training and various organizational outcomes such as productiivity, effeictiveness, effieciency including service quality.

The study also found that empowerment was significantly related to service quality. This corroborates the findings of Wan et al (2002) who found a significant relationship between empowerment and service quality. 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 findings support the study of Nyandiko and Onger (2015) who found SHRM to positively affect the organizational performance. But this study however reports that the relationship was found to be insignificant.

Finally, the study revealed that performance based pay significantly affected the level of service quality. This finding is in line with prior studies who also found significant change in service quality accounted for by changes in performance based pay (Mildred, 2012; Adresi & Darun, 2017).

V. Conclusion

The study has established that extensive training, empowerment and performance based pay had significant impact of service quality of deposit money banks in Abuja, Nigeria. However, performance appraisal was found to significantly predict changes in service quality. Hence the study concludes, that at the crust of achieving higher levels of service quality is the import of engaging SHRM practices especially extensive training, empowerment, performance appraisal and performance based pay.

Based on the findings of the study, it is thus recommended that there is the necessity for every staff of banks to be properly equipped with the skills, technical know-how required to carry out their task effectively, as this underscores the common HR parlance “if you do not train them, then do not blame them’. Training programs should target specific need areas of the employees and this should be organized timely given the rate of market and technology changes. 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. The reward policy should ensure that employees’ rewards are matched with the employees’ efforts.

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