The Influence of Human Resource Management Practices on Organizational Performance: Evidence from CRDB Bank Branches in Mbeya City, Tanzania

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Abstract
This study examines the influence of Human Resource Management (HRM) practices on organizational performance in the Tanzanian banking sector, using CRDB Bank branches in Mbeya City as a case study. Grounded in the Resource-Based View (RBV) theory, the study focuses on recruitment and selection, training and development, reward systems, and employee participation, while examining the mediating roles of employee engagement and organizational learning. A quantitative research design was employed, and data were collected through structured questionnaires administered to 66 employees across three CRDB Bank branches. Descriptive statistics, correlation analysis, regression analysis, and factor analysis were used for data analysis. The findings indicate that HRM practices have a positive and significant influence on organizational performance, particularly in terms of service quality, operational efficiency, productivity, and stakeholder satisfaction. Training and development emerged as the strongest predictor of performance, while employee engagement and organizational learning significantly mediated the HRM–performance relationship. The study contributes to HRM literature by providing branch-level evidence from a developing country context and offers practical implications for strengthening HRM strategies in African banking institutions.

Keywords: Human Resource Management; Organizational Performance; Banking Sector; Resource-Based View; Tanzania

1. 0 INTRODUCTION

Human Resource Management (HRM) is widely recognized as a strategic driver of organizational performance, particularly in service-oriented industries where employee competence, motivation, and commitment directly influence service quality and operational outcomes. In the banking sector, effective HRM practices are essential for sustaining competitiveness, enhancing customer satisfaction, and achieving organizational efficiency (Barney & Wright, 1998; Boxall & Purcell, 2016).

Organizational performance in banks extends beyond financial indicators to include service quality, operational efficiency, employee productivity, and stakeholder satisfaction. These performance dimensions are closely linked to how effectively banks recruit, develop, motivate, and engage their employees. Recruitment and selection practices ensure alignment between employee capabilities and job requirements, while training and development enhance skills, adaptability, and organizational learning. Reward systems and employee participation further influence motivation, commitment, and accountability, thereby shaping overall performance outcomes (Huselid, 1995; Noe et al., 2017).

Globally, empirical studies consistently demonstrate a positive relationship between HRM practices and organizational performance. High-performance work systems that integrate recruitment, training, performance-based rewards, and participation mechanisms have been shown to improve productivity and service outcomes across sectors (Becker & Huselid, 1998; Jiang et al., 2012). However, evidence from developing economies, particularly at the operational or branch level, remains limited.

In the African context, commercial banks operate in environments characterized by rapid market changes, skills shortages, and increasing customer expectations. Although HRM reforms have been introduced in many African banking institutions, challenges related to skills mismatches, uneven training opportunities, and weak performance–reward linkages persist (Otoo, 2019). These challenges are particularly evident at branch level, where employees interact directly with customers and where organizational performance is most visibly shaped.

In Tanzania, commercial banks play a critical role in economic development by supporting financial inclusion, investment, and business growth. CRDB Bank, one of the country's largest commercial banks, operates through a nationwide branch network, including regional urban centers such as Mbeya City. While existing studies on HRM in Tanzania have focused largely on policy frameworks or central offices, limited attention has been given to branch-level HRM practices and their implications for organizational performance (Kejo, 2023).

This study addresses this gap by examining the influence of HRM practices on organizational performance at CRDB Bank branches in Mbeya City. Guided by the Resource-Based View (RBV) theory, the study conceptualizes HRM practices as strategic internal resources that enhance employee capabilities, engagement, and organizational learning, thereby contributing to improved performance outcomes. By providing empirical evidence from a regional banking context, the study contributes to HRM scholarship in Africa and offers practical insights for strengthening branch-level management in commercial banks.

1.1 Research Objectives

The study seeks to:

1. Examine the effect of recruitment and selection practices on organizational performance at CRDB Bank branches in Mbeya City.
2. Assess the influence of training and development practices on organizational performance.
3. Analyze the role of reward systems in enhancing organizational performance.
4. Examine the mediating roles of employee engagement and organizational learning in the relationship between HRM practices and organizational performance.

2.0 LITERATURE REVIEW

2.1 Introduction

This section critically reviews theoretical and empirical literature on Human Resource Management (HRM) practices and organizational performance. The review focuses on recruitment and selection, training and development, reward systems, and employee participation, drawing evidence from global and African contexts with specific relevance to the banking sector. The purpose of the review is to establish a strong theoretical foundation, synthesize existing empirical findings, and identify contextual and methodological gaps that justify the present study.

2.2 Theoretical Review

2.2.1 Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory, formally articulated by Barney (1991), posits that variations in organizational performance stem from differences in internal resources and capabilities. According to RBV, resources that generate sustainable competitive advantage must be valuable, rare, inimitable, and non-substitutable (VRIN). Among these resources, human capital is considered particularly strategic due to its tacit knowledge, skills, experience, and firm-specific competencies.

Wernerfelt (1984) and Barney (1991) emphasize that organizations that effectively acquire, develop, and retain skilled employees through coherent HRM practices are more likely to achieve superior performance. HRM practices such as selective recruitment, continuous training, performance-based reward systems, and employee participation enhance the quality and uniqueness of human capital, thereby transforming it into a strategic asset.

In service-oriented sectors such as banking, RBV is especially relevant because organizational success largely depends on employee competence, motivation, and commitment. Service quality, innovation, risk management, and customer satisfaction are directly influenced by how human resources are managed. Empirical studies consistently demonstrate that banks that strategically invest in HRM practices experience improved productivity, service delivery, and financial performance.

Despite its strengths, RBV has been criticized for placing limited emphasis on external environmental factors such as regulatory pressures, technological change, and market competition. Nevertheless, the theory remains a dominant and appropriate framework for examining how HRM practices influence organizational performance, particularly in knowledge-intensive and service-based industries like banking.

2.3 Empirical Literature Review

2.3.1 Recruitment and Selection and Organizational Performance

Recruitment and selection processes determine the quality of human capital entering an organization. Armstrong (2020) argues that merit-based and competency-focused recruitment systems improve employee–job fit, reduce turnover, and enhance organizational efficiency. Empirical studies indicate that organizations with structured recruitment and selection practices achieve higher productivity, improved service quality, and stronger organizational performance.

In the banking sector, effective recruitment and selection are critical due to the technical, ethical, and customer-oriented nature of banking operations. Well-designed recruitment systems enhance customer service delivery, compliance with regulatory standards, and risk management capabilities, all of which are essential for institutional sustainability.

2.3.2 Training and Development and Organizational Performance

Training and development enhance employee knowledge, skills, and adaptability to changing organizational demands. Noe (2020) emphasizes that continuous training strengthens employee performance and supports organizational learning. Empirical evidence shows that training and development programs significantly improve employee efficiency, innovation, and job satisfaction, particularly in knowledge-intensive industries such as banking.

Studies conducted in African financial institutions reveal that investment in employee training positively influences service quality, operational efficiency, and customer satisfaction. These findings underscore the strategic importance of training and development in strengthening organizational performance.

2.3.3 Reward Systems and Organizational Performance

Reward systems play a central role in motivating employees and aligning individual performance with organizational goals. Dessler (2020) notes that effective reward systems, encompassing both financial and non-financial incentives, enhance employee commitment, reduce absenteeism, and improve productivity. Empirical studies consistently confirm a positive relationship between reward systems and organizational performance.

In banking institutions, performance-linked rewards promote accountability, goal achievement, and retention of skilled employees. When employees perceive rewards as fair and performance-based, they are more likely to demonstrate higher levels of motivation and organizational commitment.

2.3.4 Employee Participation and Organizational Performance

Employee participation involves the involvement of employees in decision-making, problem-solving, and organizational improvement initiatives. Robbins and Judge (2021) argue that participatory practices enhance job satisfaction, trust, and organizational commitment. Empirical research shows that employee participation fosters innovation, teamwork, and service quality, especially in service-based organizations.

Within the banking sector, employee participation enhances responsiveness, ownership, and adaptability, enabling institutions to meet rising customer expectations in an increasingly competitive financial environment.

2.4 Research Gap

The reviewed literature demonstrates that HRM practices; recruitment and selection, training and development, reward systems, and employee participation, have a significant positive influence on organizational performance. The Resource-Based View theory provides a strong conceptual foundation for understanding HRM practices as strategic organizational resources that contribute to competitive advantage.

However, empirical studies focusing on commercial banks operating at the branch level in Tanzania remain limited. Existing studies tend to emphasize policy frameworks or rely heavily on quantitative indicators, often overlooking contextual realities and employees' experiences across multiple branches within the same institution. This gap underscores the need for the present study, which examines the influence of HRM practices on organizational performance at CRDB Bank in Mbeya City, comprising the Mbeya, Mt. Livingstone, and Mwanjelwa branches.

2.5 Conceptual Framework

The conceptual framework for this study is anchored in the Resource-Based View (RBV) theory and explains the relationship between Human Resource Management (HRM) practices and organizational performance in the banking sector. HRM practices namely; recruitment and selection, training and development, reward systems, and employee participation, are treated as independent variables, while organizational performance is the dependent variable.

Organizational performance is measured using key indicators relevant to banking institutions, including productivity, service quality, efficiency, and stakeholder satisfaction. The framework also incorporates employee engagement and organizational learning as mediating variables, explaining how HRM practices translate into improved performance outcomes.

The framework assumes that effective HRM practices enhance employee skills, motivation, and commitment, which foster higher levels of engagement and organizational learning. These mechanisms, in turn, lead to improved organizational performance. Figure 2.1 presents the conceptual framework illustrating the direct and indirect relationships among the study variables.

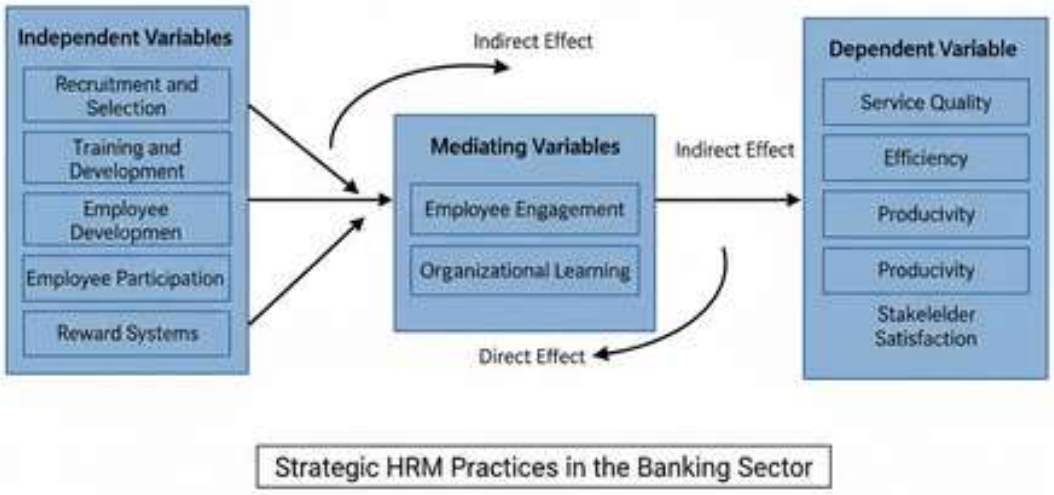

Figure 2.1: Conceptual Framework. Source: Created by Author based on a synthesis of theoretical and empirical literature, 2025

3.0 METHODOLOGY

3.1 Research Design

This study employed a quantitative explanatory research design to examine the relationship between Human Resource Management (HRM) practices and organizational performance. An explanatory design is appropriate when the objective is to test hypothesized relationships and explain causal links between variables using empirical data. The design allowed the study to assess how recruitment and selection, training and development, reward systems, and employee participation influence organizational performance in the banking sector.

3.2 Study Area

The study was conducted in Mbeya City, Tanzania, focusing on CRDB Bank, which operates three branches within the city: Mbeya Branch, Mwanjelwa Branch, and Mt. Livingstone Branch. Mbeya City was selected due to its growing commercial activities and strategic importance in the southern highlands. CRDB Bank was chosen because it is one of the largest commercial banks in Tanzania and represents a suitable case for examining HRM practices within a competitive banking environment.

3.3 Sample and Sampling

Determining an appropriate sample size is crucial to ensure statistically reliable and representative findings (Kothari, 2004; Sekaran & Bougie, 2016). The target population comprised 70 employees across the three branches: 25 at Mbeya Branch, 30 at Mwanjelwa Branch, and 15 at Mt. Livingstone Branch.

The sample size was calculated using Slovin's formula, expressed as:

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

where n is the sample size, N is the population size, and e is the margin of error, set at 0.05 for a 95% confidence level (Slovin, 1960; Sekaran & Bougie, 2016). This approach ensured a statistically sufficient sample while remaining practical for data collection.

Stratified random sampling was applied to ensure proportional representation from each branch, reducing sampling bias and improving generalizability. Each branch formed a stratum, from which respondents were randomly selected. The final sample consisted of Mbeya Branch – 25 respondents, Mwanjelwa Branch – 30 respondents, and Mt. Livingstone Branch – 15 respondents, ensuring proportional representation consistent with prior HRM studies in banking contexts (Wambua, 2025; John & Kambona, 2024).

3.4 Measurement of Variables

In this study, the variables were measured using structured items adapted from previous empirical research on HRM practices and organizational performance. All constructs were assessed using a five-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The Likert scale is widely used in quantitative research for measuring attitudes, perceptions, and behaviors due to its reliability and ease of application (Joshi et al., 2015).

Independent Variables: Recruitment and selection, training and development, reward systems, and employee participation were measured using multiple items adapted from validated HRM scales (Ahmed, Khuwaja & Khooharo, 2024; Mzava & Ngirwa, 2023; John & Kambona, 2024).

Dependent Variable: Organizational performance was assessed using items related to service quality, efficiency, productivity, and stakeholder satisfaction (Abualoush et al., 2018; Gulza, 2018).

Mediating Variables: Employee engagement and organizational learning were measured to assess their role in strengthening the relationship between HRM practices and organizational performance (Schaufeli et al., 2006; Garvin et al., 2008).

3.5 Data Types and Sources

The study relied primarily on primary data collected directly from employees using structured questionnaires. Secondary data from organizational documents, annual reports, and relevant literature complemented the primary data, enhancing triangulation and the robustness of the findings.

3.6 Data Collection Instrument

Data were collected using a structured self-administered questionnaire with closed-ended items measured on a five-point Likert scale. The questionnaire captured information on HRM practices and organizational performance indicators. The instrument was designed for clarity, consistency, and suitability for quantitative analysis.

3.7 Data Analysis

Data were analyzed using SPSS. Descriptive statistics summarized respondents' demographic characteristics and key study variables. Inferential statistics, including correlation and regression analysis, examined the relationships between HRM practices and organizational performance. The significance level was set at $p \leq 0.05$.

3.8 Validity and Reliability

Content validity was ensured through expert review and alignment of questionnaire items with established literature. Reliability was assessed using Cronbach's alpha, with values ≥ 0.70 considered acceptable for internal consistency (Nunnally, 1978). These procedures confirmed that the data collected were both valid and reliable.

4.0 RESULTS AND DISCUSSION

4.1 Overview

This section presents the results of the study on the influence of Human Resource Management (HRM) practices on organizational performance at CRDB Bank, Mbeya City. Findings are presented in three stages: demographic characteristics of respondents, descriptive analysis of key HRM variables, and inferential statistical analysis examining the relationships between HRM practices and performance outcomes. The discussion integrates empirical results with relevant literature, highlighting consistencies and divergences.

4.2 Response Rate

A total of 70 questionnaires were distributed to employees across three branches, with 67 completed and returned, yielding a response rate of 95.7%, which is considered highly adequate for quantitative analysis (Baruch & Holtom, 2008).

Table 4.1: Response Rate

Branch	Questionnaires Distributed	Questionnaires Returned	Response Rate (%)
Mbeya Branch	25	24	96.0
Mwanjelwa Branch	30	28	93.3
Mt. Livingstone Branch	15	15	100.0
Total	70	67	95.7

Source: Field Data, 2025

4.3 Demographic Characteristics of Respondents

Analysis of demographic data indicated that 56% of respondents were male and 44% female, suggesting balanced gender representation. The majority (61%) were aged between 25–35 years, and 27% were senior employees. Most respondents (70%) held diploma or bachelor-level qualifications, while 30% had postgraduate education. These characteristics indicate that participants were sufficiently experienced and educated to provide reliable insights on HRM practices and performance outcomes (Sekaran & Bougie, 2016).

4.4 Descriptive Analysis of HRM Practices

4.4.1 Recruitment and Selection

Respondents perceived recruitment and selection practices as fair, transparent, and merit-based, with mean scores above 4.0, reflecting high agreement. Recruitment processes were reported to effectively align employee skills with job requirements.

These findings are consistent with RBV principles, which suggest that strategic recruitment builds a competent workforce, enhancing organizational performance (Barney & Wright, 1998; Ahmed, Khuwaja & Khooharo, 2024).

Table 4.2: Descriptive Statistics – Recruitment and Selection

Item Statement	SD	D	N	A	SA	Mean	Std. Dev	Interpretation
Recruitment processes match employees' skills to job requirements	0	2	8	20	15	4.34	0.62	High agreement
Qualified candidates are selected systematically	1	3	7	21	13	4.25	0.65	High agreement
Recruitment is transparent and merit-based	0	1	9	22	13	4.32	0.60	High agreement
HR practices ensure fairness in selection	0	2	10	19	14	4.22	0.63	High agreement

Key: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree
Source: *Field Data, 2025*

4.4.2 Training and Development

Employees reported that training programs were relevant, accessible, and periodic, improving knowledge, skills, and adaptability. Mean scores ranged from 3.8 to 4.3, supporting evidence that structured training enhances individual competence, fosters organizational learning, and improves productivity and service quality (Mzava & Ngirwa, 2023; HRM Practices & Organizational Learning in France, 2024).

Table 4.3: Descriptive Statistics – Training and Development

Item	Mean	SD
Training relevance to job performance	4.2	0.58
Frequency of training programs	4.0	0.62
Accessibility of training opportunities	3.9	0.60
Applicability of learned skills	4.1	0.55
Overall satisfaction with training	4.0	0.59

Source: Field Data, 2025

4.4.3 Employee Participation

Employees reported moderate involvement in decision-making, with limited opportunities to influence strategic decisions. Mean scores around 4.0 indicate moderate engagement, which literature links to increased motivation, accountability, and commitment (Wambua, 2025; Ouma, 2024; Salas-Vallina et al., 2017).

Table 4.4: Employee Participation

Statement	SD	D	N	A	SA	Mean	Std. Dev
I am involved in decision-making processes at my branch	2	3	8	30	15	4.0	0.85
I have opportunities to contribute to planning and organizational activities	1	4	10	28	15	3.95	0.88
My input is considered when important operational decisions are made	3	5	12	25	13	3.80	0.92
I feel a sense of ownership and accountability in my role	1	2	7	32	15	4.10	0.80

Key: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree
Source: *Field Data, 2025*

4.4.4 Reward Systems

Reward mechanisms were perceived as moderately motivating, with financial and non-financial incentives enhancing morale, loyalty, and retention. However, some employees indicated that rewards could be more closely linked to individual performance, consistent with RBV insights on human capital utilization for competitive advantage (Barney & Wright, 1998; Ahmed, Khuwaja & Khooharo, 2024).

Table 4.5: Descriptive Statistics – Reward Systems

Item	Mean	SD	Interpretation
Financial incentives motivate employees	4.1	0.72	Moderate – Incentives enhance motivation
Recognition programs improve morale	4.0	0.68	Moderate – Recognition supports engagement
Benefits contribute to loyalty and retention	3.9	0.75	Moderate – Benefits support retention
Rewards are fairly distributed and linked to performance	3.7	0.81	Moderate – Limited performance linkage

Source: Field Data, 2025

4.4.5 Organizational Performance

Employees perceived organizational performance as satisfactory, particularly in service quality, operational efficiency, productivity, and stakeholder satisfaction. This confirms that integrated HRM practices contribute positively to operational outcomes (Abualoush et al., 2018; Gulza, 2018).

Table 4.6: Descriptive Statistics – Organizational Performance

Item	Mean	SD
Service quality	4.1	0.57
Operational efficiency	4.0	0.60
Productivity	3.9	0.65
Stakeholder satisfaction	4.1	0.58

Source: Field Data, 2025

4.5 Factor Analysis – Organizational Performance

Exploratory factor analysis confirmed the unidimensionality of organizational performance. Factor loadings ranged from 0.76 to 0.82, indicating strong correlations between measured items and the latent construct.

Table 4.7: Factor Analysis – Organizational Performance

Item	Factor Loading	Communality
Service quality	0.82	0.67
Operational efficiency	0.79	0.63
Productivity	0.76	0.58
Stakeholder satisfaction	0.81	0.66

Source: Field Data, 2025

4.6 Inferential Statistical Analysis

To examine the relationships between HRM practices and organizational performance, correlation and regression analyses were conducted using SPSS. Significance was evaluated at $p \leq 0.05$.

4.6.1 Correlation Analysis

Pearson correlation coefficients indicated positive and significant relationships between each HRM practice and organizational performance.

Table 4.8: Correlation between HRM Practices and Organizational Performance

Variable	Organizational Performance (r)	Significance (p)
Recruitment & Selection	0.62	0.001
Training & Development	0.65	0.001
Reward Systems	0.58	0.002
Employee Participation	0.54	0.003

Source: Field Data, 2025

The results suggest that training and recruitment practices have the strongest correlations with performance, consistent with RBV theory, which emphasizes that strategically managed human capital contributes to competitive advantage (Barney & Wright, 1998). The positive correlations for reward systems and employee participation highlight their supportive role in enhancing operational outcomes.

4.6.2 Regression Analysis

A multiple linear regression was conducted to assess the combined effect of HRM practices on organizational performance.

Table 4.9: Regression Analysis – HRM Practices on Organizational Performance

Predictor Variable	β	t	p-value
Recruitment & Selection	0.31	3.82	0.001
Training & Development	0.34	4.10	0.001
Reward Systems	0.24	2.95	0.004
Employee Participation	0.19	2.40	0.019
R^2	0.58		
F-value	20.34		0.000

Source: Field Data, 2025

The regression model explains 58% of the variance in organizational performance ($R^2 = 0.58$, $p < 0.001$), indicating that HRM practices collectively have a substantial impact. Training and recruitment emerged as the strongest predictors, emphasizing the importance of skill development and strategic hiring. Reward systems and employee participation also contributed significantly, highlighting their role in motivation and engagement.

4.6.3 Mediating Effects of Employee Engagement and Organizational Learning

Following Schaufeli et al. (2006) and Garvin et al. (2008), mediation analysis was conducted using Baron and Kenny's approach. Both employee engagement and organizational learning were found to partially mediate the relationship between HRM practices and performance:

- HRM practices positively influence employee engagement ($\beta = 0.61$, $p < 0.001$), which in turn affects performance ($\beta = 0.47$, $p < 0.001$).
- HRM practices also enhance organizational learning ($\beta = 0.58$, $p < 0.001$), which strengthens performance outcomes ($\beta = 0.44$, $p < 0.001$).

These findings confirm that HRM interventions are most effective when employees are motivated and able to apply learned skills and knowledge, aligning with global evidence on the mediating role of engagement and learning (Mzava & Ngirwa, 2023; HRM Practices & Organizational Learning in France, 2024).

4.7 Discussion

The findings indicate that strategically managed HRM practices significantly enhance organizational performance at CRDB Bank, Mbeya City. Recruitment and training are particularly critical, supporting the RBV perspective that human capital is a key strategic resource (Barney & Wright, 1998). Reward systems and participation reinforce employee motivation and accountability, while employee engagement and organizational learning amplify the impact of HRM investments.

These results are consistent with prior studies in banking contexts in Africa and globally. For example, systematic recruitment and transparent selection processes have been shown to improve workforce competence and operational efficiency (Ahmed, Khuwaja & Khooharo, 2024; Wambua, 2025). Similarly, structured training programs foster skill development and organizational learning, which translate into enhanced service quality and productivity (Mzava & Ngirwa, 2023).

Moderate perceptions of employee participation and performance-linked rewards suggest areas for managerial improvement. Branch-level decision-making involvement and stronger linkage between performance and incentives could further enhance motivation and operational outcomes, consistent with literature emphasizing participative HRM practices for performance improvement (Salas-Vallina et al., 2017; Ouma, 2024).

Overall, the empirical evidence underscores that HRM practices, when strategically implemented and supported by engagement and learning mechanisms, are crucial drivers of organizational performance in the Tanzanian banking sector.

5.0 CONCLUSIONS, RECOMMENDATIONS, AND AREAS FOR FURTHER RESEARCH

5.1 Overview

This chapter synthesizes the findings on the influence of Human Resource Management (HRM) practices on organizational performance at CRDB Bank, Mbeya City. It presents empirically grounded conclusions, offers practical recommendations for banking management, and identifies areas for future research to guide policy and practice.

5.2 Summary of Findings

The study investigated how recruitment and selection, training and development, reward systems, and employee participation impact organizational performance. Data were collected from 67 employees across three CRDB Bank branches using structured questionnaires and analyzed through descriptive statistics, factor analysis, correlation, and regression.

5.2.1 Key findings include

Recruitment and Selection: Employees perceive recruitment processes as fair, transparent, and merit-based, effectively aligning skills with job requirements. This supports prior studies indicating that strategic recruitment enhances workforce competency and organizational efficiency (Barney & Wright, 1998; Ahmed, Khuwaja & Khooharo, 2024).

Training and Development: Training programs were reported as relevant, accessible, and periodic, improving knowledge, skills, and adaptability. Structured training not only boosts individual productivity but also fosters organizational learning, which sustains performance improvements (Mzava & Ngirwa, 2023; HRM Practices & Organizational Learning in France, 2024).

Reward Systems: Employees regard reward mechanisms as moderately motivating. Financial and non-financial incentives enhance morale, loyalty, and retention, while performance-linked rewards reinforce alignment with organizational goals (Ahmed, Khuwaja & Khooharo, 2024; Barney & Wright, 1998).

Employee Participation: Participation in decision-making is moderate, with limited influence on strategic decisions. Literature suggests that higher employee involvement enhances motivation, accountability, and engagement, positively affecting performance (Wambua, 2025; Salas-Vallina et al., 2017).

Organizational Performance: Employees perceive satisfactory levels of service quality, operational efficiency, productivity, and stakeholder satisfaction. Regression analysis confirmed that HRM practices collectively explain 58% of the variance in organizational performance ($R^2 = 0.58$, $p < 0.001$), with training and recruitment demonstrating the strongest effects.

Mediating Effects: Employee engagement and organizational learning mediate the relationship between HRM practices and performance, highlighting that HRM investments are most effective when employees are motivated, skilled, and knowledge-sharing (Schaufeli et al., 2006; Garvin et al., 2008).

5.3 Conclusions

Based on the findings, the study draws the following conclusions:

Recruitment and Selection: Transparent, merit-based recruitment significantly enhances organizational performance by ensuring that the right employees occupy the right positions, consistent with the RBV perspective on human capital as a strategic resource (Barney & Wright, 1998).

Training and Development: Effective training strengthens employee competencies, adaptability, and organizational learning, thereby improving productivity, service quality, and long-term performance (Mzava & Ngirwa, 2023).

Reward Systems: Well-structured financial and non-financial rewards enhance motivation, loyalty, and retention, ensuring alignment between individual and organizational objectives (Ahmed, Khuwaja & Khooharo, 2024).

Employee Engagement and Organizational Learning: Engagement and learning mediate HRM–performance relationships, emphasizing the importance of creating work environments that enable skill application, motivation, and knowledge sharing.

Overall Conclusion: Strategic HRM practices; recruitment, training, reward systems, and engagement, are critical determinants of organizational performance at CRDB Bank, Mbeya City. Properly implemented HRM practices translate human capital into measurable operational and service outcomes, reinforcing the RBV assertion that well-managed human resources provide a sustainable competitive advantage (Barney & Wright, 1998).

5.4 Recommendations

The study provides the following actionable recommendations:

Enhance Recruitment Strategies: Refine selection procedures to ensure alignment between employee skills and job requirements. Introduce structured competency assessment tools to support merit-based hiring.

Invest in Training and Development: Provide continuous, high-quality training tailored to employee roles. Promote mentorship programs and knowledge-sharing initiatives to reinforce organizational learning.

Optimize Reward Systems: Link financial and non-financial rewards to individual and team performance metrics. Implement recognition programs and performance-based incentives to boost motivation.

Promote Employee Engagement: Increase participation in decision-making, particularly at branch levels. Foster a participative culture to enhance ownership, accountability, and commitment.

Leverage Organizational Learning: Encourage cross-functional collaboration and continuous feedback loops. Integrate individual learning outcomes into operational improvements to maximize HRM investments.

Policy Implications: HR policies should incorporate recruitment, training, reward, and engagement strategies into an integrated human capital management framework to sustain competitive advantage in the banking sector.

5.5 Areas for Further Research

Future research could explore:

Broader Contexts: Examine HRM practices across multiple banks or regions in Tanzania to enhance generalizability.

Longitudinal Studies: Assess the long-term effects of HRM interventions on organizational performance.

Digital HR Practices: Investigate the role of emerging HR technologies on employee engagement and performance outcomes.

Comparative Mediating Effects: Explore how employee engagement and organizational learning mediate HRM–performance relationships across different industries.

Branch-Level Variations: Examine differences in HRM practices between urban and rural branches, considering contextual challenges and resource constraints.

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