

**ROLE OF HIGH PERFORMANCE WORK PRACTICES  
ON ORGANISATIONAL PERFORMANCE. A SURVEY OF  
LISTED STATE CORPORATIONS IN THE NAIROBI  
STOCK EXCHANGE IN KENYA.**

**PETER BUTALI SABWAMI**

**DOCTOR OF PHILOSOPHY  
(Human Resource Management)**

**JOMO KENYATTA UNIVERSITY OF  
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**Role of high performance work practices on organizational performance. A survey of listed state corporations in the Nairobi stock exchange in Kenya.**

**Peter Butali Sabwami**

**Thesis submitted in partial fulfillment for the Degree of Doctor of Philosophy in Human Resource Management in the Jomo Kenyatta University of Agriculture and Technology**

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## DECLARATION

This thesis is my original work and has not been presented for a degree in any other university.

Signature..... Date.....

**Peter Butali Sabwami**

This thesis has been submitted for examination with our approval as University Supervisors.

Signature..... Date.....

**Dr. Hazel Gachunga (Ph.D)**

**JKUAT, Kenya**

signature..... date.....

**Prof. J.M Kihoro (Ph.D)**

**COPERATIVE UNIVERSITY COLLEGE OF KENYA**

## **DEDICATION**

This thesis is dedicated to my late wife, Jeniffer Njeri Butali, my late dad, my mum and my children for their love and encouragement.

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## **ACRONYMS & ABBREVIATIONS**

<b>AC</b>	Affective commitment
<b>AMO</b>	Abilities, Motivation and Opportunity
<b>ANOVA</b>	Analysis of Variance
<b>BU</b>	Business Unit
<b>CC</b>	Continuous commitment
<b>CO</b>	Company
<b>EI</b>	Employee Involvement
<b>HCWP</b>	High Commitment Work Practice
<b>HIWP</b>	High Involvement Work Practice
<b>HIWPs</b>	High Involvement Work Practices
<b>HPWOs</b>	High Performance Work Organizations
<b>HPWP</b>	High Performance Work Practice
<b>HPWPs</b>	High Performance Work Practices
<b>HPWS</b>	High Performance Work Systems
<b>HR</b>	Human Resource
<b>HRM</b>	Human Resource management
<b>KPA</b>	Kenya ports authority
<b>KPLC</b>	Kenya power and lighting company
<b>KSAs</b>	Knowledge, Skills and Abilities
<b>LTD</b>	Limited
<b>MNCs</b>	Multinational Companies
<b>NC</b>	Normative commitment
<b>NSE</b>	Nairobi Stock Exchange
<b>OCB</b>	Organizational citizenship behavior
<b>RBV</b>	Resource Based View
<b>SHRM</b>	Strategic Human Resource Management
<b>US</b>	United States

## DEFINITION OF TERMS

**High performance work practices** – refers to a set of human resource practices that are seen as potential source of competitive advantage for organizations (Huselid, 1995).

**Organizational performance** – Is the achievement of organizational goals in pursuit of business strategies that lead to sustainable competitive advantages (Gephardt & Van Buren 1996).

**Organization commitment** – Is an attitude reflecting employees' loyalty to their organization. It is also an ongoing process through which organizational participants express their concern for the organization and its continued success and well – being (Luthans, 2007)

**Selective hiring** – Is careful recruitment of employees into an organization (Armstrong, 2009)

**Performance appraisal** – is the systematic evaluation of the individual with regards to his or her performance on the job and his potential for development (Dale Beach, 2005).

**Training and development** – The activity of teaching employees' new skills and knowledge through training, mentoring (support and advice given by those with more experience) (Armstrong, 2008).

**Employee involvement** – Refers to the participative process that uses the input of employees to increase their commitment to the organization's success (Robbins & Judge, 2009)

**Job security** – It's a situation where the employee's job is permanent as long as they want it to be. (Armstrong, 2009).

**Affective commitment** - deals with the attachment of an employee with his organization and the organizational goals (O'Reily & Chatman, 1986).

**Continuance commitment**- deals with the commitment to pursue working in an organization because of the inter-employee relations and other non-transferable investments like retirement benefits (Reichers, 1985).

**Normative commitment**- refers to a sort of an obligation on the part of an employee, due to which he is willing to stay (or continue working) in an organization (Alam & Ramay, 2011).

## **ABSTRACT**

The purpose of this study was to examine the role of High performance work practices on organizational performance on listed state corporations in Kenya. The study was guided by selective hiring, employee participation and involvement, employee performance appraisal, training and development and job security as independent variables and organizational performance as the dependent variable. The study also determined the significance of moderating effect of organization commitment on high performance work practices (HPWP) on organizational performance. The study population was all the 5866 employees of the three state corporations trading with NSE. A sample of 361 respondents was used. Questionnaires were distributed randomly to respondents within each company. A pilot test was conducted to detect weaknesses in design and instrumentation. Cronbach's alpha was used to test for internal reliability of each variable used in the study. The study employed a descriptive survey research design targeting the employees of the state corporations trading on Nairobi Stock Exchange (NSE). Data was collected using questionnaires and analyzed using descriptive statistics such as frequencies and percentages. Secondary data also collected from library resources, journal articles and other published research papers mainly from online journals. The study was carried on state corporations trading with NSE to establish the role high performance work practices have on organization performance in Kenya. The findings of the study showed that selective hiring, employee participation and involvement, employee performance appraisal, training and development and job security significantly influenced organizational performance. It can therefore be concluded that the adoption of high performance work practices by State Corporations in Kenya influence organizational performance. The results also showed that organizational commitment moderates the relationship between HPWPs and organizational performance. Conclusions from the results indicated that affective commitment and normative commitment moderate the relationship between selective hiring and organizational performance. Affective commitment, continuance commitment

and normative commitment moderated the relationship between employee participation, performance appraisal, training and development, job security and organizational performance. The study recommended that chief executives incorporate the HPWPs in their firms and all state corporations should inject HPWPs in their organizations as a matter of policy.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

High performance work practices (HPWPs) are simply work practices that can be deliberately introduced in an organization through employees in order to improve organizational performance (Sung & Ashton, 2002). Those organizations that adopt HPWPs are referred to as high performance work organizations (HPWOs).

High performance work practices originated in the manufacturing sector in the early 1990s but have since spread to the health care and service sectors (Appelbaum, Bailey and Kallerbeerg, 2000). High – performance work practices (HPWP) also referred to as high involvement or high commitment work systems, seek to increase work satisfaction and improve organizational performance through investment in human capital (Pfeffer 2006). While definitions vary, HPWP are generally conceptualized as “bundles” of mutually reinforcing and complementary human resources policies and practices that promote vigorous worker selection practices, increased career and skill development opportunities and the use of performance – based incentives, team based work practices, and participatory decision making (Huselid, 2010, Godard & Delancy, 2000).

The adoption of high – performance work practices (HPWPs) has been associated with higher productivity and enhanced performance at the firm level (Huselid, 2010, Ichniowski, Shaw & Prensushi, 2010). HPWPs are a management approach in which firms rely especially on employee contributions to succeed in the achievement of business goals. These practices are also referred to as high – commitment management (Wood & Albanese, 2010), high involvement management (Guthrie, 2001), flexible work practices (Gittleman, Horrigan & Joyce, 2010), or innovative work practices (Handle & Gittleman, 2004).

In high performance work systems, workers become more skilled and better prepared to perform their duties. This improves labour productivity. Moreover, HPWPs are conceived as employee – centered work practices, which lead to increased workers motivation and satisfaction and greater loyalty to the employer reducing shirking and turnover. In addition employees are given a voice in decision making and empowered to act. For these reasons, HPWPs are expected to increase workers effective discretionary effort, leading to improved firm performance in terms of product quality and higher profits as well as to a more satisfied workforce (Gittleman *et al*, 2004). Firms adopt high – involvement work practices (HIWPs) as part of an organizational change process, such as the implementation of quality management initiatives (Boxall & Macky, 2007; Gollan, 2005, Wall *et al*, 1990).

The term high performance work practices also refers to a set of practices aimed at improving employee performance by increasing employees’ skills and motivation (Pil & MacDuffie, 2004). HPWPs are defined in terms of four attributes (Lawler, Mohrman, & Ledford, 2011): (a) employees have the power to make decisions and/or to participate in decision making; (b) task – relevant information is shared throughout the unit; (c) employees are provided with necessary training to do their work; and (d) employees are rewarded for using their participation in decision making, information sharing, and training to positively influence unit outcomes.

High performance work practices provide flexibility of the organizational structure entailing job enrichment, empowerment, self – managed work teams, open two – way communication, participation in decision – making, extensive skill development, reduced status differences, and rewards and recognition practices (Appelbaum *et. al.*, 2000, Edwards & Wright, 2001).

Human resources can be an organization’s largest and most difficult to- control expense, but it can also be central ingredients affecting organizational performance (Pfeffer,



2006). Thus, a key task for researchers has been to understand how human resources can be managed to maximize productivity and enhance creativity while controlling costs. Rising to this challenge is a body of research labeled strategic human resource management (SHRM), which is devoted to understanding how human resource management practices affect organization-wide outcomes (Ferris, Hochwarter, Buckley, Harrell-Cook, & Frink, 2007; MacMillan & Schuler, 2004).

Human resource practices that SHRM theorists consider performance enhancing are known as high-performance work practices (HPWPs— Huselid, 2010). HPWPs include, for example, incentive compensation, training, employee participation, selectivity, and flexible work arrangements (Huselid, 2002; Pfeffer, 2006). SHRM theory asserts that these practices increase employees' knowledge, skills, and abilities (KSAs), empower employees to leverage their KSAs for organizational benefit, and increase their motivation to do so (Becker & Huselid, 2006; Delery & Shaw, 2001). The result is greater job satisfaction, lower employee turnover, higher productivity, and better decision making, all of which help improve organizational performance (Becker, Huselid, Pickus, & Spratt, 2002). HPWPs also operate through organizations' internal social structures to increase flexibility and efficiency (Evans & Davis, 2005).

Strategic human resource management researchers point to three mediators through which HPWPs affect organizational performance. HPWPs operate by (a) increasing employees' knowledge, skills, and abilities (KSAs), (b) empowering employees to act, and (c) motivating them to do so (Becker & Huselid, 2006; Becker et al., 2006; Delery & Shaw, 2001; Huselid, 2002). Broad recruiting and selectivity in staffing bring KSAs into organizations (Hoque, 2002). KSAs are further advanced through practices such as training, job design, and compensation tied to skill development (Hoque, 2002; Russell, Terborg, & Powers, 2004). Bailey (2006) argued that employees often perform below their potential because they possess discretionary use of their time and talent. Thus, employees must be motivated to leverage their KSAs. HPWPs such as incentive

compensation, performance appraisal, and internal promotion policies are thought to offer incentives to aid motivation (Delery & Shaw, 2001; Huselid, 2002). HPWPs such as employment security, flexible work schedules, procedures for airing grievances, and high overall compensation can also increase motivation by increasing employee commitment (Pfeffer, 2006; Youndt, Snell, Dean, & Lepak, 2006).

In sum, HPWPs improve organizational performance through two interactive and overlapping processes. First, they give employees the KSAs needed to perform job tasks and both the motivation and opportunity to do so (Delery & Shaw, 2001). Second, HPWPs improve the internal social structure within organizations, which facilitates communication and cooperation among employees (Evans & Davis, 2005). Jointly, these processes increase job satisfaction and help employees work more productively and make better decisions. These in turn reduce employee turnover and improve organizational performance vis-à-vis competitors (Becker *et al.* 2006).

Following earlier research on need theory (Alderfer, 1972; Maslow, 1943; McClelland, 1987), the underlying assumption of this research stream is that HIWP engage and empower employees more fully in their work (Wright *et al.*, 2005). Employees in HIWP firms have more skills to perform their jobs properly, more information with which to make thoughtful decisions about how to achieve unit goals, more authority to make decisions in the unit's best interests, and greater incentives to align individual effort with unit goals. These intrinsic rewards are further bolstered by the extrinsic rewards typically used by business units with HPWPs, such as skill-based pay, profit-sharing, employee ownership, and flexible benefits (Lawler, 2011).

High-involvement work practices translate into business unit values that emphasizing achievement into stronger business unit performance in several ways. By choosing employees who are eager to continue growing at work rather than simply "filling slots," units with HPWPs acquire personnel who are willing and eager to expand their roles and

take on increasing amounts of responsibility (Delery & Doty, 2006). By providing employees with additional training and more challenging work assignments, units with HPWPs develop both the breadth and depth of employees' work competencies (Schuler & Jackson, 2004). By giving employees more opportunities to participate in decisions that affect their jobs, units with HPWPs foster greater commitment to the organization, personal responsiveness to colleagues and customers, and greater innovation (Spreitzer, 2005; Sun *et al.*, 2007). Finally, by using better performance appraisal systems and merit-based reward systems, units with HPWPs create stronger incentives to work effectively and efficiently (Snell, 2007).

Moreover, a growing body of literature indicates that such practices, if implemented collectively, contribute to improved business unit performance (Huselid, 2010). Indeed, the consensus is that it is systems of HPWPs, rather than the isolated implementation of individual practices, that contributes to sustained competitive advantage.

High performance work practices, in a nutshell, refer to the careful design to work organization and practices so that they are systematically linked to the achievement of organizational objectives and performance. They are work practices that are deliberately introduced in order to improve organizational performance.

## **1.2 Statement of the Problem**

High performance work practices refer to a set of human resource practices that are seen as potential source of competitive advantage for organizations (Huselid, 2010). HPWPs include for example training, employee participation, selective hiring, incentive compensation and performance appraisal (Huselid, 2010). The adoption of high performance work practices have been associated with higher productivity and enhanced performance at the firm level (Pfeffer, 2006).

Kenyan State Corporation are performing well due to many factors including HPWPs, but the magnitude of influence of these HPWPs is not known, thus the need to investigate the role of high performance work practices on organization performance in the Kenyan state corporations.

Although high performance work practices (HPWPs) are an important dimension in contemporary research at workplaces, a majority of research has been confined in the Western manufacturing context (Wickramasinghe *et al*, 2011). Performance work system literature is mainly concerned with studying western firms that decide to revitalize their historical HR system by examining why the change and what HR policies and practices underpin the change (Boxall & Mackay, 2007). The picture is however unclear in African developing economies. Hence the needs to explore the role of high performance work practices and quality management initiatives in different industrial sectors in Kenya.

Valerie Barrad Didier and Sylvie Guereu, (2002) in their study of high involvement practices on French companies: concluded that when HR practices are combined in bundles they have a greater impact on performance than when studied individual and hence the needs to verify whether the same applies to the Kenyan context.

The effect of high performance work practices on organizational performance was investigated because they play a critical role in the realization of vision 2030. Kenya vision 2030 is the country's development blue print covering the period 2008 – 2030 which aims at industrializing Kenya, in order to provide quality life for all its citizens by the year 2030. With the importance attached to high performance work practice, the study focused on the role HPWPs have on organizations performance as moderated by organization commitment and whether these practices do exist in the Kenyan state corporations trading in the Nairobi stock exchange.

### **1.3 Objectives of the study**

#### **1.3.1 General objective**

To examine the role of high performance work practices (HPWPs) on organizational performance in listed state corporations in the Nairobi stock exchange.

#### **1.3.2 Specific objectives**

The specific objectives of the study were:

1. To establish the effect of selective hiring on organizational performance in listed state corporations in the Nairobi stock exchange.
2. To examine the effect of employee participation and involvement on organizational performance in listed state corporations in the Nairobi stock exchange.
3. To determine the effect of employees performance appraisal on organizational performance in listed state corporations in the Nairobi stock exchange.
4. To examine the impact of training and development of employees on organizational performance in listed state corporations in the Nairobi stock exchange.
5. To establish the effect of job security of employees on organizational performance in listed state corporations in the Nairobi stock exchange.
6. To determine whether there is a moderating effect of organizational commitment on high performance work practices (HPWP) and organization performance in listed state corporations in the Nairobi stock exchange.

### **1.4 Research Hypotheses**

The research hypotheses of this study were:

H<sub>01</sub>: There is no significant influence of selective hiring on organizational performance in listed state corporations in the Nairobi stock exchange.

H<sub>02</sub>: There is no significant influence of employee participation and involvement in decision making on organizational performance in listed state corporations in the Nairobi stock exchange

- H0<sub>3</sub>: There is no significant influence of employees' performance appraisal on organizational performance in listed state corporations in the Nairobi stock exchange.
- H0<sub>4</sub>: There is no significant influence of training and development on organizational performance in listed state corporations in the Nairobi stock exchange.
- H0<sub>5</sub>: There is no significant influence of job security on organizational performance in listed state corporations in the Nairobi stock exchange.
- H0<sub>6</sub>: There is no significant moderating influence of organizational commitment on the relationship between high performance work practices and organizational performance in listed state corporations in the Nairobi stock exchange.
- H0<sub>6a</sub>: Organizational commitment (normative, affective, continuance) does not moderate the relationship between selective hiring and organizational performance in listed state corporations in the Nairobi stock exchange.
- H0<sub>6b</sub>: Organizational commitment (normative, affective, continuance) does not moderate the relationship between employee participation and organizational performance in listed state corporations in the Nairobi stock exchange.
- H0<sub>6c</sub>: Organizational commitment (normative, affective, continuance) does not moderate the relationship between performance appraisal and organizational performance in listed state corporations in the Nairobi stock exchange.
- H0<sub>6d</sub>: Organizational commitment (normative, affective, continuance) does not moderate the relationship between training and development and organizational performance in listed state corporations in the Nairobi stock exchange.
- H0<sub>6e</sub>: Organizational commitment (normative, affective, continuance) does not moderate the relationship between job security and organizational performance in listed state corporations in the Nairobi stock exchange.

### **1.5 Significance of the study**

The study contributes to the growing body of knowledge on the effects of high performance work practices (HPWPs) on organizational performance in the Kenyan context. The findings from this study will help organizations and managers to implement high performance work practices in their organizations to boost organizational performance.

### **1.6 Scope of the study**

This study was carried out among the employees of three state corporations listed on the Nairobi Stock Exchange. These companies were Kenya Power, KenGen and Mumias Sugar Company. The study was pegged on the following HPWPs; selective hiring, performance appraisal, training and development, employee participation and involvement and job security which affected organizational performance as mitigated by organizational commitment.

### **1.7 Limitations of the Study**

The exercise was expensive since it required a lot of materials for preparation to acquire reliable data for example, getting data from the internet, typing, photocopying and binding. This strained the researcher, since it was a self-sponsorship project.

The study required a lot of the respondents time and this posed a problem given the limited amount of time allocated to the respondents for handling issues not related to the core values of their organizations. This was mitigated by preparing a well calculated schedule and introducing myself to the respondents with a letter I had obtained from the managements of the three organizations granting me permission to collect data.

The study was limited to respondents from the three state corporations trading in the Nairobi stock exchange. This could limit the generalization and application of the

findings to other state organizations. There was difficulty in following up the questionnaires during the data collection process. Since most of the employees were not committed to the exercise due to tight work schedules. To mitigate this problem I had to spend time explaining to individual respondents where they encountered difficulties in interpreting the questions.

One of the limitations of the study was that some of the relevant information looked sensitive for the respondents to divulge the information. To counter this, the respondents were assured of confidentiality to avoid victimization.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter contains theoretical and empirical literature on high performance work practices, organization performance and organizational commitment. Part one identified and explained the theoretical framework, models and conceptual framework on which the study was to be hinged. The second part was on review of variables under study, that is, HPWPs, Organizational performance and organizational commitment. The last part was the critique, research gaps and conclusion.

#### **2.2 Theoretical framework**

The study used five theories that explains why workplaces with employee involvement, profit-sharing, and other new workplace practices might have different outcomes for employees than more traditional workplaces, these include: human capital, compensating differences, efficiency wages, incentives and complimentarily, and theories centering on conflict over distributive issues within the firm.

##### **2.2.1 The Human Capital and Abilities, Motivation and Opportunity (AMO)**

###### **Theory**

Human resource practices can influence a firm's future return through the embedding of resources in people which is called investing in human capital (Becker, 2006). The core concept of human capital is that people possess skills, experience, and knowledge that have economic value to firms (Snell & Dean, 2006). This human capital theory was first proposed by Schulzt (1960) to examine the economic value of education, but more recently it has been used in human resource practices field. Firms attain human capital through recruiting employees with high level of skills and knowledge, much of these skills and knowledge are intangible, including such abilities as solving problems,

coordinating, and making decisions in new situations (Becker, 2006). These intangible skills and knowledge constitute idiographic resources which create competitive advantage to firms (Barney, 2007). Human capital is of value to a firm but it is transferable, it is embodied in employees, who are free to move from one place to another, especially for employees with general human capital (Becker, 2006; Parnes, 2006; Jacoby, 2003). The contribution of human capital to a firm's performance largely depends on employees' willingness to perform. This is consistent with the AMO theory (abilities, motivation and opportunity to participate) proposed by Appelbaum *et al.*, (2000) and Bailey *et al.*, (2001). The AMO theory states that a firm's performance is a function of employee's ability, motivation and opportunity to participate. Firms can generate competitive advantage through improving employee's ability, motivation and provide employees opportunities to participate in value creation, which will results in higher productivity and better organizational performance (Appelbaum *et al.*, 2000; Bailey *et al.*, 2001; Miller & Le Breton Miller, 2005). This theory explains how the HPWS functions from the individual employee's perspective.

### **2.2.2 Resource-based theory**

Resource-based theory specifies that organizations differ in their unique bundles of resources and capabilities (Barney, 2007). This peculiarity could lead to different performance outcomes and differentiation of 'successful' and 'unsuccessful' organizations. Thus, the organizations will make every effort to deploy existing resources and capabilities to maximize performance, and, at the same time, further develop resources in order to remain competitive (Shuen, 2004), trying to prevent competitors from imitating valuable resources (Teece *et al.*, 2001). Intangible resources embedded in human capital and combined with other tangible resources in a supplementary fashion are very likely to generate value for the firms.

The resource-based view of the firm (RBV) focuses on organizational features-resources- that are the basis of competitive strength if exploited properly. Subsequent developments of this theory focused on the importance of the unique, often hidden, aspects of an organization, such as tacit knowledge, or the things that it has learnt to do, in understanding differences between firms (Barney, 2007). Because tacit knowledge is unknown, it is hard to codify or write down, and therefore almost impossible for competitors to acquire or replicate. Moreover, if a firm starts earlier than competitors, it may be able to build up advantages that they will have difficulty in overcoming.

Resource – based view of the firm is a model that can be used to analyze a firm's strengths and weaknesses. It focuses on the idiosyncratic, costly-to-copy resources controlled by a firm-resource whose exploitation may give a firm competitive advantage. This approach to studying a firm's internal strengths and weaknesses rests in two fundamental assumptions. First, building on Penrose's work, this work assumes that the firm can be thought of as bundle of productive resources and that different firm's posse's different bundle of these resources. This is the assumption of firm resource heterogeneity: the approach assumes that some of these resources are either very costly to copy or inelastic in supply. This is the assumption of resource immobility.

If the resources a firm possesses enable the firm to exploit opportunities or neutralize threats, these resources are possessed by only a small number of competing firms, and if they are costly to copy or inelastic in supply, then they may be firm strengths and thus potential sources of competitive advantage. Time also means that the competitors find it difficult to copy a firm's resources, because they may not be able to understand precisely how and when they were developed in other words there is causal ambiguity (Shuen, 2004).

Competitive advantage can be defined as the ability to generate higher economic rents than another firm could achieve, given the same investment (Shuen, 2004). In order for a

resource to generate value for customers and rents for the firm, it must be significantly different from the resources held by other organizations. So the resource-based view focuses on the differences between organizations mostly on the resources they possess. It also assumes that the difference will need to be maintained and somehow protected from competitors if the position of the firm is not to be eroded.

The resource – based view (RBV) approach to competitive advantage contends that internal resources are more important for a firm than external factors in achieving and sustaining competitive advantage (Teece *et al.*, 2001). In contrast to the I/O theory, proponents of the RBV view contend that organizational performance will primarily be determined by internal resources that can be grouped into three all-encompassing categories: physical resources, human resources, and organizational resources (Selznick & Ricardo, 2007). Physical resources include all plant and equipment, location, technology, raw materials, machines, human resources include all employees, training, experience, intelligence, knowledge, skills, abilities and organizational resources include firm structure, planning processes, information systems, patents, trademarks, copyrights and databases.

RBV theory asserts that resources are actually what help a firm exploit opportunities and neutralize threats. The basic premise of the RBV is that the mix, type, amount and nature of a firm's internal resources should be considered first and foremost in devising strategies that can lead to sustainable competitive advantage. Managing strategically according to the RBV involves developing and exploiting a firm's unique resources and capabilities, and continually maintaining and strengthening those resources. The theory asserts that it is advantageous for a firm to pursue a strategy that is not currently being implemented by any competing firm. When other firms are unable to duplicate a particular strategy, then the focal firm has a sustainable competitive advantage, according to RBV theorists (Selznick & Ricardo, 2007).

### **2.2.3 Human Capital Theory**

Human capital represents the human factor in the organization, the combined intelligence, skills and expertise that gives the organization its distinctive character. The human elements of the organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long – term survival of the organization (Armstrong, 2009).

Human capital theory specifies three principles (Becker, 2006): a) Investment in employee development in terms of skills and knowledge is justified only when future productivity exceeds the cost; b) firms should invest in employee firm specific skills and knowledge, whereas general skills should be developed by the employee; c) organizations need to protect their human capital from being transferred to other firms. Human capital theory explains the relationships between human resource practices and human capital accumulation. One example of these human resource practices is HPWS focusing on human capital elements such as skills, firm specific knowledge, and rewards systems that enhance employee performance, and could lead to better organizational performance (Huselid, 2010).

Human capital theory argues that workers with higher skill levels receive higher compensation because they are more productive. Employee involvement may require workers with more general skills to perform more complex tasks, which might result in more rigorous selection and hiring criteria and increase the demand for and wages of more educated workers. New practices may also require more firm-specific skills, which would increase employer-providing training and wages as well (Handel & Levine, 2007).

Human capital theory suggests that education or training raises the productivity of workers by imparting useful knowledge and skills, hence raising workers' future income by increasing their lifetime earnings (Becker, 2006). Becker (2006) provide an

explanation that links investment in training with workers' wages. In particular, their theory draws a crucial distinction between general education and firm-specific training. Over the past thirty years or so, hundreds of studies have been conducted to estimate rates of return to education (RORE); most of such studies show that formal schooling is a crucial factor in explaining variations of salary and wages in well developed countries (Cohn & Addison, 2007).

The added value that people can contribute to an organization is emphasized by human capital theory. It regards people as assets and stresses the investment by organizations in people will generate worthwhile returns. Human capital theory is associated with the resource – based view of the firm as developed by Barney, (2007). This proposes that sustainable competitive advantage is attained when the firm has a human resource pull that cannot be imitated or substituted by its rivals. Boxall, (2003) refers to this situation as one that confers 'human capital advantage'. But he also notes that a distinction should be made between 'human capital advantage' and 'human process advantage'. The former results from employing people with competitively valuable knowledge and skills, much of it tacit. The latter, however, follows from the establishment of difficult to imitate, highly evolved processes within the firm, such as cross – departmental cooperation and executive development. Accordingly, 'human resource advantage', the superiority of one firm's labor management over another's can be thought of as the product of its human capital and human process advantages (Handel & Levine, 2007).

Human resource practices can influence a firm's future return through the embedding of resources in people which is called investing in human capital (Becker, 2006). The core concept of human capital is that people possess skills, experience, and knowledge that have economic value to firms (Snell & Dean, 2006). This human capital theory was first proposed by Schultz (1960) to examine the economic value of education, but more recently it has been used in human resource practices field. Firms attain human capital through recruiting employees with high level of skills and knowledge, much of these

skills and knowledge are intangible, including such abilities as solving problems, coordinating, and making decisions in new situations (Becker, 2006). These intangible skills and knowledge constitute idiographic resources which create competitive advantage to firms (Barney, 2007). Human capital is of value to a firm but it is transferable, it is embodied in employees, who are free to move from one place to another, especially for employees with general human capital (Becker, 2006). The contribution of human capital to a firm's performance largely depends on employees' willingness to perform.

#### **2.2.4 Efficiency Wage Theory**

Efficiency wage theory predicts that paying higher wages may increase workers' productivity through three main channels (Katz, 2006; Levine, 2009). A higher wage may increase worker effort due to the greater cost of job loss, so workers would want to reduce the chances of being dismissed for low effort. A higher wage may also increase effort by increasing workers' loyalty to the firm, which may be especially important in systems that require greater discretionary effort from employees and in group activities such as problem solving in which effort and output are costly to monitor (Akerlof, 2003; Milgrom & Roberts, 2005). Indeed, the core concept of the mutual gains enterprise or high commitment systems is consistent with Akerlof's (2003) theory of labor contracts as partial gift exchange and the role of fairness conceptions in determination of expectations, effort, and wages. Finally, a higher wage may reduce firms' turnover and recruitment costs, which might also be important if EI (employee involvement) requires more careful recruitment or increased firm-specific training.

#### **2.2.5 Incentives and Complementarity theory**

The prescriptive literature on organizational design emphasizes the importance of aligning decision making rights with incentives to make good decisions. If undertaken seriously, the use of greater employee involvement involves substantial changes in decision making rights because frontline employees collect and analyze more data and

suggest and implement improvements. In these circumstances, it makes sense to structure incentives in ways that reward quality and improvement and align frontline workers' goals with their new authority (Milgrom & Roberts 2005; Levine 2009). Because workplaces with greater employee involvement depend more on employee initiative, the theory of complementarities between involvement and incentives implies pay practices such as gain sharing, profit sharing, and stock ownership plans will be more common. If these forms of variable compensation substitute for base pay, shift earnings risk to workers, or are introduced in the context of concession bargaining, then one would observe lower regular wages in their presence, though perhaps less employment variability in some cases as well. However, if the firm's strategy is to introduce a supplement or at least avoid putting current pay levels at risk, then total earnings may be no different or slightly higher. If the practices work as intended and increase motivation and productivity, earnings may be significantly greater, assuming firms share gains with workers.

The theories explain how the high performance work practices can be incorporated in state corporations through employees via Abilities, motivation and opportunity (AMO) theory, Resource based theory, Human capital theory, efficiency wage theory and incentives and complementarity theory to enhance performance.

## **2.3 Models**

### **The AMO model**

Presents a specific way of defining HRM and focuses on those HR practices that increase effective discretionary behavior amongst employees. This has the effect of making workers feel highly committed to their organization, their department, their colleagues and their job, and is willing to go the extra mile. This is also known as organizational citizenship behavior (OCB). OCB is "employee behavior that is above and beyond the call of duty and is therefore discretionary and rewarded in the context of an organization's formal reward system" (Konovsky & Pugh, 2000). The service quality literature suggests that in order to deliver high levels of customer quality, organizations

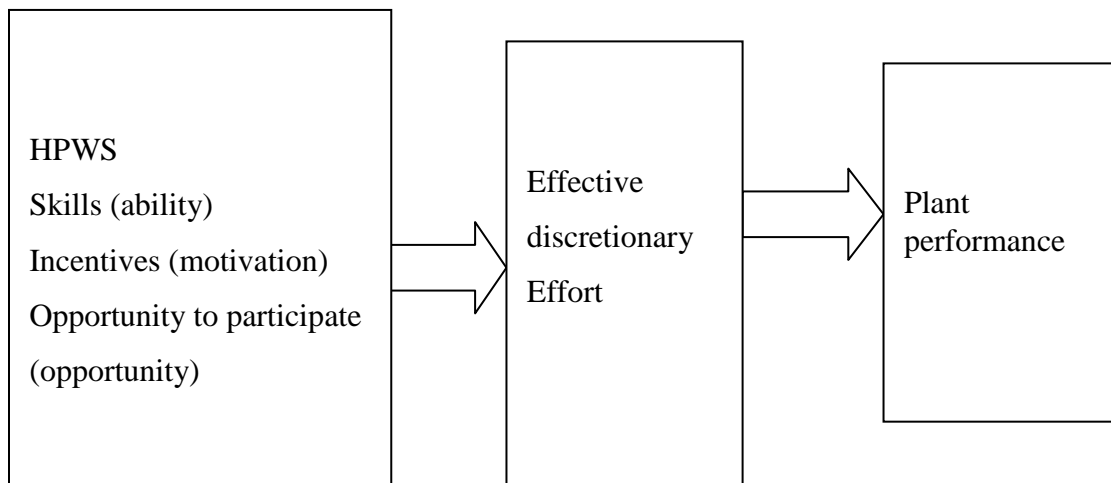


must identify, measure, and manage the internal elements that produce it (Hallowell, 2006). In the health service there is a close link between employee outcomes (job satisfaction) and customer service (customer satisfaction). Going the extra mile in health care is directly linked to customer care and therefore worthwhile pursuing. In the model, effective discretionary effort is a function of the employees' abilities, motivation and opportunity to participate (Appelbaum *et al.*, 2000). A visual representation of the AMO model is shown in Figure 2.1. Boxall and Purcell (2003) observe that according to the AMO model people perform well when: "they are able to do so (they can do the job because they possess the necessary knowledge and skills)" "they have the motivation to do so (they will do the job because they want to and are adequately incentivized)" and "their work environment provides the necessary support and avenues for expression (for example, functioning technology and the opportunity to be heard when problems occur).

The AMO model suggests that specific HR practices – often termed high performance work practices or HPWPs – enhance the three main components of the model. HPWPs that enhance Abilities include: skills training, general training, job enrichment and coaching. Typical HPWPs that enhance motivation include: high wages, fair pay and pay for performance. Finally, HPWPs that enhance the opportunity to participate include: employee involvement in decision making, participation, job and team autonomy, and decentralization. In summary, high performance work practices (HPWPs) that stimulate employee ability, employee motivation and employee opportunity to participate (AMO) are deemed to contribute to employee discretionary effort. In turn, discretionary effort is thought to form the basis for efficiency, flexibility and social legitimacy in the organization (Boxall & Purcell, 2003).

The AMO model suggests that HRM can contribute to critical HR goals (for example labour productivity and flexibility) and suggests that this relationship is mediated by employee attitudes and behaviors' (Appelbaum *et al.*, 2000). In other words, HR practices affect employee attitudes (for example, employee commitment and motivation)

and employee behaviors' (for example, organizational citizenship behavior and turnover), and these attitudes and behaviors' in turn have an impact on efficiency, flexibility and legitimacy. Boxall and Macky (2009) provide an extensive overview of the high performance work systems literature. Their integrative research framework includes: employment practices (selective hiring) and work practices (self-managing teams); the impact of context in particular industry-grounded characteristics such as those described in MacDuffie's (2004) study of the automobile industry; and direct effects of AMO components (the cognitive path to operating outcomes) and indirect effects of AMO components (the motivational path to operating outcomes).

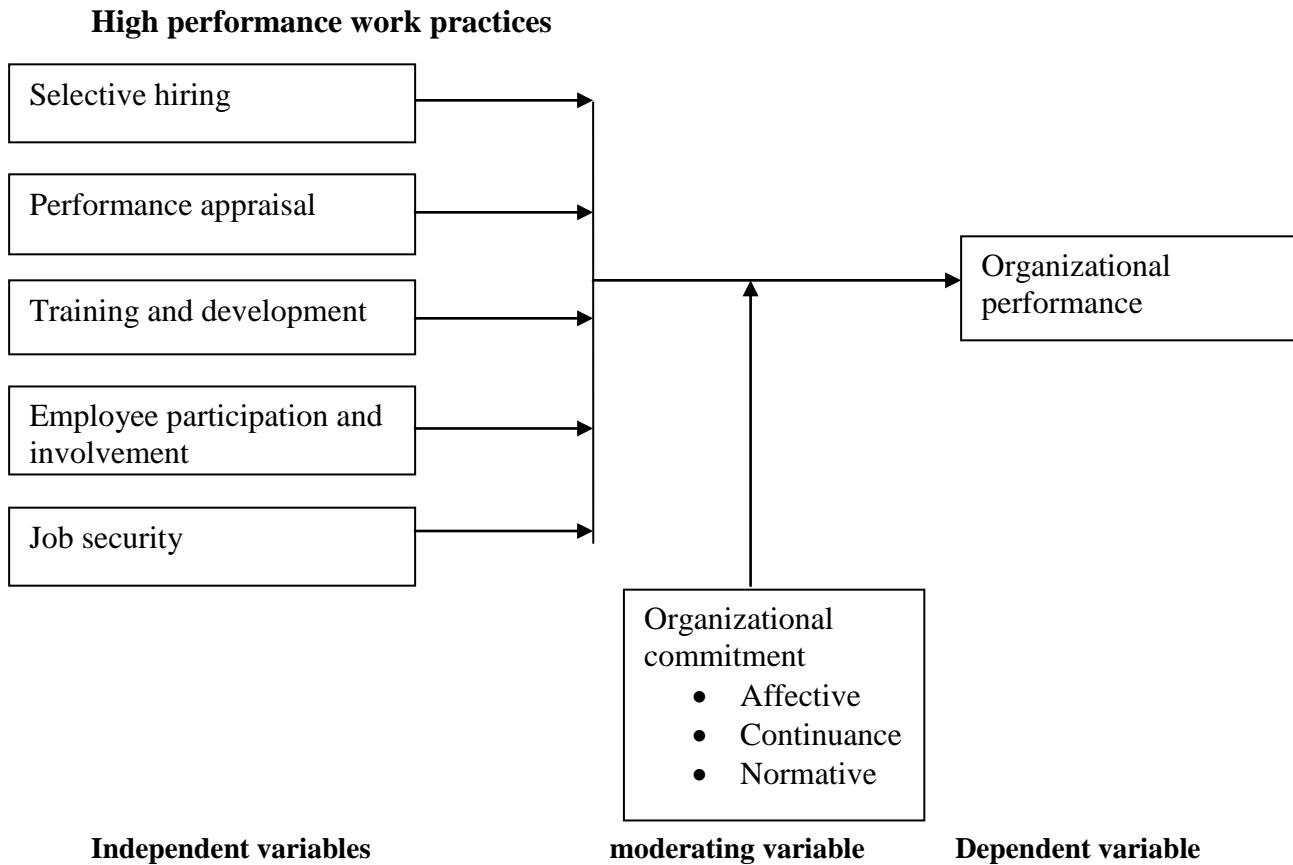


**Figure 2.1 AMO Model**

Source: Appelbaum *et. al*, (2000)

#### **2.4 Conceptual framework**

The study focused on the independent variables and dependent variable. The independent variables included selective hiring, performance appraisal, training and development, employee participation and involvement and job security. The conceptual framework below explains how the independent variables affect the dependent variable which is organizational performance as moderated by organizational commitment.



**Figure 2.2: Conceptual framework**

## 2.5 Review of variables

The three variables under study namely: High Performance Work Practices (HPWPs), Organization Performance and organizational commitment are discussed below.

### 2.5.1 High Performance Work Practices

The concept of HPWPs was invented by Huselid, (2010), referred to as a set of human resource practices that are seen as a potential source of competitive advantage for organizations (Appelbaum, 2000; Pfeffer, 2006; Wright *et al.*, 2005; Zacharatos *et al.*, 2005). Human capital is the main focus of an HPWPs environment where employees have greater involvement, responsibility, autonomy and decision making powers,

leading to improved efficiency and effectiveness. It has emerged as a core construct encompassing the extent to which firms invest in the attraction, selection, management, and retention of the best possible human capital (Lepak *et al.*, 2006), with HPWS indicative of the value firms place on their human capital as a source of competitive advantage.

Effective HPWS requires three core components: opportunity for substantive participation in decisions; appropriate incentives and training; and selection policies that guarantee an appropriately skilled workforce. The most important components of employee opportunity to participate are autonomy in decision making, self-directed team membership, off-line team participation, and communication. To be effective in improving firm performance, employees must have the responsibility, authority and opportunity to solve problems and make decisions. They should also have greater autonomy to control and communicate with workers outside their work groups and with managers other than their own team members. Employee efforts are effective when they have the appropriate skills (formal or informal training, education, firm-specific and technical knowledge and seniority) and knowledge across a broad front, including basic skills, technical and occupationally specific skills, leadership and social skills. The effective deployment of HPWS requires firms and workers to invest in firm specific worker skills. Employees need to have a deep understanding of their own organization and customer needs. They are expected to be knowledgeable about the firm's products and markets. "Employees become truly empowered by understanding what the organization wishes to accomplish and how they can contribute" (Kaplan & Norton, 2006).

Firms can increase workforce skills by increasing the amount of formal training (Shih *et al.*, 2008) or structured on-the-job training in technical, problem-solving and team-building skills. In such an environment employees lower in the hierarchy are empowered and can make decisions traditionally reserved for supervisors (Manz & Sims, 2001). It is

expected that HPWPs will increase employee intrinsic work rewards and, thereby, enhance employee satisfaction and commitment. This, as mentioned previously is especially true in the service sector.

HPWPs are a management approach in which firms rely especially on employee contributions to succeed in the achievement of business goals. HPWPs entail managers ceding a degree of control to employees seeking their commitment to the firm instead of pursuing their compliance to predefined rules set by employers (Ramsay, Scholarios & Harley, 2000). These practices are also referred to in the literature as high-commitment management (Wood & Albanese, 2010), high-involvement management (Guthrie 2001), flexible work practices (Gittleman, Horrigan & Joyce, 2005) or innovative work practices (Handel & Gittleman ,2004).

High-performance work practices (HPWPs), also referred to as high involvement or high commitment work systems, seek to increase worker satisfaction and improve organizational performance through investment in human capital (Pfeffer, 2006; Burke 2006). HPWPs are typically implemented as synergistic “bundles” of policies and practices that emphasize worker training, socialization, and rewards such as team-building, performance-based incentives, job rotation or multiskilling, and participative decision making (Appelbaum *et al.*, 2001).

Although there is not complete agreement on the practices that should be considered as HPWPs, many of them arise quite systematically in the literature on the subject. These practices can be basically classified into two types: alternative work practices and employment practices (Bailey, 2004). Among the former, job practices (such as work teams) and formal participatory practices (such as problem-solving groups) have been considered. Regarding employment practices, sophisticated selection, job security, extensive training, performance appraisal and non-traditional compensation systems have been included.

The benefits for the firm of adopting this approach in HRM come from several sources (Huselid, 2002). These are well captured in the AMO (ability, motivation and opportunity) framework developed by Appelbaum, Bailey, Berg and Kalleberg (2000). In high performance work systems, workers become more skilled and better prepared to perform their duties. This improves labour productivity. Moreover, HPWPs are conceived as employee-centred work practices, which lead to increased workers' motivation, satisfaction and greater loyalty to the employer, reducing shirking and turnover. In addition, employees are given a voice in decision making and empowered to act. For these reasons, HPWPs are expected to increase workers' effective discretionary effort, leading to improved firm performance in terms of product quality and higher profits, as well as to a more satisfied workforce (Gittleman *et al.* 2010). The contribution of HPWPs to the development of firm-specific knowledge, in relation to products and processes that enable employees to interact effectively with customers, is another reason for their expected positive effect on performance (Batt, 2002). Another important feature of HPWPs is that their elements work together as bundles. This means that the impact of the whole system of HPWPs will be greater than the sum of its parts because of the synergistic effects of all the practices together (Black & Lynch, 2004). High-performance work practices (HPWP), also referred to as high involvement or high commitment work systems, seek to increase worker satisfaction and improve organizational performance through investment in human capital (Pfeffer, 2006; Burke, 2006).

Strategic human resource management (SHRM) theory asserts that these practices increase employees' knowledge, skills and abilities (KSAs), empower employees to leverage their KSAs for organizational benefit and increase their motivation to do so. (Becker & Huselid, 2006). The result is greater job satisfaction, lower employee turnover, higher productivity and better decision making, all of which help improve organizational performance (Becker, Huselid, Pickus & Spratt, 2009). HPWPs also

operate through organizations internal social structures to increase flexibility and efficiency (Evans & Davis, 2005).

### **2.5.2 Selective Hiring**

This practice ensures that the right people, with the desirable characteristics and knowledge, are in the right place, so that they fit in the culture and the climate of the organization (Huselid 2010). Schuster (2004) argued that selective hiring is a key practice that creates profits and examined HR practices of high performance companies and found that attracting and selecting the right employees increase the employee productivity, boost organizational performance, and contribute in reducing turnover.

Cohen and Pfeffer (2006) argued that hiring standards reflect not only organizations' skill requirements but also the preferences of various groups for such standards and their ability to enforce these preferences and that a possible indirect link between selective hiring and organizational performance can be the forging of internal bonds between managers and employees that creates the right culture for productivity growth. Collins and Clark (2003) argued that the practice of selective hiring results at sales growth. Paul and Anantharaman (2003) pointed out that an effective hiring process ensures the presence of employees with the right qualifications, leading to production of quality products and consequently in increase of economic performance.

### **2.5.3 Employee participation and involvement**

In the complex area of people management paradigms, the terms Empowerment, Participation and Involvement are frequently used within the literature but often interpreted quite differently depending on the perspective of the reader and / or writer.

According to the Chartered Institute of Personnel and Development (CIPD), Employee involvement is a range of processes designed to engage the support, understanding and optimum contribution of all employees in an organization and their commitment to its



objectives. Employee participation is defined as a process of employee involvement designed to provide employees with the opportunity to influence and where appropriate, take part in decision making on matters which affect them (Delery & Shaw, 2001).

Information sharing fosters organizational relationship among employees (Nonaka, 2005). Roberts (2010) studied how HR strategy affects profits in 3000 business throughout the world and found that sharing information was related with higher profitability. In a study of Fortune 1000 largest manufacturing and service companies on high performance practices, Lawler *et al* (2011) found information sharing to correlate to firm performance.

Farnham (2000), defines Employee Participation as one of four policy choices for managing the employment relationship. Farnham states that an employee has the right to question and influence organization decision making and this may involve representative workplace democracy. The other policy choices Farnham identified are; worker subordination via managerial, prerogative union incorporation via collective bargaining and finally employee commitment via employee involvement.

It is clear then that there are differences between employee participation and employee involvement. The literature suggests that employee participation is a pluralist/collective approach with a continuum from 'no involvement' to 'employee control' (Blyton & Turnbull, 2007). As such it may involve processes and mechanisms such as: collective bargaining, employee share schemes, works councils, worker directors and Joint Consultative Committees.

Employee involvement, in contrast, is more individualistic and unitarist. It aims to harness commitment to organizational objectives and relies on the maintenance of management control. This was often found as part of a 'soft' HRM approach and usually involves upwards and downwards communications flows:-having identified employee involvement, where empowerment sits within these approaches is perhaps more complex

and hinges on interpretations of 'power' and how 'empowered' workers actually are where such schemes are implemented. As a management control/manipulation tool, to the soft HRM view that it is essential for achievement of maximum organizational potential. For example Goldsmith et al (2003) suggest 'it is predominantly about encouraging front-line staff to solve customer problems on the spot, without constant recourse to management approval'. Whereas Bowen & Lawler, (2008) cited in Lashley (2011) take the view that it is about 'management strategies for sharing decision-making power. Little true 'power' in the hands of 'empowered' workers as currently practiced.

Using Rose's (2001) definition of power as: 'the extent to which one party to a relationship can compel the other to do something he otherwise would not do voluntarily', it was hard to see that any real 'power' is afforded to employees, outside the narrow scope of task-related decisions aimed satisfying external customer needs quickly, without having to refer to management. Wilkinson (2009) for example asserts that 'management had defined the redistribution of Power in very narrow terms strictly within an agenda set by management. Organization's management structure, add a further burden of responsibility on workers without increasing pay levels or status of the workers. Hyman and Mason (2000) state for example: 'empowerment becomes a euphemism for work intensification and 1990s suggest that the process (empowerment) only appears to give employees greater control and, in reality remains dominated and restricted by management' and (Argyris, 2005) who says 'Empowerment is still mostly an illusion'

Participation has been defined as a process which allows employees to exert some influence over their work and the conditions under which they work (Heller, *et al.* 2006), or alternatively a process in which influence on decision making is shared between hierarchical superiors and their subordinates. These two definitions encompass a broad range of activities through which employees can affect decision making, from consultative or communication (employee involvement) mechanisms where individual

workers' input is asked for and considered by managers who retain responsibility for the final decision, to participation mechanisms involving representative structures where workers are major parties to these decisions (Hyman & Mason 2002).

It is commonly argued that the renewed interest in employee participation in decision-making apparent in management and industrial relations literature is part of a number of corporate organizational changes being trialed by firms in response to increasing competitive pressures arising in international markets during the 1990s (Markey & Monat 2008). As firms seek to 'globalize' their activities, they encounter competitive and uncertain market conditions.

Competitive success depends upon their capacity to improve product quality and productivity within severe, market imposed cost constraints which place a premium on organizational flexibility to respond quickly to market change and on the capacity to develop and implement new technologies as a major competitive asset. At the human resources function, firms have rapidly and simultaneously reduced their work forces and radically changed their skills profile while attempting to retain scarce highly skilled personnel (Hyman & Mason 2000, US Dept. of Labor 1995).

Thus, parallel with the movement into international competition, firms introduce a range of organizational changes involving new process technologies (machinery, plant and equipment), new office technology and information systems, reorganization of corporate structures and changes to work practices and the organization of work at the 'shop floor' level. Such changes often involve radical challenges to traditional job classifications and practices and to command relationships between different levels and functions in the organizational hierarchy. The older mechanized, mass production, hierarchical a system often reduced opportunities for participation and emphasizes conflict and adversarial industrial relations. However, the introduction of computer-controlled production and information-based business systems has led to the development of team-based work

forces and reliance on workers' expertise when introducing technological change. Employees' cooperation with the introduction of these changes is needed if the transaction is to occur smoothly and the full efficiency benefits of these considerable investments are to be appropriated. Managers now seek practices which will reduce the degree of conflict in labour relations and provide alternatives to these traditional adversarial attitudes (Heller, *et al.* 2009).

While international economic changes create an opportunity to introduce a wider variety of participation mechanisms, the actual form which these practices take is very much influenced by the political environment in which each firm participates. European companies operate in an environment which emphasizes the rights of employee participation and the use of formal consultative mechanisms such as works councils. In the U.K. and the U.S.A., unitarist philosophies have emphasizes the prerogatives of managers in the control of organizational change and this has increased their capacity to introduce more individualistic types of consultative mechanisms. Thus, the emphasis has been on direct communications with workers rather than representative committees in these countries (Hyman & Mason 2002).

Regardless of the political environment, participation mechanisms are often initiated by management in order to improve that firm's capacity to achieve competitive market standards of quality and price and to respond to market changes under conditions of high uncertainty. Managers can draw upon the willingness and preference of an increasingly educated and skilled work force to participate in decisions which affect their immediate working conditions. This raises the issue of whether the renewed interest in participation involves a deliberate attempt in some management cultures to by-pass union representatives when negotiating organizational change (US Dept. of Labour 1995).

The intensity of participation will also vary with the managerial philosophy of the firm and the industrial relations environment in which it operates (Gill, 2011). In more

authoritarian firms it may consist of downward communications only (newsletters, memos). Other firms will place a higher emphasis on direct participation involving two-way communication flows aimed at harnessing the expertise of their employees. A third category of firms may choose to emphasize representative participation as a means of providing a collective voice to their workers in order to counteract or stall union influence, or even from a genuine belief in industrial democracy. Others may institute an elaborate system of participation in order to achieve better decision-making and improved corporate flexibility (Sako, 2004). As well as the motivation factor, the intensity of participation is affected by the number of mechanisms used in each firm. This can vary from one practice only to four or more in committed firms, while a minority will use no participation mechanisms at all (US Dept. of Labor 1995).

Employee involvement can be defined as the direct participation of staff to help an organization fulfill its mission and meet its objectives by applying their own ideas, expertise, and efforts towards solving problems and making decisions. From this definition, participation can include representative participation, direct communication, and upward problem solving (Gill, 2011).

Employee involvement is based upon the recognition that the success of any organization is determined to a significant extent by the contribution of its employees. Employee involvement programs therefore seek to facilitate the involvement (or participation) of employees in the company. Forms of employee involvement can be classified as "direct" and "indirect" (Sako, 2004). Direct forms of involvement are where employees are in some way directly involved in their immediate place of work, whereas indirect or representative participation is where some notion of a representative structure is involved. Common forms of direct employee involvement include team briefings, suggestion schemes, job enrichment, job design, autonomous working groups, quality of working life programs and attitude surveys. Indirect forms of participation include

works councils, quality circles, board representation, involvement groups and task forces.

Participation may result in better decisions. Workers often have information that higher management lacks. Furthermore, participation permits a variety of different views to be aired. People are more likely to implement decisions they have made themselves. They know better what is expected of them, and helping make a decision commits one to it. Participation may lower the disutility of effort, by providing intrinsic motivation. The process of participation may satisfy such non-pecuniary needs as creativity, achievement, and the desire for respect. Participation may improve communication and cooperation; workers communicate with each other instead of requiring all communications to flow through management, thus saving management time (Gill, 2011).

Participative workers supervise themselves, thus reducing the need for managers and so cutting overhead labor costs. Participation teaches workers new skills and helps train and identify leaders. Participation enhances people's sense of power and dignity, thus reducing the need to show power through fighting management and restricting production (Ahmad & Schroeder, 2003). Participation increases loyalty and identification with the organization. If participation and rewards take place in a group setting, the group may pressure individuals to conform to decisions. When union and management leaders jointly participate to solve problems on a non-adversarial basis, the improved relationship may spill over to improve union management relations. Participation frequently results in the setting of goals. Goal setting is often an effective motivational technique, particularly when workers set their own goal. Workers may be less informed than managers, and the premises upon which they make their decisions may be different. The rewards motivating workers to share their ideas may be larger than the value of the ideas themselves (Sako, 2004).

Once becoming committed to a decision, employees may be reluctant to change it. Not everyone has strong desires for creativity and achievement, or they satisfy these sufficiently off the job. Participation is time consuming, and if decisions are made by groups, reaction to changing environments may be particularly slow (Pfeffer, 2006). Retraining of employees and managers can be expensive. Once a precedent of participation is established, withdrawal of the right to participate becomes difficult. Cohesive, participative groups may unite against management to restrict production and prevent change. Sharing information with unions raises their bargaining power, so companies may lose. Cooperating with management may lower unions' legitimacy with members, so they may lose as well. Goals workers set for themselves may be low.

Sharing of information may have a dual effect: Firstly, it conveys employees the right meaning that the company trusts them. Secondly, in order to make informed decision, employees should have access to critical information. Communicating performance data on a routine basis throughout the year help employees to improve and develop (Pfeffer, 2006).

Employees presumably want to be good at their jobs, but if they never receive any performance feedback, they may perceive to have a satisfactory performance when in fact they do not. Furthermore, information sharing fosters organizational transparency which reduces turnover (Ahmad & Schroeder, 2003) and forges synergistic working relationship among employees (Nonaka, 2005). Information sharing is not a widespread HR practice as someone might have expected it to be.

Many companies are vulnerable to share critical information with their employees because in this way employees become more powerful and companies lose control of them (Pfeffer, 2006). In a study of Japanese consultation committees, Morishima (2004) found a positive association of information sharing with productivity and profitability, and a negative one with labor cost.

#### **2.5.4 Performance Appraisal**

Performance appraisal is an integral part of the Human Resource Management system. An organization implements the performance appraisal system to allocate rewards for the employee, provide development advice as well as to obtain their perspectives, and justice perception about their jobs, department, managers, and organization (Longenecker & Goff, 2003).

Performance appraisal is an ongoing communication process between employees and supervisors. Supervisors should set expectations, monitor performance, and provide feedback to employees. By having this information, they will direct and develop employee performance by identifying training and development needs, correcting, and determining raises and promotions (Seldon, Ingraham, & Jacobson, 2001).

Performance appraisal is the measurement of work and its result by using the scale and index that we can measure the desired quantity and quality with precision and free of personal judgments and vague criteria evaluation. Performance is the way through which employees perform their duties and evaluation is the judging the performance of employees (Scott, 2009).

Performance appraisal also provides employees with useful feedback which they can apply to improve their performance (Ahmed, 2011). The feedback includes suggestions to change and encouragement. Performance appraisal system has a significant impact on the employee perception of justice which affect the attitudes and behavior of the employee; alternately, it will influence the performance of the organization (Ahmed, Ramzan, Mohammad & Islam, 2011).

The employee's perception of fairness is the ultimate check for the success of the system. According to the organizational justice theory, the efficacy of the appraisal system also depends upon the perception of fairness related to it. Therefore, the acceptance of the evaluation system also depends on the perceived fairness associated to



it. With that, it is also important that they perceive that they are being evaluated against what they are actually supposed to do on the job. That is the evaluation instrument clearly measures their performance against their job-related activities.

Prior studies reveal that employee perception of fairness of performance appraisal is a significant factor in employee acceptance and satisfaction of performance appraisal (Ahmed *et al.*, 2011). A good perception will create a positive working environment in the organization, while a negative perception will create many problems to the organization that finally, will affect the company performance. These perceptions depend on the manager or supervisor's actions and behaviors toward the employee. If the immediate superior employ fair and transparent performance appraisal benefiting to the employee, then hypothetically, the latter has a good perception on him.

Relating to the current business practices, many organizations are using the performance appraisal system for formality purposes only, whereas potentially it can be used for providing feedback to the employee. Those practices are in line with the research of Shen (2004) that reports a lack of transparency and feedback in the performance appraisal process.

Meanwhile, Bretz, Milkovich and Read (2003) document that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal system. They reported that most employees perceived their performance appraisal system as neither accurate nor fair. Even Skarlicki and Folger (2006) find that the appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political, or irrelevant.

Therefore, intuitively, people will only be satisfied with a performance appraisal process if it fulfills the criteria of "fairness," which expressed by many researchers as

organizational justice. In other words, the employees need a good and fair performance appraisal system to provide them with feedbacks regarding their job, leading to their job satisfaction, and generating an increased work performance (Suliman, 2007).

In the organizational setting, performance appraisal is defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed (Moorhead & Griffin, 2002). In the performance appraisal, the focus is to identify weaknesses and strengths as well as opportunities for improvement and skills development (Aguinis, 2007). A performance appraisal involves measuring job performance in which mainly captures an essential element of the performance appraisal process without specifying the actual techniques used for measurement (Kavanagh, Benson & Brown, 2007). According to Shen (2004), the performance appraisal is the process of identifying, observing, measuring, and developing human resources in organizations. In order for the appraisal system to be effective, the system needs to be accepted and supported by its employees. At the same time, performance appraisal is a process of judgment and evaluating of the subordinate's performance by the supervisor as well.

Archer North (2008) argued that an effective performance appraisal can lead to higher job satisfaction and reduced absenteeism and turnover rates. Mohrman, Resnick-West, and Lawler (2011) documented some potential benefits of highly performance appraisal policy, such as increased motivation to perform effectively, gained new insight into staff and supervisors, distributed rewards on a fair and credible basis, and encourage increased self-understanding among staff as well as insight into the kind of development activities that are of value. Richards (2010) found that performance appraisal can provide an indication of areas of training need as well as direction for leadership development, performance improvement, and succession planning.

### **2.5.5 Training and development**

Training programmes increase the firm specificity of employee skills which in turn increase employees' productivity and job dissatisfaction that results in employee turnover (Huselid, 2010). Secondly, training and developing internal hiring and internalizing people from external labor markets which again increase employee productivity and reduces turnover. A company that train and develop systematically its employees advocates them that their market value develops favorably than in other firms. This increases employee's productivity, commitment and lowers turnover. Companies may also assist their employees in career planning. In doing so, companies encourage employees to take more responsibility for their own development of skills viewed as significant in the company (Doyle, 2009).

Barringer *et al* (2005) compared rapid – growth and slow growth firms and found that rapid – growth firms depend heavily on the abilities and efforts of their employees to maintain their growth oriented strategies. The fast – growth firms used training programs to achieve their objectives and emphasized employee development to a significantly greater extent than slow – growth counterparts. Therefore, training and employee development practices are more common in rapid – growth firms than slow growth ones. According to Abiodun (2010), Training is a systematic development of the knowledge, skills and attitudes required by employees to perform adequately on a given task. Employee's training and development is seen as the most important formation of any competent management.

Training and capacity building is central to sustaining economic growth and development because human capital is the greatest asset of any organization. Capacity building entails investment in human capital, institutions and practices necessary to enhance human skills, overhaul institutions and improve procedures and systems (Sanusi, 2002).Obadan (2000) saw training as “a specialized process through which one learns to perform direct tasks of varying complexity and acquire expected job

behaviors'. Employee training and their development have utmost importance for the sake of improving the productivity, which leads towards gaining competitive advantage (Quartey, 2012). The training and development of the employees has direct contributions in the high achievements of the organization which shows better performance. Training increased the organizational performance which predicted by many researches (Peteraf, 2003; Niazi, 2011).

The resource based view theory supported that any training designed for the organization is based on the creation of values and enhancing the capabilities for the continued organization performance (Barney, 2007). Armstrong (2009) suggests that "training can refer to the practice of equipping employees with skills, knowledge and abilities, with the aim of building organizational capabilities and organizational performance". Training is very important in achieving the goal of the organization as it increases the efficiency and effectiveness of employees and adds value in the organizational performance. The performance of employees depends on different factors but training is most important because it enhances capabilities, skills and competencies of the employees.

As organizations strive to compete in the global economy, differentiation on the basis of the skills, knowledge and motivation of their workforce takes on increasing importance. According to a recent industry report by the American society for training and development, U.S. organizations alone spend more than U.S dollar 126 billion annually on employees training and development (Paradise 2007).

Training is the act of increasing the skills of employees for doing a particular job. Training is the process of learning a sequence of programmed behavior. In earlier practice, training programme focused more on preparation for improved performance in particular job. Most of the trainees used to be from operative levels like mechanics, machines operators and other kinds of skilled workers. When the problems of

supervision increased, the step was taken to train supervisors for better supervision (Armstrong, 2009).

Management development is all those activities and programme when recognized and controlled have substantial influence in changing the capacity of the individual to perform his assignment better and in going so all likely to increase his potential for future assignments. Thus, management development is a combination of various training programme, though some kind of training is necessary, it is the overall development of the competency of managerial personal in the light of the present requirement as well as the future requirement. Development an activity designed to improve the performance of existing managers and to provide for a planned growth of managers to meet future organizational requirements is management development.

Training refers to a systematic approach to learning and development to improve individual, team, and organizational effectiveness (Goldstein & Ford 2002). Alternatively, development refers to activities leading to the acquisition of new knowledge or skills for purposes of personal growth. There is documented evidence that training activities have a positive impact on the performance of individuals and teams. Training activities can also be beneficial regarding other outcomes at both the individual and team level (attitudes, motivation, and empowerment).

Training-related changes should result in improved job performance and other positive changes (acquisition of new skills; Hill & Lent 2006; Satterfield & Hughes 2007) that serve as antecedents of job performance (Kraiger 2002). Reassuringly, Arthur et al. (2003) conducted a meta-analysis of 1152 effect sizes from 165 sources and ascertained that in comparison with no-training or pre-training states, training had an overall positive effect on job-related behaviors or performance. However, although differences in terms of effect sizes were not large, the effectiveness of training varied depending on the training delivery method and the skill or task being trained. For example, the most

effective training programs were those including both cognitive and interpersonal skills, followed by those including psychomotor skills or tasks.

Training effects on performance may be subtle. In a qualitative study involving mechanics in Northern India, Barber (2004) found that on-the-job training led to greater innovation and tacit skills. Tacit skills are behaviors acquired through informal learning that are useful for effective performance. Regarding innovation, trained mechanics learned to build two Jeep bodies using only a homemade hammer, chisel, and oxyacetylene welder. Regarding tacit skills, Barber noted that the job of a mechanic requires “feel” to be successful. Specifically, trained mechanics developed an intuitive feel when removing dents, a complex process particularly when the fender is badly crumpled. As a result of informal training, one of the mechanics had a “good feeling of how to hit the metal at the exact spot so the work progresses in a systematic fashion” (Barber, 2004). This type of tacit skill was particularly useful in the Indian context because, although most shops in developed nations would not even attempt to repair a fender that was damaged so badly, this type of repair is common practice in the developing world (Barber 2004).

Benefits of training are also documented for technical skills. For example, Davis and Yi (2004) conducted two experiments with nearly 300 participants using behavior-modeling training and were able to improve computer skills substantially. Although behavior-modeling training has a rich history of success (Decker & Nathan 2008), a unique aspect of this research was that training was found to affect changes in worker skills through a change in trainees’ knowledge structures or mental models. Specifically, mentally rehearsing tasks allowed trainees to increase declarative knowledge and task performance, each measured 10 days after the training was completed. More recently, Taylor et al. (2005) conducted a meta-analysis including 117 behavior-modeling training studies. They ascertained that the largest effects were for declarative and procedural knowledge. Declarative knowledge is knowledge about “what” (facts, meaning of

terms), whereas procedural knowledge is knowledge about “how”, for example how to perform skilled behavior. However, Taylor *et al.* (2005) reported substantial variance in the distribution of effect sizes, indicating the need to investigate moderators of the relationship between behavior-modeling training and outcomes.

Training not only may affect declarative knowledge or procedural knowledge, but also may enhance strategic knowledge, defined as knowing when to apply a specific knowledge or skill (Kozlowski *et al.* 2001; Kraiger *et al.*, 2000). Smith *et al.* (2008) refer to this as training for adaptive expertise. In addition, training may enable consistency in performance across conditions. For example, Driskell *et al.* (2001) conducted a study including 79 U.S. Navy technical school trainees who performed a computer-based task. Trainees participated in a stress-exposure training session. This training exposes trainees to information regarding stressors (noise, time urgency), to the stressors, and how these stressors are likely to affect performance. Results showed that training was beneficial in that trainees performed well under a novel stressor and when performing a novel task. Thus, stress training helps maintain performance consistency.

Training programmers' increase the firm specificity of employee skills, which, in turn, increases employee productivity and reduces job dissatisfaction that results in employee turnover (Huselid, 2010). Secondly, training and developing internal personnel reduces the cost and risk of selecting, hiring, and internalizing people from external labor markets, which again increases employee productivity and reduces turnover. Training and development like job security requires a certain degree of reciprocity: A company that train and develop systematically its employees advocates them that their market value develops more favorably than in other firms. This increases employees' productivity, commitment, and lowers turnover. Companies may also assist their employees in career planning. In doing so, companies encourage employees to take more responsibility for their own development, including the development of skills viewed as significant in the company (Doyle, 2006).

Barringer *et al.* (2005) compared rapid growth and slow growth firms and found that rapid growth firms depended heavily on the abilities and efforts of their employees to maintain their growth-oriented strategies. The fast-growth firms used training programs to achieve their objectives and emphasized employee development to a significantly greater extent than their slow-growth counterparts. Therefore, training and employee development practices are more common in rapid-growth firms than slow-growth ones.

Zhu (2004) reviewed the changes in the area of human resource development in Japan and observed that some companies and industries had shifted towards a more strategic approach that emphasizes the impact of effective learning at both individual and organizational levels on long-term organizational competitiveness. Huselid (1995) found that the education and development of employees had a significant effect both upon the personnel productivity and the short-term and long-term indicators of organizational performance.

Paul and Anantharaman (2003), in searching the links between human resource practices and organizational performance, proposed that career development programmes demonstrating a true interest of the organization for the growth of its personnel, which, in turn, stimulated commitment and devotion, which, subsequently, raised personnel productivity and consequently economic output. Other research demonstrates the impact of training on outcomes other than job performance or on variables that serve as antecedents to job performance. However, we emphasize that these additional benefits of training are not necessarily unrelated to job performance. In fact, in many cases they are indirectly related to performance and, in others, they may be related to individual and team well-being, variables arguably also indirectly related to job performance. For example, there is a renewed interest in leadership training (Collins & Holton 2004; Day 2000). Dvir *et al.* (2002) implemented a longitudinal randomized field experiment, using cadets in the Israel Defense Forces, in which experimental group leaders received



transformational leadership training. Transformational leaders exhibit charismatic behaviors, are able to motivate and provide intellectual stimulation among followers, and treat followers with individual consideration. Results showed that transformational leadership training enhanced followers' motivation (self-actualization needs and willingness to exert extra effort), morality (internationalization of their organization's moral values).

Several studies conducted in European countries have documented the impact of training on organizational performance. Aragón-Sánchez *et al.* (2003) investigated the relationship between training and organizational performance by distributing a survey to 457 small and medium-size businesses in the United Kingdom, the Netherlands, Portugal, Finland, and Spain. Organizational performance was operationalized as (a) effectiveness (employee involvement, human resource indicators, and quality), and (b) profitability (sales volume, benefits before interest and taxes, and a ratio of benefit before taxes/sales). Results indicated that some types of training activities, including on-the-job training and training inside the organization using in-house trainers, were positively related to most dimensions of effectiveness and profitability. Ubeda García (2005) conducted a study including 78 Spanish firms with more than 100 employees. This study related organizations' training policies (functions assumed by the training unit, goals of the training unit, nature of training, and how training is evaluated) with four types of organizational-level benefits: employee satisfaction, customer satisfaction, owner/shareholder satisfaction, and workforce productivity (sales per employee).

Results suggested that training programs oriented toward human capital development were directly related to employee, customer, and owner/shareholder satisfaction as well as an objective measure of business performance (sales per employee). Guerrero and Barraud-Didier (2004) administered a questionnaire to 1530 human resource directors working in large companies in France and collected financial information from the companies' financial directors or through databases approximately one year later. Five

questions in the survey addressed the extent to which the company implemented training practices. The survey also included questions about social and organizational performance including work climate, employee attendance, quality of products and services, and employee productivity. Results showed that 4.6% of the variance in financial performance was explained by training (via the mediating role of social and organizational performance).

Benefits of training have been documented for variables other than organizational performance. Again, many of these additional outcomes are related to performance indirectly. For example, Sirianni and Frey (2001) evaluated the effectiveness of a nine-month leadership development program at a financial services company with presence in Canada, Europe, Latin America, and Asia. Participants included 29 service and operations market managers, district managers, and a regional president. The 13 training modules (e.g., managing conflict, motivating others, priority setting) were delivered in three-hour sessions every two weeks. Measures of program effectiveness included ratings offered by participants as well as other objective measures including regional scorecard results, which were collected on a monthly basis and used to determine service quality. Data collected approximately at the beginning and end of the training program suggested that, at a regional level, there were improvements on six of the seven scorecard components: overall teller errors, teller out of balance, number of deposit slips left in envelopes, business retention, teller secret shopper ratings, and new account secret shopper surveys.

Benson *et al.* (2004) collected data from each of the 9439 permanent, salaried employees of a large high-technology manufacturing firm to assess the effects on employee turnover of the organization's investment in employee development via a tuition reimbursement program. Investment in training via tuition reimbursement decreased turnover while employees were still taking classes. However, turnover increased once employees obtained their degrees if they were not promoted. This study

points to the need to offer development opportunities on an ongoing basis and to align training efforts within an organization's performance management system (Aguinis, 2009). The nature of an organization's reputation influences how customers (and potential customers), competitors, and even employees interact with the organization. Thus, an organization's reputation can have important financial consequences.

Clardy (2005) noted that an organization's reputation can be affected by its training practices. Darch and Lucas (2002) conducted interviews with 20 small and medium-size business owners in the food industry in Queensland (Australia). These companies dealt with products such as meat, fruit, vegetables, seafood, and grains. The main goals of this study were to understand business owners' barriers to their uptake of e-commerce and to identify strategies enabling them to engage in e-commerce initiatives. Results showed that of several barriers to e-commerce, an important one was the lack of training. Study participants noted that training would be a key strategy by which they could address their need to acquire the necessary knowledge and technological skills. In short, training was seen as an important enabler for e-commerce, a key strategic direction for the success of many of these small and medium-size businesses.

In summary, many studies have gathered support for the benefits of training for organizations as a whole. These benefits include improved organizational performance (profitability, effectiveness, productivity, operating revenue per employee) as well as other outcomes that relate directly (reduced costs, improved quality and quantity) or indirectly (employee turnover, organization's reputation, social capital) to performance.

### **2.5.6 Job Security**

Job security creates a climate of confidence among employees which cultivates their commitment on the company's workforce. Job security requires a certain degree of reciprocity: firstly, a company must signal a clear message that jobs are secure; then,

employees believing that this is true, feel confident and commit themselves to expend extra effort for the company's benefit; finally, a company that have learnt that job security contributes to its performance, invests again in job security (Pfeffer, 2006).

However, today's business environments are far from providing job security to their employees. For example, in an analysis of involuntary job loss in France between 1982 and 2002, Givord and Maurin (2004) found evidence that technological changes contribute to keeping the employees for shorter periods of time, thus increasing job insecurity. When companies do provide job security, then empirical evidence suggests that it has a positive effect on to firm performance. Following Pfeffer (2006), Ahmad and Schroeder (2003) found that among others, job security impacts operational performance indirectly through organizational commitment. In their study of 101 foreign firms operating in Russia, Fey *et al.* (2000) found evidence that human resource practices indirectly improve organizational performance. The results showed that not only, there was a direct positive relationship between job security and performance for non-managers, but job security was the most important predictor of HR outcomes for non-managerial employees.

The results also suggested a direct positive relationship between managerial promotions based on merit and firm performance. Michie and Quinn (2001) examined labour market flexibility in over 200 manufacturing UK firms and found that job security is negatively correlated with corporate performance. In contrast, results showed that 'high commitment' organizations are positively correlated with good corporate performance.

According to Geoffrey James, job security has a significant effect on the overall performance of the team as well as the organization's performance (James, 2012). He noted that organizations with workers with low job security cause people to lose faith in their future which consequently affect performance. He affirmed that the more an

employee enjoys a high job security the more he is likely to affectively perform his task which is reflected in the overall performance of the organization.

### **2.5.7 Organizational Performance**

Organizational performance is the achievement of organizational goals in the pursuit of business strategies that lead to sustainable competitive advantages (Gephardt & Van Bureu, 2008). High performance work systems claim to increase organizational performance. It is crucial therefore to analyze whether or not these systems actually achieve the simple purpose they were devised to fulfill. There is a substantial and growing body of research which claims to show that enormous economic returns can be obtained through the implementation of HPWS (Pfeffer & Veiga, 2009). There are many indicators other than pure financial figures that indicate an increase in organizational performance (Huselid, 2010). One such indicator is the actual behaviour of employees, through the way they affect turnover and labour productivity (Huselid, 2010). Eliciting superior employee performance, which in turn increases organizational performance, comes from HPWS in the form of developing individuals to their 'full' potential and motivating these individuals to apply their skills and abilities to their work-related activities (Way, 2002).

This section will not delve into the issue of workforce turnover but will focus on the contentious issue of productivity. Way (2002) purports that HPWS result in an increase in labour productivity in small US firms. Further evidence comes from Delaney and Huselid (2002), whereby it was concluded that, "the widely asserted assumption that people are the pre-eminent organizational resource and the key to achieving outstanding performance was indeed a credible observation." Thus the simple premise that HPWS improve organizational performance seems to be true. These brief results alone do not fully explain the degree to which HPWS create increased performance. The

identification of HPWS adding value to an organization through increasing performance is meaningless unless one has a grasp of exactly what the literature views as HPWS.

According to Pfeffer (2006) high performance work systems embrace employment security and high wages as well as communication and involvement schemes. Furthermore, we would see HPWS incorporating some sort of combination of schemes to promote employee discretion and autonomy such as team work, quality circles or problem solving groups, systems of communication that allow for upward communication of employee suggestions as well as downward communication from management, and serious attention to developing employee skills (Edwards & Wright, 2001).

Proponents of the HPWS approach stress that its application will improve organizational performance (Ramsay *et al.*, 2000; Harley, 2002; White *et al.*, 2003). It was identified by Harley (2002), that there is consensus amongst researchers who have sought to demonstrate a link between HRM systems and organizational performance that the performance outcomes arise chiefly because the HRM practices improve employee orientations to work, which in turn makes them more productive.

### **2.5.8 Organizational Commitment**

Employee commitment is one of the most important factors that affect growth and productivity as well as a defining factor that shape human resource management (Padala, 2011). In general, employee commitment reflects a psychological state that characterizes the employees' relationship with the organization, which has implications for their decision to continue or discontinue membership in the organization. Several studies have demonstrated that organizational commitment is a very important factor that influences job satisfaction, organizational citizenship, absenteeism, performance, and turnover (Lambert, 2006). Allen and Meyer, (1996) categorized commitment in three dimensional

concepts that include affective commitment, normative commitment and continuance commitment.

Buchanan (2004) asserted that organizational commitment is a kind of belief that connects feelings of organizational values and objectives with individual values and objectives. Organizational commitment is “the relative strength of an individual's identification with and involvement in a particular organization” (Steers, 2002) and represents a high level of affection, loyalty and concentration on a job role in an organization (Dee, Henkin, & Singleton, 2006). Organizational commitment indicates that individual goal is similar or identical with organizational goals and can stimulate employees’ productivity and loyalty (Chen & Aryee, 2007).

Chen and Hong (2005) commented that if members in an organization trust and accept the organizational value, they are more willing to work hard to achieve organizational goal and have more organizational commitment. High organizational commitment will be beneficial for an organization because it signals that employees have high organizational identification (Jiang & Huang, 2002). Mowday, Porter, and Steers (2005) also identified that highly committed employees perform better than less committed ones.

Commitment refers to a sort of an obligation on the part of an employee, due to which he is willing to stay (or continue working) in an organization (Alam & Ramay, 2011). It is very important for organizations because of the desire to retain talented employees. Organizational commitment is essential for retaining and attracting well qualified workers as only satisfied and committed workers will be willing to continue their association with the organization and make considerable effort towards achieving its goals (Nagar, 2012).

Meyer and Smith (2000) examined the relationship between HRM practices and employee commitment and found that association between the employee evaluations of HRM practices and their commitment were largely mediated by perceptions of organizational support and procedural justice. Koys (2010) found that employees commitment to their organization was related to their belief that the organization's HR practices were motivated by a desire to attract and retain good employees and to be fair in their treatment of employees. Organizational commitment directly affects employees' performance and is therefore treated as an issue of great importance (Jaramillo *et al.*, 2005; Vijayashree & Jagdishchandra, 2011).

Meyer and Allen (2007) developed a framework that was designed to measure three different types of organizational commitment: (a) Affective commitment refers to employees' emotional attachment, identification with, and involvement in the organization. Employees with a strong effective commitment stay with the organization because they want to. (b) Continuance commitment refers to employees' assessment of whether the costs of leaving the organization are greater than the costs of staying remain because they need to. (c) Normative commitment refers to employees' feelings of obligation to the organization. Employees with high levels normative commitment stay with the organization because they feel they ought to (Alam & Ramay, 2011). Employees high in normative commitment feel that they must maintain membership in the organization, because that is the "right and moral" thing to do (Meyer & Allen, 2007).

Participation of employees in the decision-making process and involving them in organizational plans and goals setting has positive impact on the employees' commitment towards the organization (Kirmizi & Deniz, 2009). Involving employees in these processes, adds to their satisfaction and commitment. Higher employee participation leads to higher employee performance and organizational commitment in general (Meyer & Allen, 2007).



Employees show high level of commitment with their organization when the organization provide them opportunities for growth, help them to increase skills and knowledge (Zaleska & de Menezes, 2007). Now it has been established fact that employee's organizational commitment is multidimensional in nature (Allen & Meyer 2005). The three components explicitly explain that employees show three level of commitment with his/her organization i.e. affective commitment (AC) continuance commitment (CC) normative commitment (NC) (Gellatly, Hunter, Currie & Irving, 2009).

The ultimate objective of organizations to use these practices either in shape of HR management, strategic human resource management or high performance work system is to induce positive employees' attitude (organizational commitment, job satisfaction, trust on procedural justice etc) that contributes in organization performance and productivity. Through HPWS organizations invest and provide development opportunity to their employees and in response employees show the attachment with organization (Datta *et al*, 2005). The practical and positive HR practice that induce trust team work behavior and communication as it create employees commitment and contribute in organizational performance (Walton, 2004).

Employees are direct recipient of all these practices and value creating assets and source of unique competitive advantages for the organization. So the perception regarding positive implication of HPWS is important. Thus it can be presumed that organization commitment is critical aspect as it represents the relative strength of individual recognition, and involvement in particular organization (Mowaday *et al*, 2001).

The organizations use different technique in shape of HPWS like information sharing with employees, training and skill development programs, reward and bonuses on the basis of performance and internal career opportunity to enhance organizational commitment (Datta *et al*, 2005).

Organizational commitment has been found to be immensely to such withdrawal behaviours as tardiness, absenteeism and turnover (Yousef, 2000). Moreover, it has been also linked to increased productivity and organizational effectiveness (Buitendach & De Witte, 2005). Raju and Srivaastava, (2004) describe organizational commitment as a factor that promotes the attached of the individual to the organization. Employees are regarded as committed to the organization if they willingly continue their association with the organization and devoted their considerable effort to achieving organizational goals. (Raju & Srivastava, 2004).

Appelbaum has argued that HPWS provides opportunity to employees in decision making which develop trust on management and create intrinsic motivation that lead them toward organization commitment (Appelbaum, 2000) when these practices are used as high involvement system it affect directly on voluntary employees, turn over and indirectly on employee job satisfaction and organization commitment (Vandenberg, Richardson & Eastman, 2008). When employees experience higher number of HR practices, they show higher level of organization commitment (Guest, 2007). In cross level hierarchical linear model on the basis of social exchange theory, it was found that employees show more commitment with management when they believe that their manager are more supportive and committed to them (Whitener, 2001).

Studies in literature show that job involvement and employee commitment have a significant relationship (Brown, 2003). Job involvement and organizational commitment both are linked with identification and recognition of employee with his work and job experience, in this aspect of job; both are similar to some extent (Chughtai, 2008).

Studies have also linked organizational commitment to measure of effectiveness that are similar to those found when investigating the outcomes of relations-oriented and task-oriented leadership behaviors. Loui (2005), for instance, found that commitment was

significantly related to trust, job involvement, and job satisfaction. Angle and Perry (2001) uncovered a relationship between commitment and turnover. Wiener and Vardi (2000) reported positive correlations between commitment and job performance.

Research has also linked organization commitment to leadership behaviors that are relations-oriented and task-oriented. Jermier and Berkes (2006) discovered that employees who were allowed to participate in decision-making had higher levels of commitment to the organization. DeCotiis and Summers (2003) found that when employees were treated with consideration, they display greater levels of commitment. Bycio, Hackett, and Allen (2009) reported positive correlations between the leadership behaviors of charisma, intellectual stimulation, individualized consideration, and contingent reward and effective, continuance, and normative commitment. Organizational commitment provides a broad measure of the effectiveness of leadership behaviors. This relationship offers a way to further explore the subject of leadership.

## **2.6 Empirical Studies**

### **2.6.1 High Performance Work Practices**

Combs *et al* (2006) in their study predicted that high performance work practices enhanced organizational performance. They also predicted that the relationship between HPWPs and organizational performance is stronger when measures depict HPWPs systems rather than individual practices.

Bae *et al* (2010) in their study using a unique new survey of Japanese and Korean workers in the electrical, electronic and information industries, paper presented the first comparative evidence on (i) the strength of employee influence and voice; (ii) the use of HPWPs (High Performance Work Practices); and (iii) linkage between the use of such HPWPs and the strength of employee influence and voice, and consequently the extent of innovation at the grassroots level. In so doing, this paper contributed to a small yet growing empirical literature which tries to go beyond a traditional question of whether

or not HPWPs improve firm performance, and understand the actual process and mechanism through which HPWPs result in better enterprise performance. In their studies they also discovered that workers whose pay is tied to firm performance were more likely to have a stake in firm performance and workers in firms with high performance were likely to make suggestions for productivity increase and quality improvement. Likewise workers in firms with HPWPs aimed at creating opportunities for employee to get involved and are indeed more likely to have stronger senses of influence and voice shop floor decision than other workers.

Yi – chizhang and Shu – Ling Li (2009) in their study identified that there are three main contributions. First, HPWPs are demonstrated to be positively associated with firm performance measured by management perceptions in the Chinese pharmaceutical industry, which is in concert with findings of a large body of literature (Huselid, 2002; Delery & Doty 2006). Thus, the notion of strategic human resource management showed potential to be applicable beyond the US borders. Second, the study showed a possibility that the high performance work practices and innovation strategy could have a canceling-out effect in impacting firm performance, which is opposite to the findings and intentions of studies in SHRM research. Finally, the study provided some knowledge on human resource management particularly in the Chinese pharmaceutical industry, a highly under-studied context that contributed to the stock of knowledge on strategic human resource management in general.

Leggat *et al* (2011), their research has added to the growing body of knowledge, suggesting a positive relationship between high-performance work systems in human resource management and organization performance – specifically perceptions of the quality of patient care delivered within health care organizations. The research has also highlighted that within the health care organizations there is little evidence of implementation and maintenance of the necessary components of HPWS

Hegan (2006) in his findings identified that HPWS sufficiently fulfill their basic premise of increasing performance. However, it is important to discuss the fact that Huselid (2010), a reputable researcher in this area, stated that HPWS increase performance through a number of avenues, with one of these being employee behavior. This employee behavior affects turnover and labour productivity within the organizations (Huselid, 2010) thus eliciting employee commitment, which is in direct contrast to turnover. Findings in this paper suggest otherwise (Ramsay *et al.*, 2000; Harley, 2002; Arthur, 2004). It was however identified that HPWS do not engender commitment to an organization as was once thought. Furthermore, the scant results that supported Huselid's findings were to be interpreted with some caution, due to the relevant variable being insignificant. Explaining a possible causal relationship was done through an analysis of the effect self-managing teams had on organizational commitment.

The study done by Payne, Young Court and Beaubien (2007), proposed that the unit's values influence unit performance indirectly through their influence on high-involvement work practices. That is, the effects of the unit's values on unit performance are driven by successfully adopting and implementing HIWP. Providing some support for this proposed model, extensive research at the individual level of analysis suggested that achievement values are associated with higher goals, and that these higher goals, in turn, directly enhance performance (Payne, Young court, & Beaubien, 2007). In McClelland et al.'s (1953/1976) original theory, the positive effects of achievement motives on subsequent behavior can be conceptualized in terms of approach ("going toward") goals (Higgins, 2007). From a motivation theory perspective, achievement values are critical because they guide individuals' choices and core predispositions about how to behave on the job. They energize employees to take on more challenging and stimulating tasks, increase their concern with reaching targets, and create incentives for individuals to use their task-relevant knowledge and skill to the fullest extent possible (Locke, 2004; Locke & Latham, 2002). In support of a mediation argument, Lawler (2011) also noted that implementing HIWP is easier in new organizations because new

organizations can select people whose values are congruent with the values underlying HIWP.

McClelland *et al* (1953/1976) in their early theorizing asserted that achievement does not lead to better performance in all circumstances. For example, McClelland found that achievement motives did not lead to higher performance when individuals were completing routine tasks or were working in relaxed environments. Supporting McClelland's argument in this regard is the research on values (Schwartz, 2007). This literature has suggested that whether values become salient in guiding behavior depends, to a large degree, on situational cues (Locke & Latham, 2004). Thus, when organizations with high achievement orientation put high involvement work practices into place, they evoke situational cues that lead employees to work harder, set higher goals, and attain higher performance levels (Phillips & Gully, 2007). When employees work under human resource management practices that do not support achievement values, however, we expect achievement values will not lead to positive organizational outcomes.

This contingency model is also supported by the literature on corporate strategy and strategic alignment (Miles & Snow, 2004). According to this literature, firms cannot compete successfully in the marketplace unless their values and practices are internally consistent (Delery & Doty, 2006; Lawrence & Lorsch, 2010; Youndt *et al.*, 2012). In other words, HIWP will have a positive effect on a unit's performance when employees strongly value achievement, but will have a negative influence on performance when employees do not strongly value achievement. Using a similar perspective, strategic HR theorists (Jackson *et al.*, 2008; Schuler & Jackson, 2004) argued that adopting HPWPs requires a supportive context in order for firm performance to improve.

## **2.7 Critique of the reviewed Literature**

Messersmith Jake G. *et al*, (2011) in their study "unlocking the black box: Exploring the link between high performance work systems and performance", there is lack of clear

understanding of the key mediating factors that link the utilization of HPWS to firm performance (Becker & Gerhart, 2003; Becker & Huselid, 2006; Chadwick & Dabu, 2009; Delery, 2002; Takeuchi *et al*, 2007). In short, researchers have fairly strong evidence that HPWS “work” but are less clear as to exactly how this relationship unfolds.

The study did not focus on whether or not individual factors function as mediators, it is reasonable that employee satisfaction and commitment may influence performance metrics (Klein & Kozlowske, 2000). This paper contributes to new knowledge. First, it addresses a blind spot in the literature with respect to the mediating mechanisms that HPWS operate through to affect performance outcomes. The study demonstrates how a combination of important attitudinal variables is affected by HPWS utilization and how these variables impact the discretionary behaviors of employees that enhance departmental performance outcomes.

In addition, the study contributes to existing knowledge by providing an empirical test of key attitudinal and behavioral constructs that may link HPWS implementation to performance at the unit level. Many studies support that HPWS boost organizational performance, but according to this paper, most examinations relying on this perspective fail to demonstrate clear evidence documenting how HPWS impact performance metrics. The study is limited to mediating variables to those that are more attitudinal and behavioral in nature. Although it is likely that these variables have a strong effect on the motivation of human resources, less is known about the connection between HPWS and the ability levels of a firm’s human resources. The study has also identified gaps that can be investigated in future.

High Performance Work Practices have been supported by many studies to enhance performance in organizations. But according to Kroon et al., (2009) in their study of Management practices like HPWPs, discovered that they can yield negative

consequences for employees when effects like emotional exhaustion are considered, rather than the mainstream job attitudes that dominate the current HPWPs literature. In their multilevel study of 393 employees working in 86 organizations, they examined two counteracting perspectives on how HPWPs relate to the emotional exhaustion dimension of burnout. The critical perspective predicted that HPWPs intensify job demands with more burnout as a result, whereas the positive perspective predicted that HPWPs cause more procedural justice for employees with less burnout as a result. HR managers of the 86 organizations provided information about the amount of employees in the organization that are covered by HPWPs. On average five employees in each organization filled in questionnaires about job demands, procedural justice and emotional exhaustion.

As to the results, first of all, they found a rather small relationship between the amount of employees in an organization covered by HPWPs and emotional exhaustion. Further examination showed that the relationship was completely mediated by intensified job demands. So, in organizations that reported that more employees were covered by HPWPs, employees reported higher levels of job demands and this was also associated with more emotional exhaustion. Job demands mediated the link between HPWPs and emotional exhaustion.

According to Combs *et al.*, (2006), studies have attempted to synthesize the literature via narrative review. Several conclude that published research provide support for the notion that HPWPs positively affect organizational performance (Becker & Huselid, 2006; Becker & Gerhart, 2008; Wright & Boswell, 2002). However, varying sample characteristics, research designs, practices examined, and performance measures used has led extant to vary dramatically, making the size of the overall effect difficult to estimate (Becker & Gerhart, 2011; Ferris *et al*, 2010; Wood, 2010). Bae *et al*, (2010), in their studies they discovered that workers whose pay is tied to firm performance were



more likely to have a stake in firm performance work practices were likely to make suggestions for productivity increase and quality improvement.

Huselid, (2002), a reputable researcher stated that HPWS increase performance through a number of a venues, with one of these being employee behavior. This affects turnover and labour productivity within the organizations thus eliciting employee commitment which is in direct contrast to turnover: findings in this paper suggest otherwise (Ramsay *et al*, 2000; Harlay, 2002; Arthur, 2003). It was however identified that HPWS do not engender commitment to an organization as was one thought.

## **2.8 Research gaps**

Although a number of studies have been conducted with regard to high performance work practices in developed countries like US, China, Korea and Japan, little is known about the Kenyan context which has a different set up and working culture. For instance, Handel and Levine, (2007) undertook a study of the effects of new work practices on workers to ascertain how employee involvement practices affect job quality. In their study, they found that new workplace practices on workers like employee involvement increase employee satisfaction, hence good job performance. They also saw that there were fewer studies on effects of employee involvement on safety and job security. Hence the need to undertake a study based on my study variables of selective hiring, employee involment, performance appraisal, training and job security.

Shih *et al.*, (2006) undertook a study on “can high performance work systems really lead to better performance”. In their study they found that better performing firms invest in sophisticated HRM practices which further enhance organizational performance.

Wickramasinghe *et al.*, (2011), undertook a study on high involvement work practices, quality results and the role of HR function: An exploratory study of manufacturing firms in Srilanka. Their findings showed that team work, communication, performance evaluation, empowerment, rewards had an impact on quality results but performance

evaluation had the greatest impact followed by communication and rewards. They recommended a further research involving work practice to be undertaken locally. Many researches were found to be western based.

Valerie Barrad Didier and Sylvie Guereu, (2002) undertook a study on impact of social innovations on French companies' performance: A study of high involvement practices. The results showed that when HR practices are combined in bundles they had a greater impact on performance than when studied individual.

Gill, (2007) undertook a study on High performance work practices: An examination of adoption and impact in large Australian organizations. In her study, she found out that there was a significant relationship between the adoption of most HCWP and positive outcomes, and that HCWP were universally applicable in organizations regardless of their type. Finally she concluded that all Australian organizations should adopt HCWP which had shown to have positive relationship with outcomes linked to competitive advantage. Organizations had to ensure management has the attitude that facilitates the adoption of HCWP and that organizations should have an effective HRM function that is strategic and effectively resourced to adopt this practices. She recommended that further research could use multiple respondents and time series data to investigate HPWPs in small and medium Australian organization.

Yi – Chizhang and Shu – Ling Li, (2009) undertook a study on High performance work practices and firm performance: Evidence from pharmaceutical industry in China. Their findings showed that Human Resource Management index composed of high performance work practices such as extensive training, participation, detailed job definition, result – oriented, performance appraisal, internal carrier opportunities and profit sharing as reported by Human Resource and finance managers was significantly related to the firm's market performance. The results also showed a positive effect of HRM index on firm's performance which was influenced by innovation strategy in

negative direction. They finally concluded that HPWPs are positively associated with firm's performance measured by management perceptions in the Chinese pharmaceutical industry. They recommended that there was need for further studies to identify other contingencies that may attenuate the universalistic nature of this valued practices. This provided the basis for my study, guided by my study variables.

Frenkel, (2010), undertook a study on 'Do high performance work practices work in South Korea'. Their findings indicate employment security, information sharing and gain sharing as the most common HPWPs found in most work places. Therefore the need to do a research on the effects of high performance work practices on organizational performance as moderated by organizational commitment in the Kenyan context.

## **2.9 Summary**

This chapter discusses the various High Performance Work Practices theories and models. This is followed by a review of literature and empirical studies of the three variables namely: High Performance Work Practices, Organizational performance and organization commitment. The research findings depict that High Performance Work Practices enhance performance in organizations. It was noted that very little has been done in this area in Kenyan context. This encouraged the researcher to undertake a study entitled "Role of high performance work practices on organizational performance. A survey of listed state corporations in the Nairobi stock exchange in Kenya".

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter dealt with the methods the researcher used in conducting the study. It covered the research design, target population, sampling procedures, data instrumentation and procedures of data collection and data analysis,

#### **3.2 Research philosophy**

Research philosophy adopted by this study is from the positivist paradigm. A research philosophy is the approach to understand and write the knowledge that is gained by conducting the research (Mackenzie & Knipe, 2006). Positivism is the scientific method that is based on rationale and empiric of the research. In its paradigm, various concepts like hypothesis and objectives formulated are tested (Burke, 2007). In the positivism paradigm, research works with observable social reality, rationale and experiences to reach on end results of the research.

#### **3.3 Research design**

This study employed survey research design. The researcher wrote to eight companies trading on the Nairobi Stock Exchange for permission to do research. Only three of them accepted, these were Kenya Power, Kengen and Mumias Sugar and rest declined and never shown interest. Descriptive survey design was used to allow the researcher to gather information, summarize, present and interpret for purpose of clarification. The major purpose of survey research design is description of the state of affairs as it exists at present (Kothari, 2009). The choice of the description survey research design was made based on the fact that in the study, the researcher was interested on the state of

affairs already existing in the field and no variable was to be manipulated. A questionnaire was designed and administered to assess the effects of High performance work practices on organizational performance as moderated by organization commitment.

### 3.4 Target population

The study population was all the 5866 employees in the state corporation under study. Kengen had 2066 employees, Kenya power had 2000, Mumias Sugar Company had 1800. The three organizations accepted my request to do a research with them but the rest declined.

### 3.5 Sampling and sample size

A sample was obtained using the formula; Mugenda & Mugenda (2003) as it provides a simplified formula to calculate sample sizes.

$$n = \frac{z^2 pq}{d^2} = \frac{(1.96)^2 (0.5) (0.5)}{0.05^2} = 384.16$$

$$n \text{ adjusted} = \frac{nN}{n+N} = \frac{385 \times 5866}{385 + 5866} = 361$$

Where:

n = the desired sample size (When population is > 10,000)

z = the standard normal deviate set at 1.96 which corresponds to the 95% confidence limit.

p = expected proportion in the target population estimated to have a particular characteristic (0.5 is used where there is no estimate).

q = 1 - p or (1 - 0.5) hence 1.0 - 0.5 = 0.5

d = the degree of accuracy usually 0.05

The study used a sample of 361 respondents. This study used simple random and stratified sampling techniques. Simple random sampling was adopted because the

population constituted a homogeneous group (Kothari, 2004). The sample selected from Kengen was 126 employees, 122 from Kenya Power and 113 from Mumias Sugar Company. The sample was based on the proportion of employees each company had. Stratified random sampling was used to group the employees into two so that each gender was included in the sample.

### **3.6 Sampling frame**

A sampling frame is the set of people that has a chance to be selected (Fowler, 2009). In this study a sample of 361 respondents was drawn from a population of 5866 employees. The sampling frame was therefore based on 5866. A survey was conducted among 361 employees from the three organizations. The sample selected from Kengen was 126 employees, 122 from Kenya power and 113 from Mumias Sugar Company.

### **3.7 Data collection procedure**

The main research tool was questionnaire, which was preferred as it could provide a relatively simple and straight forward approach to the study. The measurement items in the structured questions had been used by researchers like Woods (2006) *et al* and their validity and reliability had yielded the reliability statistics. Therefore the data was collected using a questionnaire. The questionnaires were distributed by the researcher to the respondents (supervisors, financial accountants, human resource managers, production managers, marketing and sales managers and chief executives) and collected after one month. The questionnaire collected data on; bio-data of respondents, high performance work practices, organizational performances and organizational commitment.

### **3.8 Research Instrument**

To generate data on training and development, organizational performance and performance appraisal, a modified and improved version of questionnaire by Woods (2006), Huselid (2010) and Boxall (2007) was used. To obtain data on selective hiring, a modified questionnaire by Boxall (2007) and Wright (2003) was adopted. An updated instrument by Ichviovski (2010) and Guest (2007) was adopted to obtain data on job security, and employee participation and involvement. An updated instrument by Meyer and Allen (2010) was adopted to obtain data on organizational commitment. The questionnaire consisted of closed – ended questions and open-ended questions. The open-ended questions gave the respondents room to explain their opinion in detail.

The questionnaire was appropriate to gather data and be able to save on time where the respondents were within a given timeframe. The questionnaire was administered to the respondents with instructions on how to fill them out.

### 3.8.1 Operationalization of variables in the study

**Table 3.1 Operationalization of variables**

<b>Variables</b>	<b>Measures</b>	<b>Questionnaire item</b>
<b>Independent</b> Selective hiring	Personality in selection	1
	Transparency in recruitment	2
	Advertisement of vacant jobs	3 – 4
	Selection of candidates done on merit	5
	Corruption in recruitment	6
	Variety of employment tests	7
	Performance appraisal	Appraisal on performance
Transparency in promotion		12
Favourism in promotion		13
Promotion based on performance appraisal		14
Unbiased appraisal system		15
Compensation determined by appraisal		16
Training and development	Training based on skills	17 – 18
	Workshop and seminars for employees	19
	Performance of more than one job	20
	Off the job training	21
	Formal job training	22
	Effective training	23
	Sufficient training opportunities	24
	Organizational orientation	25
Employee participation and involvement	Problem solving	26
	Involvement of employees in decision making	27
	Provision of relevant information	28-29
	Information from management	30
	Provision of strategic information	31
	Awareness of company policy	33
	Employee voice	33
Access to formal grievance procedure	34	
Job security	Job security	35 – 37
	Policy on job security	38
	Management of staff discipline	39
	Disciplinary against non - performing staff	40
	Discipline against corrupt staff	41



	Employee turnover	42
<b>Dependent</b>	Good performance compared to other organizations	43
<b>Variable</b>	Ability to attract and retain essential employees	44
Organizational	Customer satisfaction	45-46
performance	Organization performance in marketing its goods	47
	The effect of sales promotion	48
	Efficiency of the organization	49
	Customer complaints	50
	Competitive position	51
	Profits of the organization	52
	Market share	53
	Firms reputation increased	54
	Products/service defects or breakdowns	55
Organizational	Difficulty in leaving the organization	56
commitment	Owning organizational problems	57
	Sense of belonging	58
	Emotional attachment	59
	Pride in talking about my job	60
	Working due to advantages	61
	Commitment to organization	62-72

### 3.8.2 Reliability Statistics of the Measurement Items

The measurement items listed in table 3.1 have been used in several studies and have yielded the reliability statistics in table 3.2.

**Table 3.2: Internal consistency Cronbach's alpha**

<b>Variable</b>	<b>Author/study</b>	<b>Cronbach's coefficient</b>	<b>alpha</b>
High performance work practices	Data et al (2005)	0.83	
	Gould Williams and Daries (2005)	0.81	
	Delecy and Shaw (2001)		
	Guest et al (2001)		
Organizational performance	Vandenberg et al 2005	0.93	
	'O' Reilly et al 2009	0.81	
Organizational commitment	Allen and Meyer(2010)	0.84	
	Bozeman and Pervewe (2001)	0.77	
	White et al (2007)	0.92	

Validity refers to the extent to which differences found with a measuring instrument reflect true differences among those tested (Kothari, 2004). In order to ensure high level of validity, comments of supervisors were incorporated in the final instrument.

### **3.9 Piloting**

A pilot test was conducted on a 1% actual sample size representing 4 employees to ascertain the validity and reliability of the questionnaire before being administered to the target population. The researcher selected 1% of the target population for piloting because, according to Kothari (2004), Mugenda and Mugenda (2003) and Sekaran (2006) recommend a 1% sample from the population as being fit for statistical test of instruments. The respondents used for pretesting was similar to the sample under study using procedures similar to those of the actual study. The purpose of the pilot was to

establish the accuracy and effectiveness of the research instrument for the purpose of improving clarity and remove any ambiguities.

### **3.9.1 Reliability**

Reliability is a measure of degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). Reliability coefficient was computed to indicate how reliable the data was. A coefficient of 0.80 or more implies a high degree of reliability of the data (Mugenda & Mugenda, 2003). Cronbach's alpha was used to test for internal reliability of each variable used in the study. Cronbach's alpha values range from 0 and 1.

### **3.9.2 Validity**

Validity is the accuracy and meaningfulness of inferences, which are based on research results. In other words, validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study (Mugenda & Mugenda, 2003). Through continuous consultations with professionals and experts in the field of study, content and face validity of instruments were enhanced. Any relevant additional information that arose from the pre-test was incorporated to improve the instruments.

### **3.11 Data analysis and presentations**

Before processing the responses, the completed questionnaires were cleaned for completeness and consistency. Qualitative data collected was analyzed by descriptive statistics and presented through tables, figures, bar graphs and charts. This was attained through frequency distributions, means, modes, percentages, and standard deviations, simple and cross tabulation. According to Sekaran (2003) as cited by Njuguna (2008), data analysis has three basic objectives: getting a feel for the data, test the goodness of

the data and test the hypotheses developed for the research. To achieve the first objective the study used qualitative techniques such as descriptive statistics in this case, response rate, frequency distributions, means and standard deviation for variables included in the study. To achieve the second objective, goodness of data led to credibility and reliability of data to be analyzed and was tested using the Cronbach's coefficient alpha. This measured how well a set of items (or variables) measures a single uni-dimensional latent construct that was a coefficient of reliability or consistency. When data have a multidimensional structure, Cronbach's alpha is usually low. Lastly, to test the hypotheses developed for the study, appropriate statistical tests using F-test was used. Multiple regression was then applied in order to analyze the effect of High performance work practices on organization performance as moderated by organization commitment. The following models were applied.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_Z Z + \sum_{i=1}^5 \beta_{iz} X_i Z + \varepsilon$$

where:

Y = Organizational Performance

X<sub>1</sub> = Selective hiring

X<sub>2</sub> = Employee participation and involvement

X<sub>3</sub> = Performance appraisal

X<sub>4</sub> = Training and development

X<sub>5</sub> = Job security

Z = Organizational commitment

$\beta_0$  is a constant which denotes organization performance that is independent of High performance work practices and organization commitment.

$\varepsilon$  is a random variable introduced to accommodate the effect of other factors that affect organization performance within or outside high performance work practices, organization commitment that are not included in the model.

The model was first subjected to Correlation to establish whether the variables were jointly significant. F-tests were further computed for the individual variables'

coefficients to determine their significance in the model. Null hypothesis was accepted or rejected based on the p-value obtained. The test was done at  $\alpha = 0.05$  level of significance.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSIONS**

#### **4.1 Introduction:**

This chapter covered the analysis of the data collected from the field and the main study findings. The purpose of the study was to determine the role of high performance work practices (HPWPs) on organizational performance as moderated by organizational commitment.

The general objective of this study was to establish the role of high performance work practices on organization performance on listed state corporations in the Nairobi Stock exchange in Kenya. This was guided by the specific objectives which were to find out the effect of selective hiring, effect of employee participation and involvement, effect of employees performance appraisal, impact of training and development of employees and effect of job security as a high performance work practices on organizational performance. This chapter addressed the set objectives and the data analysis presented in descriptive and inferential statistics, correlation and regression analysis. Data results were presented in form of figures, tables and charts. In this chapter the hypotheses set for the study were tested mainly by using F-test.

#### **4.2 General characteristics of the study population/ Bio-data of the respondents**

##### **4.2.1 Response rate**

The study targeted a sample size of 361 employees from Kengen, Kenya Power, and Mumias Sugar Company. Out of the targeted 361 employees, 291 responded to the questionnaires in the study while 70 (Kenya power 35, Kengen 20 and Mumias Sugar 15) did not return the questionnaires. The 291 respondents who returned the questionnaires yielded a return rate of 80.6%. This response rate is higher than the

minimum recommended by research experts such as Baruch and Holtom (2008), who argue that research conducted at the organizational level seeking responses from organizational representatives or top executives can expect a response rate of about 50%. The study participants were drawn from three companies: Kenya Power with 110 (37.8%), Mumias Sugar with 99 (34.0%) and Kengen with 82 (28.2%) employees as shown in Table 4.1.

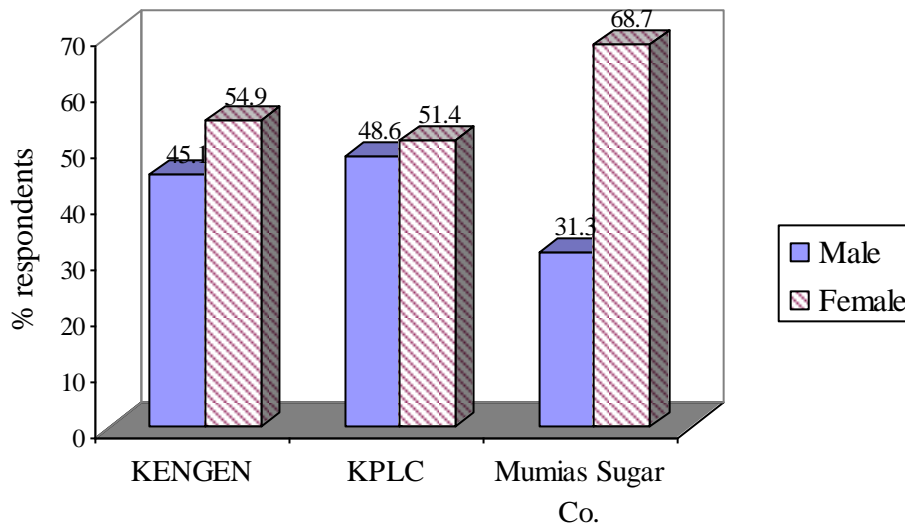
**Table 4.1: Distribution of Respondents per Company**

<b>Organization</b>	<b>Frequency</b>	<b>Percent</b>
KenGen	82	28.2
Kenya Power and Lighting Company (KPLC)	110	37.8
Mumias sugar	99	34.0
<b>Total</b>	<b>291</b>	<b>100</b>

n = 291

#### **4.2.2 Gender of the respondents**

Both male and female respondents who were staff from the three organizations were sampled in this study. Males accounted for 41.7% whereas the females accounted for 58.3% of the respondents.



**Figure 4.1: Respondents from the three Organizations by gender**

Majority of the respondents, 20.8%, were in the ages of 41 – 45 years. This was followed by those who were in the age bracket of 30 – 35 years who accounted for 20.1% of the respondents. The lowest numbers of respondents recorded were in the ages of above 50 years, who accounted for 8.7%. Table 4.2

**Table 4.2: Age distribution of the respondents**

Age distribution	Frequency	Percent
Below 30 years	49	17.0
30-35 years	58	20.1
36-40 years	57	19.8
41-45 years	60	20.8
46-50 years	39	13.5
Above 50 years	25	8.7
<b>Total</b>	<b>288</b>	<b>100.0</b>

n = 288



### 4.2.3 Education level of the sampled population

Sampled respondents were mainly university graduates, 72.1%. However, 22.8% of them were middle level college graduates while 5.1% of the respondents were secondary school leavers. This showed a well-educated sample population which was able to embrace HPWPs in their organizations.

**Table 4.3: Level of education attained by respondents**

<b>Education level</b>	<b>Frequency</b>	<b>Percent</b>
Secondary	14	5.1
Middle college	63	22.8
University	199	72.1
<b>Total</b>	<b>276</b>	<b>100.0</b>

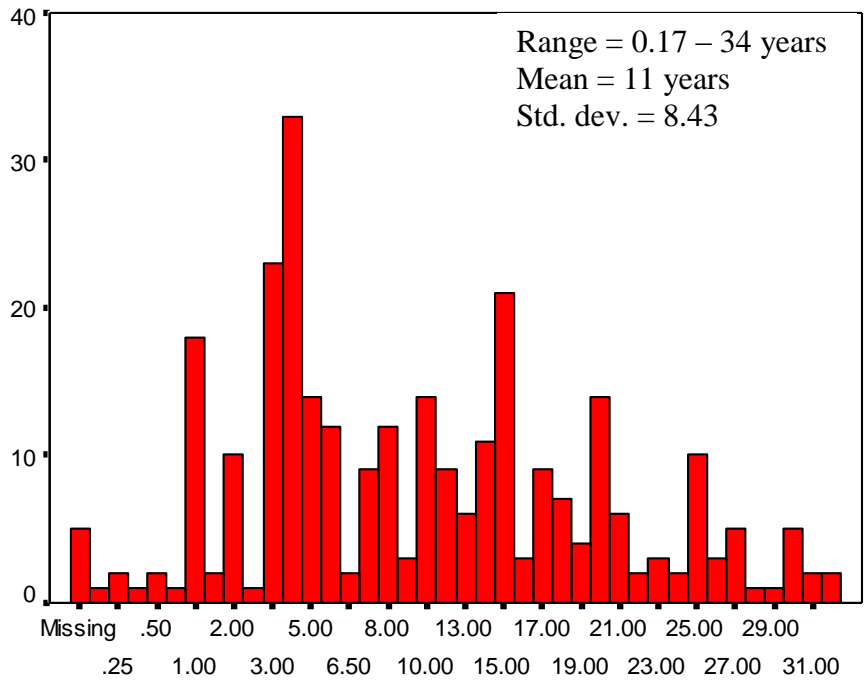
n = 276

### 4.2.4 Job title of the respondents

In line with their standards in education, sampled respondents were in senior positions in all the three organizations. Majority, 64.1% were supervisors, 21.7% were financial accountants, 2.4% were human resource managers, 1.4% were production managers while only one respondent was a chief executive in an organization. This sampled chief executive was a respondent from Mumias Sugar Company. Table 4.5

### 4.2.5 Length of service in the organization

Figure 4.2 shows the length of service the respondents had served in the organizations. The length of service ranged from 2 months to 34 years, with an average of 11 years and standard deviation of 8.43. It therefore emerged that majority of the respondents had served long enough to be aware of the high performance work practices engaged in their organizations.



Length of service in the organization

**Figure 4.2: Length of service in the organization**

**4.2.6 Position held in the organization**

The respondents served in various positions in their organizations as shown in Table 4.4. Majority of the respondents (64.1%) were supervisors, while the rest were financial accountants, human resource managers, production managers, CEO and sales manager.

**Table 4.4: Position held in the organization**

<b>Job title</b>	<b>Frequency</b>	<b>Percent</b>
Supervisor	59	64.1
Financial accountant	20	21.7
Human resource manager	7	7.6
Production manager	4	4.3
Chief executive	1	1.1
Marketing & sales manager	1	1.1
<b>Total</b>	<b>92</b>	<b>100</b>

**n = 92**

**Table 4.5: Bio - data of the respondents**

<b>Bio-data of the respondents</b>	<b>Frequency</b>	<b>Percent</b>
Gender (n = 290)		
Male	169	58.3
Female	121	41.7
Age (years) n = 288		
Below 30 years	49	17.0
30 – 35 years	58	20.1
36 – 40 years	57	19.8
41 – 45 years	60	20.8
46 – 50 years	39	13.5
Above 50 years	25	8.7
Level of education (n = 276)		
Secondary	14	5.1
Middle college	63	22.8
Other	-	-
University	199	72.1
Job title (n = 92)		
Chief executive	1	1.1
Human resource manager	7	2.4
Financial accountant	20	21.7
Production manager	4	1.4
Supervisor	59	64.1
Other	-	-

### **4.3 Effect of selective hiring on organizational performance**

#### **4.3.1 Descriptive statistics of items on selective hiring**

To investigate the effect of selective hiring on organizational performance, the researcher analyzed the descriptive statistics for the set variables. The study looked at seven core aspects of selective hiring affecting organizational performance. These were, use of intensive selection procedure to hire new workers, transparency and fair manner in which the recruitment was done, advertisement of jobs in the organization, filling of vacant posts in the organization, hiring of the employees on the basis of merit, corruption, bribery, political connections, ethnic background and back-door arrangement, and administration of one or more employment tests to the employees.

The response on seven questionnaire items on selective hiring were ranked in this research on a likerts scale of 1 – 5 (1 – Strongly disagree, 2-Disagree, 3- No opinion, 4- Agree, 5- Strongly agree). To establish the index of selective hiring, the means of the individual ranking on the items were calculated. The means obtained were therefore used as an index for selective hiring.

The reliability test on the selective hiring constructs achieved a Cronbach Alpha of 0.8264 indicating a strong internal consistence, thus verifying reliability of scale. The results in table 4.6 revealed that jobs were always advertised in the organization (mean =3.69 and standard deviation of 1.14), employees in the organization were mostly hired on the basis of corruption, bribery, political connections, ethnic background of the applicant and back-door arrangements (mean = 3.48 and standard deviation of 1.19), Intensive selection procedure was used to hire new workers including tests for personality traits in the organization (mean = 3.44 and a standard deviation of 1.10) and employees in the organization were always hired on the basis of merit, ability and skills required for the job (mean = 3.39 and standard deviation of 1.13). Based on these results, selective hiring as a factor significantly and positively influenced organizational performance.

Majority of the respondents (63.0%) were of the opinion that intensive selection procedure was used to hire new workers including tests for personality traits in the organizations; 48.1% agreed that in their organizations, all recruitments were done in a transparent and fair manner; 71.9% felt that in their organizations jobs were always advertised; 41.5% of the respondents agreed that vacant posts in their organization were filled in a timely and efficient manner. On the issue of employee hiring, 60.5% of the respondent noted that employees in their organizations were always hired on the basis of merit; 53.2% stated that employees in their organization were mostly hired on the basis of corruption, bribery, political connections, ethnic background of the applicant and back-door arrangements. 50.9% of the respondents noted employees in their organization were always administered one or more employment tests on skills, aptitude tests and/or mental/cognitive ability tests prior to hiring as indicated in Table 4.6.

**Table 4.6: Selective hiring in the organization**

<b>Opinion on item</b>	<b>SD</b>	<b>D</b>	<b>N/O</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
Intensive selection procedure is used to hire new workers including tests for personality traits in this organization	4.8	21.3	10.7	50.5	12.5	3.44	1.10
All recruitments in this organization are done in a transparent and fair manner	8.3	26.6	17.0	40.5	7.6	3.12	1.14
Jobs are always advertised in my organization	4.2	18.0	5.9	48.4	23.5	3.69	1.14
Vacant posts in my organization are filled in a timely and efficient manner	8.3	34.3	15.9	33.2	8.3	2.99	1.16
Employees in my organization are always hired on the basis of merit (ability and skills required for the job)	5.9	21.9	11.8	48.3	12.2	3.39	1.13
Employees in my organization are mostly hired on the basis of corruption, bribery, political connections, ethnic background of the applicant and back-door arrangements	6.9	14.2	25.6	30.4	22.8	3.48	1.19
Employees in my organization are always administered one or more employment tests, (skill tests, aptitude tests, mental/cognitive ability tests prior to hiring	9.7	21.5	18.0	43.6	7.3	3.17	1.14

Note: Reliability Alpha - Selective hiring = 0.8264

Ranked on a scale where 1 = SD- Strongly disagree; 2= D-Disagree; 3= N/O- No opinion; 4 =A-Agree; 5 = SA-Strongly agree. n = 291

The result showed that new employees in the Organizations were hired on the basis of merit as indicated by 60.5% of the respondents. This was ascertained by the respondents noticing that in their Organizations; positions were advertised giving opportunity to all, advertisement were made externally, interviews were then conducted and selection was done on merit; Certificates and transcripts were well scrutinized and a one hour interview conducted; individual competencies were observed; everyone worked where he or she was best suited; and Company standards were followed. The organizations had clear job specifications. Employees were hired on the basis of merit through internal adverts guided by recruitment/promotion policies. Preference was given to the most qualified persons during hiring.

Those who felt that the organizations did not hire employees on the basis of merit accounted for 53.2% and stated that in their organizations; sometimes people were hired on recommendations from their bosses. They felt that to be hired, you must be connected first. Political connections and ethnic background considerations took place and hiring was done on basis of personal connections. There were favors and ethnic background, tribalism, nepotism and favoritism; there were also political interests amongst other issues. Occasionally, but not always, other considerations other than merit were involved during the hiring process. Sometimes employees were hired because of their ethnic background.

#### **4.4 Effects of employee participation and involvement on organizational performance**

##### **4.4.1 Descriptive statistics of items on staff participation and involvement**

To investigate the effect of participation and involvement on organizational performance, the researcher analyzed the descriptive statistics for the set variables. Cronbach reliability test attained was 0.6271. This Cronbach value of 0.6271 was less than 0.80 which is considered an unacceptable level of internal reliability (Bryman,

2008). This variable was therefore dropped in further analysis. The results on table 4.7 revealed that employees were always aware of company policy/organizational performance (mean = 4.01 and standard deviation of 3.08), employees were always provided with relevant strategic information ( strategic mission, goals, tactics and competitor information (Mean = 3.72 and standard deviation of 0.94), management always kept employees well informed about the firm and how well it was doing (mean = 3.53 and standard deviation of 1.01) and managers always met off-line with operators to discuss issues of concern including issues related to performance and quality (mean = 3.39 and a standard deviation of 1.00).

The set variables of employee participation were; the employees were always involved in programs designed to illicit participation and employee input (for example problem solving) as indicated by 53.9% of the respondents. 68.0% of the respondents stated that Management always kept them well informed about the firm and how well it was doing. 58.5% stated that their Managers always met off-line with operators to discuss issues of concern including issues related to performance and quality.75.1% of the employees were always provided with relevant strategic information (strategic mission, goals, tactics, and competitor information). Employees were always aware of company policy/organizational performance 75.5%. When there were disputes, 54.9% of the respondents noted that, they always had access to a formal grievance/complaint resolution procedure. However, 58.9% agreed that employees in the organization were rarely provided with relevant operating performance information (quality, productivity) as indicated in Table 4.7. Based on these results, employee participation and involvement as a factor significantly and positively influenced organizational performance.



**Table 4.7: Employee participation and involvement**

<b>Opinion</b>	<b>SD</b>	<b>D</b>	<b>N/O</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
Employees in the organization are always involved in programs designed to illicit participation and employee input (e.g. problem solving)	6.4	20.9	18.8	49.6	4.3	3.24	1.04
Employees in my organization are rarely involved in the decision -making on things that matter in their organization	8.8	28.2	14.1	39.6	8.5	3.09	1.17
Employees in the organization are rarely provided with relevant operating performance information (e.g. quality, productivity etc.)	5.3	27.0	8.8	48.4	10.5	3.32	1.14
Management always keeps employees well informed about the firm and how well it is doing	3.9	17.3	10.9	58.1	9.9	3.53	1.01
Managers always meet off-line with operators to discuss issues of concern including issues related to performance and quality	3.5	19.5	18.4	50.7	7.8	3.39	1.00
Employees are always provided with relevant strategic information (e.g., strategic mission, goals, tactics, competitor information etc).	2.5	12.6	9.8	60.7	14.4	3.72	0.94
Employees are always aware of company policy/organizational performance	1.4	13.0	10.2	59.0	16.5	4.01	3.08
This organization employees always have a right to put their voice to top management	11.2	25.3	23.2	36.8	3.5	2.96	1.10
In this organization employees always have access to a formal grievance/complaint resolution procedure	6.4	20.6	18.1	48.2	6.7	2.28	1.07

Note: Reliability Alpha - Employee participation = 0.6271

Ranked on a scale where 1 = SD- Strongly disagree; 2= D-Disagree; 3= N/O- No opinion; 4 =A-Agree; 5 = SA-Strongly agree. n = 291.

## **4.5 Effects of employee performance appraisal on organizational performance**

### **4.5.1 Descriptive statistics of items on employee performance appraisal**

To investigate the effect of performance appraisal on organizational performance, the researcher analyzed the descriptive statistics for the eight variables on performance appraisal. The reliability test of items on performance appraisal achieved a Cronbach Alpha of 0.8181 indicating a strong internal consistence, thus verifying reliability of scale. The results shown in Table 4.8 revealed that organizations always appraised their staff on performance (mean = 4.11 and a standard deviation of 0.88), employees always received formal performance appraisals and feedback on a routine basis (mean = 3.33 and a standard deviation of 1.11) and Performance appraisal were used during employee promotion in the organization (mean = 3.23 and a standard deviation of 1.11). Based on the results, it was evident that organizations appraised their staff on performance and this contributed to organizational performance.

The set variables of employee performance appraisal were; Organization always appraised the staff on performance (87.5%), employees always received formal performance appraisals and feedback on a routine basis (58.0%), employees always received regular and constructive feedback on how well to do the job (51.4%). 41.5% of the respondents stated that a high proportion of the workforce had its performance appraisals always used to determine their compensation. Table 4.8

**Table 4.8: Employee performance appraisal on Organizational performance**

<b>Opinion on statement</b>	<b>SD</b>	<b>D</b>	<b>N/O</b>	<b>A</b>	<b>SA</b>	<b>Total</b>	<b>Mean</b>	<b>Std</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
Organization always appraises the staff on performance	1.0	8.0	3.5	54.2	33.3	100	4.11	0.88
Performance appraisal is rarely used as a tool for promotion in the organization	10.4	36.0	13.5	28.7	11.4	100	2.95	1.23
Always receive regular and constructive feedback on how well to do the job	6.9	28.8	12.8	44.8	6.6	100	3.15	1.12
Always receive formal performance appraisals and feedback on a routine basis	4.5	26.6	10.8	47.9	10.1	100	3.33	1.11
Promotions are frequently done and in a transparent and fair manner in the organization	13.6	31.1	20.6	30.4	4.2	100	2.80	1.14
Promotions are done based on personal connections, favors, and ethnic background of employees in my organization	10.5	18.5	28.6	27.9	14.6	100	3.18	1.20
Performance appraisal was used during promotions in this organization	12.1	23.9	23.9	31.8	8.2	100	3.00	1.17
Performance appraisal was used during my promotion in this organization	11.7	23.0	23.0	30.6	7.9	100	3.23	1.11
A high proportion of the workforce has its performance appraisals always used to determine their compensation	7.7	28.9	21.8	33.8	7.7	100	3.05	1.11

Note: Reliability Alpha -performance appraisal = 0.8181

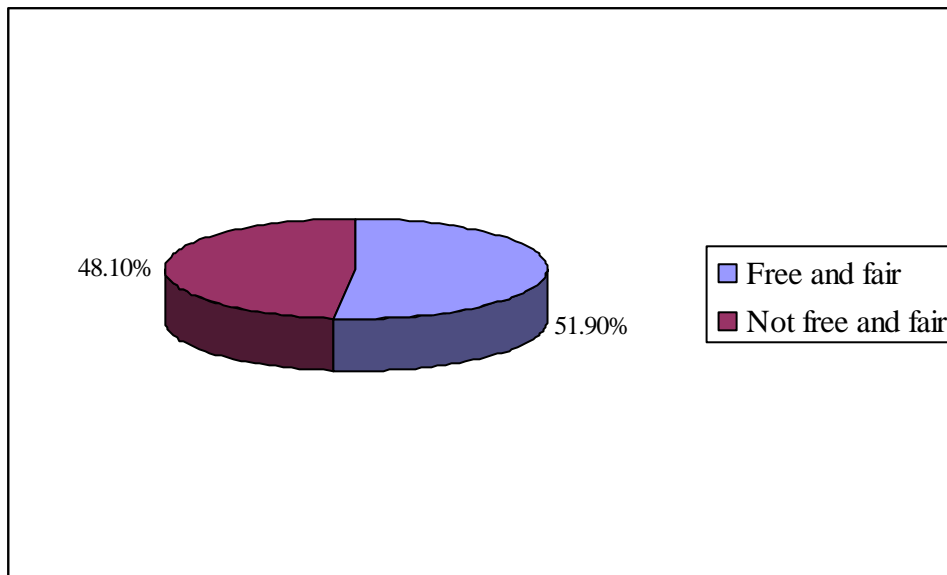
Ranked on a scale where 1 = SD- Strongly disagree; 2= D-Disagree; 3= N/O- No opinion; 4 =A-Agree; 5 = SA-Strongly agree. n = 291

When the respondents were requested to state whether performance appraisal in their organization was free and fair, 51.9% accepted. The reasons they gave for this was that, employees in their organization were appraised based on performance, the appraisal was based on mutual concurrence between the employee and the employer, and appraisal

was done online and viewed by higher level officers. Dialogues with the supervisors were transparent, appraisal was based on the set objectives and the Human Resource department was a transparent section.

The respondents who felt the appraisal was not free and fair noted that, ethnicity played a great role in departments, some supervisors favored some candidates who were poor performers and that performance appraisal was rarely used as a tool of rewarding.

Figure 4.3 shows state of performance appraisal.



**Figure 4.3: State of employees Performance appraisal**

#### **4.6 The impact of training and development of employees as a high performance work practice on organizational performance**

##### **4.6.1 Descriptive statistics of items on employee training and development.**

To investigate the effect of training and development of employees on organizational performance, the researcher analyzed the descriptive statistics for the nine variables. The

reliability test of items on training and development achieved a Cronbach Alpha of 0.8363 indicating a strong internal consistence, thus verifying reliability of scale. The results in Table 4.9 revealed that, workshops and seminars were always held for employees in the organization to improve their skills (mean = 4.01 and a standard deviation of 0.68), the organizations rarely provided employees with formal job training either on or off the premises (mean =3.69 and a standard deviation of 1.24), employees in the organization always received intensive/extensive training in company - specific skills; task or firm - specific training (mean = 3.65 and a standard deviation of 1.05), employees in the organization had always been trained in a variety of jobs or skills and could perform more than one job (mean = 3.53 and a standard deviation of 1.07) and the core group of workers in the organization had off - the job training in the past year and had improved communication and team work (mean = 3.52 and a standard deviation of 1.01). Based on the results, those firms that embraced training and development had positive effects on organizational performance.

The research established that 67.2% of the respondents agreed that Employees in the organization were rarely trained in skills related to their jobs; However, 72.1% agreed that in their organization they always received intensive/extensive training in company - specific skills (task or firm - specific training). 87.8% of the respondents stated that workshops and seminars were always held for employees in their organization to improve their skills. 61.5% indicated that the core group of workers in their organization had off - the job training in the past year and it improved communication and team working. As a result of training and development, 41.4% of the respondents agreed that they were fully satisfied with the organization induction/orientation/job related training. Table 4.9.

**Table 4.9: Employee Training and development on Organizational performance**

<b>Opinion on statement</b>	<b>SD</b>	<b>D</b>	<b>N/O</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
Employees in the organization are rarely trained in skills related to their jobs	7.0	18.8	7.0	44.9	22.3	3.57	1.22
Employees in the organization always receive intensive/extensive training in company - specific skills (e.g. task or firm - specific training)	3.1	17.4	7.3	55.4	16.7	3.65	1.05
Workshops and seminars are always held for employees in the organization to improve their skills	1.7	8.0	2.4	63.5	24.3	4.01	0.68
Employees in the organization have always been trained in a variety of jobs or skills and can perform more than one job	2.8	20.5	13.5	46.9	16.3	3.53	1.07
The core group of workers in the organization has had off - the job training in the past year and it improved communication and team working	3.5	15.4	19.6	48.6	12.9	3.52	1.01
Organization rarely provides employees with formal job training either on or off the premises	3.5	19.2	8.7	44.8	23.4	3.69	1.24
Employee training in the organization is always effective	4.0	17.8	18.5	48.7	10.9	3.45	1.03
Employer rarely provides employee with sufficient opportunities for training and development	6.7	25.6	9.1	41.8	16.8	3.36	1.22
Employees in the organization are fully satisfied with organizational induction/orientation/job related training	3.9	27.4	26.3	34.0	8.4	3.16	1.04

Note: Reliability Alpha - Employee training and development = 0.8363

Ranked on a scale where 1 = SD- Strongly disagree; 2= D-Disagree; 3= N/O- No opinion; 4 =A-Agree; 5 = SA-Strongly agree. n = 291.

To facilitate training for the employees to perform better in their work places, the respondents suggested that; Organizations should have both international and local trainings, organize conferences, workshops and seminars, increase employees' salary, conduct job evaluation and enrichment. The respondents also felt that organizations should have personal development forms filled every 6 months by employees and team building activities. The organizations should also facilitate training for its employees to perform better in their work places by giving them study leave, conducting job evaluation and enrichment and use of consultants.

#### **4.7 The impact of job security of employees as a high performance work practice on organizational performance**

##### **4.7.1 Descriptive statistics of items on employees' job security**

To investigate the effect of employees' job security on organizational performance, the researcher analyzed the descriptive statistics for the eight variables. The reliability test of items on job security achieved a Cronbach Alpha of 0.5010 indicating a low internal consistence. The result in Table 4.10, however, revealed that Staff discipline in the organization was managed in a transparent and fair manner (mean = 3.51 and a standard deviation of 0.94), Employees' Jobs were always safe and secure in the organization (mean = 3.45 and a standard deviation of 0.98). Sacking of corrupt staff in the organization was always done immediately (mean = 3.35 and a standard deviation of 1.09) and sacking of employees was rarely taken against non-performing staff (mean = 3.29 and a standard deviation of 1.00). Based on these results, job security as a factor significantly and positively influenced organizational performance.

Based on the set variables of job security, it was established that the respondents felt that their jobs were always safe as agreed by 59.4%; employees in the organizations rarely quit or left their jobs (55.1%). 64.9% of the staff stated that, staff discipline in the organization was managed in a transparent and fair manner. 53.7% of the employees

stated that in their organizations, sacking of corrupt staff was always executed immediately. However, 31.7% of the workers stated that there were no policies of guaranteed job security or compulsory redundancies for occupational group in the organization. Table 4.10.

**Table 4.10: Employees job security on Organizational performance**

<b>Opinion on statement</b>	<b>SD</b>	<b>D</b>	<b>N/O</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
My Job is always safe and secure in the organization	3.1	17.0	20.5	50.0	9.4	3.45	0.98
Employees in this organization rarely quit or leave their jobs	6.7	28.4	9.8	46.3	8.8	3.22	1.15
In the organization employees are always afraid of losing their jobs	8.4	28.3	20.3	34.6	8.4	3.06	1.14
There is a policy of guaranteed job security or no compulsory redundancies for occupational group in the organization	6.7	25.0	30.6	32.7	4.9	3.04	1.02
Staff discipline in the organization is managed in a transparent and fair manner	3.5	14.6	17.0	57.6	7.3	3.51	0.94
Sacking of employees is rarely taken against no-performing staff	2.8	22.6	26.5	39.0	9.1	3.29	1.00
In the organization, sacking of corrupt staff is always taken immediately	6.0	18.0	22.3	42.0	11.7	3.35	1.09
Employee turnover in the organization has always decreased	6.7	27.0	28.4	33.0	5.0	3.02	1.03

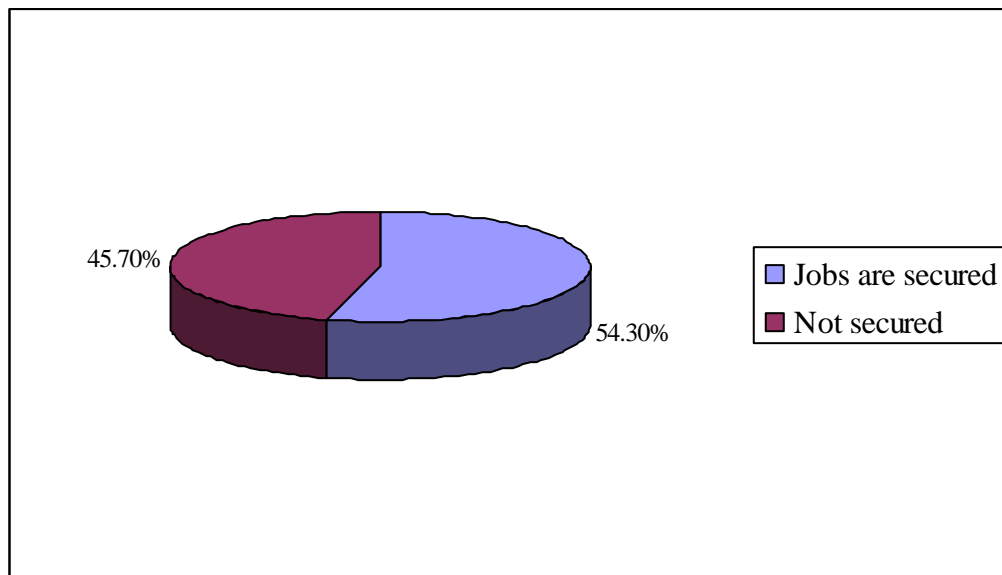
Note: Reliability Alpha - Job security = 0.5010

Ranked on a scale where 1 = SD- Strongly disagree; 2= D-Disagree; 3= N/O- No opinion; 4 =A-Agree; 5 = SA-Strongly agree. n = 291.

When the researcher established the overall views of the respondents on their job security, 54.3% felt that their jobs were secure. This was mainly because there were clear structures and procedures on how to dismiss employees.



Those whose jobs were insecure felt that in their organizations, transfers and promotions were not based on merit; the organizations did not abide with the employment act; there were many people who could do the work; with the high technology an employee on contract could no longer be needed; there was no security because politics were known to take center stage and tribalism and nepotism were main determining factors. Security on the job in the organization depended on the performance.



**Figure 4.4: Employees job security**

#### **4.8 Moderating effect of organizational commitment on high performance work practices (HPWP) and organization performance.**

##### **4.8.1 Descriptive statistics of items on moderating variable**

To investigate the effect of the moderating variable, organizational commitment on organizational performance, the researcher analyzed the descriptive statistics for the seventeen variables. The reliability test of items on organizational commitment achieved

a Cronbach Alpha of 0.8943 indicating a strong internal consistence, thus verifying reliability of scale. Based on the variables used to measure the moderating effect of organizational commitment on HPWPs and organizational performance, the results in Table 4.11 revealed that the organization deserved staff's loyalty (mean = 3.89 and a standard deviation of 0.83), staff always felt a strong sense of "belonging" to their organization (mean = 3.86 and a standard deviation of 0.88), staff always felt proud when talking to others about their job in the organization (mean = 3.85 and a standard deviation of 0.89), staff always felt that if their organization had a problem, it was their problem as well (mean = 3.83 and a standard deviation of 0.86) and staff believed they would still be working for their organization in the next one year (mean = 3.78 and a standard deviation of 0.94). Based on the findings of the study, organizational commitment to employees boosted organizational performance.

When establishing the commitment levels, the results of the study indicated that Staff always felt that if the organization had a problem, it was their problem as well as, was agreed by 79.9% of the respondents. Of the respondents 81.9% stated that they always felt a strong sense of belonging to their organization. The respondents who felt that they were always emotionally attached to their organization were 70.6%. To continue working in the organization 74.2% of the staff felt that they will always continue working for their organization for the many advantages they find compared with other employers. The employees who felt that the organization deserves staff loyalty were 80.5%. Despite of other minor issues in the organizations, 74.4% of the staff believed they will still be working for their organization in the next year. Table 4.11

**Table 4.11: Organizational commitment on high performance work practices**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>N/O</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
It will always be very hard for staff to leave their organization right now, even if they wanted to	8.9	35.5	18.8	29.1	7.8	2.91	1.14
Staff always feel that if this organization has a problem it is their problem as well	2.1	7.7	10.2	64.4	15.5	3.83	0.86
Staff always feel a strong sense of "belonging" to their organization	2.5	8.2	7.4	64.5	17.4	3.86	0.88
Staff always feel emotionally attached to this organization	3.2	12.4	13.8	55.7	14.9	3.67	0.98
Staff always feel proud when talking to others about their job in this organization	3.2	6.7	8.8	64.9	16.5	3.85	0.89
Staff will always continue to work for this organization for the many advantages	2.8	9.2	13.8	58.3	15.9	3.75	0.93
Staff will be very happy to spend the rest of their career with this organization	5.9	16.1	25.5	40.6	11.9	3.36	1.07
Even if it were to their advantage, staff do not feel it will be right to leave their organization now	7.4	23.2	26.0	34.4	9.1	3.15	1.10
Staff do not feel a strong sense of "belonging" to their organization	2.5	14.5	12.5	50.7	19.9	3.71	1.02
Staff do not feel "emotionally" attached to this organization	4.6	13.5	14.2	48.2	19.5	3.65	1.08
Staff do not feel like "part of the family" of this organization	4.2	8.5	13.4	53.4	20.5	3.77	1.01
The organization deserves staffs loyalty	1.8	6.0	11.7	62.5	18.0	3.89	0.83
If staff had not already put so much into this organization, he/she would consider working elsewhere	5.3	15.8	22.5	46.3	10.2	3.40	1.04
Too much of staff's life will be disrupted if he/she decided to leave his/her organization now	8.2	30.2	19.6	36.7	5.3	3.01	1.10
Staff feel that if he/she left this organization, there would be too few job opportunities available to him/her	13.1	44.9	17.7	20.1	4.2	2.58	1.08
The fact that leaving this organization would require considerable personal sacrifice is one of the reasons to continue to work here	9.1	31.9	21.4	31.9	5.6	2.93	1.11
Staff believe he/she will still be working for this organization in the next one year	4.2	5.6	15.8	57.2	17.2	3.78	0.94

Note: Reliability Alpha - Organizational commitment = 0.8943

Ranked on a scale where 1 = SD- Strongly disagree; 2= D-Disagree; 3= N/O- No opinion; 4 =A-Agree; 5 = SA-Strongly agree. n = 291.

## **4.9 The Organization performance**

### **4.9.1 Descriptive statistics of items on organizational performance**

The reliability test of items on organizational performance achieved a Cronbach Alpha of 0.9255 indicating a strong internal consistence, thus verifying reliability of scale. Based on the items used to measure organizational performance, the results indicated that satisfaction of customers or clients in the organization was taken seriously (mean = 3.73 and a standard deviation of 0.97), Organization had the ability to attract and retain essential employees ( mean = 3.72 and a standard deviation of 0.96), the performance of the organization in marketing its products was good (mean = 3.60 a standard deviation of 0.89), customer satisfaction had increased in the organization (mean = 3.48 and a standard deviation of 1.03) and the organization's performance over the past three years had been good compared to that of other organizations that do the same kind of work (mean = 3.37 and a standard deviation of 1.07). The results of the findings showed that the sampled organizations had good performance.

The study established that 57.7% of the respondents agreed that in their organization's performance over the past three years had been good compared to that of other organizations that did the same kind of work. 76.2% of the respondents agreed that their organization had the ability to attract and retain essential employees. 73.4% of the respondents stated that satisfaction of customers or clients in the organization was taken seriously. This had led to increase in customer satisfaction in the organization as indicated by 59.7% of the respondents. The number of products/service defects, errors or breakdowns was stated by 47.0% of the respondents to have always decreased. On marketing their products, 66.2% of the respondents agreed that performance of their organization was good, and efficiency of the organization had greatly improved (58.3%). This was supported by 51.8% of the respondents who agreed that it had led to the increase in firm's reputation. Table 4.12

**Table 4.12: Organizational performance**

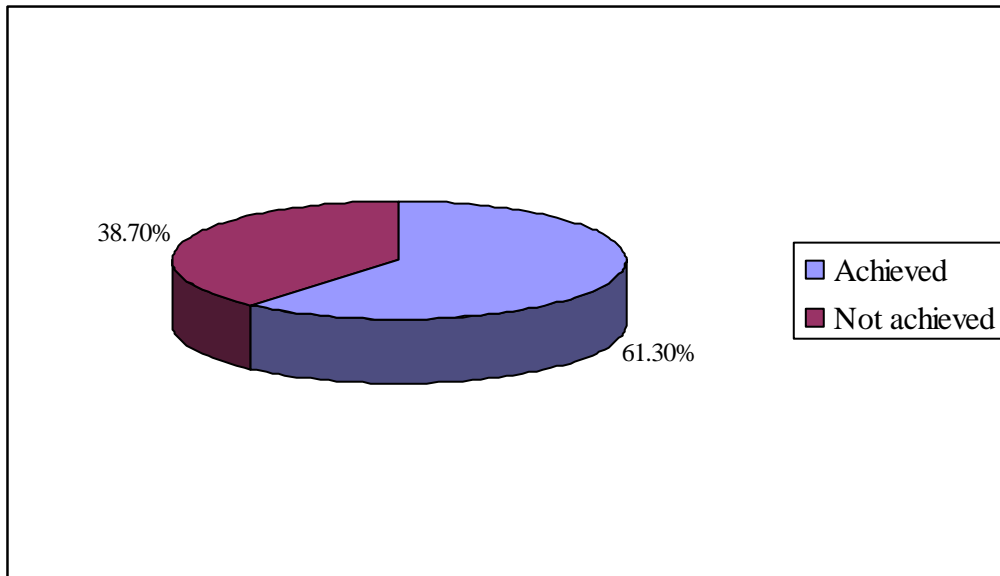
<b>Opinion on statement</b>	<b>SD</b>	<b>D</b>	<b>N/O</b>	<b>A</b>	<b>SA</b>	<b>Mean</b>	<b>Std</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
The organization's performance over the past three years has been good compared to that of other organizations that do the same kind of work	5.9	18.2	18.2	47.9	9.8	3.37	1.07
Organization has the ability to attract and retain essential employees	3.2	11.9	8.8	61.8	14.4	3.72	0.96
Satisfaction of customers or clients in the organization is taken seriously	2.8	11.9	11.9	56.3	17.1	3.73	0.97
Customer satisfaction has increased in the organization	3.6	17.3	19.4	47.1	12.6	3.48	1.03
The performance of the organization in marketing its products is good	1.8	12.1	19.9	56.6	9.6	3.60	0.89
The way the promotions are done has improved the performance of our organization	5.6	24.2	30.9	33.7	5.6	3.09	1.01
The efficiency of the organization has greatly improved	5.3	19.8	16.6	51.2	7.1	3.35	1.04
Customer complaints in my organization have drastically reduced	5.7	26.2	23.0	38.7	6.4	3.14	1.06
Competitive position of the organization has greatly improved	5.0	22.9	23.9	42.1	6.1	3.21	1.03
The profits of the organization have consistently increased	7.1	27.4	23.5	36.3	5.7	3.06	1.07
The firm's overall market share has always increased	7.1	26.0	23.5	35.9	7.5	3.11	1.09
The firm's reputation has always increased	5.0	24.3	18.9	42.5	9.3	3.27	1.08
The number of products/service defects, errors or breakdowns has always decreased	7.2	19.4	26.5	41.6	5.4	3.19	1.04

Note: Reliability Alpha - Organization performance = 0.9255

Ranked on a scale where 1 = SD- Strongly disagree; 2= D-Disagree; 3= N/O- No opinion; 4 =A-Agree; 5 = SA-Strongly agree. n = 291.

In the findings, 61.3% of the respondents felt their organizations had achieved their set objectives and targets. This was so because, it was indicated by the respondents that the organization had constructed more power plants, periodic monitoring and review exercises which always were indicators, (Figure 4.5). It was also noted that, the good strategies the company had put in place improved organizational performance. This findings agrees with (Huselid, 2010) study that asserts that when high performance work systems focuses on human capital such as skills, firm specific knowledge and reward system that enhance employee performance, could lead to better organizational performance.

Those who stated that there was no achievement of the set objectives by their organizations, were of the opinion that; there were corruptions, tribalism and nepotism in their organizations, the organization had set unachievable targets, they lacked materials, there were breakdown of machines and government influence. This finding confirms that when organizations with high achievement orientation put high involvement work practices into place, they attain higher performance levels as supported by the previous research by Phillips and Gully, (2007).



**Figure 4.5: Organizational achievement of set objectives**

Reasons stated by the staff for their intention to work for the next one year in the same organization were given mainly as; Good working conditions, availability of training opportunities and career growth, good salary, as well as friendly terms of services in the organization as indicated in Table 4.13.

**Table 4.13: Reasons that will make staff want to continue to work for the current organization**

<b>Reasons for wanting to continue</b>	<b>Frequency</b>	<b>Percent</b>
Good working conditions	45	20.8
Training opportunities and career growth	38	17.6
To earn my living	9	4.2
Good salary	37	17.1
Job security	19	8.8
I enjoy the work	17	7.9
Friendly terms of service	16	7.4
Motivation	3	1.4
It is competitive compared to the market	7	3.2
Medical facilities	3	1.4
Am about to retire	8	3.7
If I am promoted from my current position	4	1.9
The brand name	1	0.5
Interesting and challenging assignments and projects	2	0.9
It would not make a big difference if I joined another organ	1	0.5
Lack of a better job elsewhere	2	0.9
Education policy for employees' children	1	0.5
To offer my services	1	0.5
Have spent several years with the organization	1	0.5
Personal family reasons	1	0.5
<b>Total</b>	<b>216</b>	<b>100.0</b>

n = 216

The reasons making the staff not want to continue workings for the organization were stated by the respondents as mainly; slow upward mobility, poor pay, poor management, if the organization starts to work at a loss and staff not growing in experience. Table 4.14



**Table 4.14: Reasons that will make staff not want to continue to work for the current organization**

<b>Reason for not wanting to continue</b>	<b>Frequency</b>	<b>Percent</b>
Upward mobility slow	19	14.8
Poor pay	16	12.5
Tribalism	2	1.6
Poor management	9	7.0
If the organization starts to work at a loss	9	7.0
If am not growing in experience	9	7.0
Better compensation	8	6.3
Lack of clear career path and development	7	5.5
Am about to retire	2	1.6
It is torn between professional growth and personal develop	2	1.6
No motivation	6	4.7
Lack of incentives	1	.8
So many job opportunities with less challenging career opportunity	1	.8
Poor work environment	7	5.5
Discrimination and unfairness	9	7.0
Self-employment	3	2.3
Organizational politics	3	2.3
It is fully privatized	1	.8
Too much workload	2	1.6
Unachievable targets	1	.8
Non-appreciating bosses	1	.8
Corruption	2	1.6
Job instability	1	.8
Greener pastures and exposure	3	2.3
To clear my loan	1	.8
Lack of feedback after appraisal	1	.8
My health	1	.8
Transfer to a different station	1	.8
<b>Total</b>	<b>128</b>	<b>100.0</b>

n = 128

## **4.10 Descriptive statistics of the main variables**

### **4.10.1 Descriptive analysis for the items tested**

The major goal of this study was to establish the role of high performance work practices (HPWPs) on organizational performance as moderated by organizational commitment. The dependent variable for the study was organizational performance, while the independent variables were selective hiring, employee participation and involvement, performance appraisal, training and development, and job security. Organizational commitment was the moderating variable. The study employed a 5-point Likert scale to measure each of the specific factors contributing to the variables. The scale was distributed into four spaces to five scores and therefore each space was assigned 0.8.

### **4.10.2 Overall descriptive statistics**

Using cronbach Alpha coefficient for internal reliability of each variable, cronbach alpha was tested for variables on organizational performance, selective hiring, Performance appraisal, training and development, employee participation and involvement, job security, and organization commitment. The findings showed that organizational performance had a Cronbach alpha value of 0.9255, selective hiring (Cronbach alpha value of 0.8264), performance appraisal (Cronbach alpha value of 0.8181), training and development (Cronbach alpha value of 0.8363) and organizational commitment showing a (Cronbach alpha value of 0.8943). These variables indicated a high internal reliability on organizational performance. Job security (Cronbach alpha value of 0.501) and employee participation (Cronbach alpha value of 0.6271) posted a low internal reliability on organizational performance. According to Bryman(2008), if computed alpha coefficient is greater than 0.80, then it is an acceptable level of internal reliability. The researcher therefore omitted job security and employee participation and involvement as indicated in Table 4.15.

**Table 4.15: Cronbach alpha coefficient for the variables**

	No. of items	Cronbach	Mean	Std. Dev.
Organization performance(Y)	13	0.9255	3.315	0.0594
Selective hiring(X <sub>1</sub> )	7	0.8264	3.329	0.0599
Performance Appraisal(X <sub>3</sub> )	9	0.8181	3.188	0.0141
Training & Development (X <sub>4</sub> )	9	0.8363	3.555	0.0555
Organizational Commitment(Z)	17	0.8943	3.479	0.1746

After each set met the threshold, the items that were retained were aggregated by getting the mean to get specific variables for the study. The 13 items under Organizational performance (Y) were aggregated by getting the average to give Y<sub>1</sub> score for each respondent. The 7 items under Selective hiring (X<sub>1</sub>) were aggregated by getting the average to give X<sub>1</sub> score for each respondent. The 9 items under Performance Appraisal (X<sub>3</sub>) were aggregated by getting the average to give X<sub>3</sub> score for each respondent. The 9 items under Training & development were aggregated by getting the average to give X<sub>4</sub> score for each respondent. The 17 items under organizational commitment (Z) were aggregated by getting the average to give Z score for each respondent. The descriptive for the variables X<sub>1</sub>, X<sub>3</sub>, X<sub>4</sub>, Z and Y are shown in Table 4.15 above.

Considering the descriptive results for these variables, mean  $\pm$  SD of the variables; selective hiring (3.32  $\pm$  0.80), performance appraisal (3.20  $\pm$  0.71), training and development (3.55  $\pm$  0.71), employee participation (3.37  $\pm$  0.70) and job security (3.24  $\pm$  0.50), being components of high performance work practices (HPWP) affected organizational performance as moderated by organizational commitment (3.48  $\pm$  0.60).

Table 4.16

**Table 4.16: Descriptive statistics of each of the research variables**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Selective hiring	291	1.00	5.00	3.3213	.80895
Perform. Appraisal	290	1.33	5.00	3.2082	.71851
Training & Dev.	288	1.22	5.00	3.5496	.71865
Employee Participation	285	1.00	5.00	3.3699	.70166
Job Security	288	1.71	4.63	3.2447	.50395
Organizational Commitment	286	1.18	4.88	3.4767	.59580

#### **4.11 Correlation matrix and individual influence of independent variables**

In order to determine whether there were relationships among the main variables, Pearson moment Correlation coefficients were computed for each pair of variables. The results are shown in the correlation matrix (Table 4.17). The findings revealed that organizational performance and selective hiring were highly correlated ( $r = 0.551$ ,  $p$ -value  $< 0.001$ ). This showed that a positive change in selective hiring resulted into an increase in organizational performance. Likewise, organizations that appraised their staff, recorded better firm performance as indicated by a significant correlation value of ( $r = 0.458$ ,  $p$ -value  $< 0.001$ ). The findings also indicated that organizational performance and training and development of employees had significant relationship ( $r = 0.360$ ,  $p$ -value  $< 0.001$ ). This showed that those organizations that embraced training and development of their employees registered higher firm performance. The study also found out that when employees were actively involved and allowed to participate in the organizations' decision making, the organization achieved a better performance ( $r = 0.448$ ,  $p$ -value  $< 0.001$ ).

The findings of the study also revealed that job security was significantly related to firm performance. Those organizations that guaranteed their workers job security, tended to motivate their employees to work hard in achieving organizational goals ( $r = 0.500$ ,  $p\text{-value} < 0.001$ ). Consequently, organizations that embraced commitment to their employees posted a positive influence on organizational performance ( $r = 0.409$ ,  $p\text{-value} < 0.001$ ). In all the variables tested, increase in the rating significantly resulted to increase in organizational performance at 95% confidence interval as indicated in Table 4.17.

**Table 4.17: Pearson moment correlation of the variables**

		Selective hiring	Perform. Appraisal	Training & Dev	Employee Particip.	Job Security	Organizational Perform.	Organizational Commitment
Selective hiring	Pearson Correlation	<b>1</b>						
	Sig. (2-tailed)	.						
Performance Appraisal	Pearson Correlation	.613(**)	<b>1</b>					
	Sig. (2-tailed)	.000	.					
Training & Development	Pearson Correlation	.479(**)	.584(**)	<b>1</b>				
	Sig. (2-tailed)	.000	.000	.				
Employee Participation	Pearson Correlation	.626(**)	.597(**)	.593(**)	<b>1</b>			
	Sig. (2-tailed)	.000	.000	.000	.			
Job Security	Pearson Correlation	.376(**)	.360(**)	.357(**)	.363(**)	<b>1</b>		
	Sig. (2-tailed)	.000	.000	.000	.000	.		
Organizational Perform.	Pearson Correlation	0.551(**)	0.458(**)	0.360(**)	0.448(**)	0.500(**)	<b>1</b>	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	.	
Organizational Commitment	Pearson Correlation	.347(**)	.360(**)	.256(**)	.276(**)	.409(**)	.409(**)	<b>1</b>
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.

\*\* Correlation is significant at the 0.01 level (2-tailed).

#### 4.12 Joint influence of the variables on organizational performance.

Multiple regression was done where all the variables were put together to establish their colinearity with organization performance. During Regression analysis, stepwise regression was used in which all variables were entered into the model and the model selected irrelevant variables due to lack of relationship or multicollinearity. The three

variables that were retained were:  $X_1$ -Selective hiring,  $X_5$ -Job security and  $X_3$ -performance appraisal. Table 4.18

Employee performance appraisal ( $r = 0.458$ ,  $p$ -value  $< 0.001$ ) together with selective hiring ( $r = 0.551$ ,  $p$ -value  $< 0.001$ ) and job security ( $r = 0.500$ ,  $p$ -value  $< 0.001$ ) significantly influenced organizational performance as shown in Table 4.17. To obtain the coefficient of determination ( $R^2$ ), the values of  $r$  are squared giving 0.2098, 0.3036 and 0.2500. This implied that the three variables explain 21.0%, 30.4% and 25.0% respectively of the variation in  $Y$ .

Using the study model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon.$$

Where

$Y$  = Organizational performance

$X_1$  = selective hiring index

$X_2$  = Employee participation and involvement index

$X_3$  = performance appraisal index.

$X_4$  = Training and development index

$X_5$  = Job security index

$\varepsilon$  = Error term (This term refers to other factors that were not captured in the study but had an influence).

The fitted model equation therefore was;  $Y = 0.349X_1 + 0.322X_5 + 0.131X_3$  (Table 4.18).

The model equation shows that standardized Organizational performance will increase by 0.349 units with one unit increase in standardized selective hiring, keeping the other variables constant. Standardized Organizational performance will increase by 0.322 units with an increase of one unit in standardized job security, keeping the other variables constant. Standardized Organizational performance will increase by 0.131

units with an increase of one unit in standardized performance appraisal, keeping the other three independent variables constant.

**Table: 4.18: Regression analysis result on the relationship between HPWP and organization performance**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.316	.237		1.333	.183
Selective hiring	.315	.054	.349	5.889	.000
Job Security	.474	.074	.322	6.393	.000
Perf Appraisal	.135	.060	.131	2.237	.026

Dependant Variable: Organizational Performance

Among the three predictors, selective hiring ( $\beta=.349$ ,  $t = 5.889$ ,  $p\text{-value} < 0.001$ ) had the highest beta value followed by job security ( $\beta=.322$ ,  $t = 6.393$ ,  $p\text{-value} < 0.001$ ) followed by performance appraisal ( $\beta= .131$ ,  $t = 2.237$ ,  $p\text{-value} = 0.026$ ). This showed that selective hiring had the highest influence on organizational performance. This is shown on Table 4.18.

#### **4.13: Influence of the independent variables on organizational performance**

##### **4.13.1 Influence of selective hiring (as a HPWP) on organizational performance.**

To find out the effect of selective hiring as a high performance work practice on organizational performance, the model used showed that selective hiring significantly influenced organizational performance on its own ( $r = 0.551$ ,  $p\text{-value} < 0.001$ ). From



the correlation matrix, Table 4.17, it showed that  $X_1$  ( $r = 0.551$ ,  $p\text{-value} < 0.001$ ). This implied that selective hiring independently explains ( $0.551 \times 0.551 = 0.304$ ) which is 30.4% of the variation in organizational performance (Y). The study Model to be tested was;

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon.$$

Where

Y = Organizational performance

$\beta_0$  = Constant

$X_1$  = Selective hiring

$\varepsilon$ . = Error term

The fitted model equation for establishment of organization performance in the regression formula therefore is;  $Y = 0.551X_1$  (Table 4.17). The model equation shows that standardized Organizational performance will increase by 0.551 units with one unit increase in standardized selective hiring.

From the result of this study, it was clear that selective hiring enhanced organizational performance. This result is consistent with the previous studies by Oya and Ayse (2006) as cited by Waiganjo (2013). In her study, Waiganjo (2013) stated that there was a significant relationship between selective hiring and organizational performance since firms require talented and skilled workers to sustain high level of performance. A study by Huselid (2010) identified a link between human resource practices and firm performance and found that selective hiring of employee skills had a positive impact on firm performance.

HPWPs such as training, compensation and selectivity in staffing increase generalized norms of reciprocity by helping select and retain people most likely to develop such norms. Reciprocity norms build organizational flexibility by increasing cooperation in complex problem solving (Tsai & Ghoshal, 2009).

The research findings of state corporations, that is, Kengen, KPLC and Mumias Sugar Company reported mean scores of 3.42, 3.26 and 3.29 respectively for selective hiring confirming a positive impact of selection hiring on organizational performance. Similar results were reported by Wright, Snell and Dyer (2005) who asserted that firm competitiveness can be enhanced by high performance work systems which include selective hiring.

The hypothesis to be tested was **H<sub>01</sub>**: There is no significant influence of selective hiring on organizational Performance.

The general multiple regression model for this hypothesis was:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where

Y = Organizational performance

$\beta_0$  - Constant

$X_1$  = Selective hiring

$\varepsilon$  = Error term

Based on this, the resulting regression model summarized was;  $Y = 0.551 X_1$

The F –test was used to validate the overall linear regression for this factor in the regression model. The result was found to be valid and significant  $F_{(1, 285)} = 123.657$ , p-value < 0.001. Table 4.19

**Table: 4.19: ANOVA table for selective hiring on organizational performance**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	46.287	1	46.287	123.657	.000 <sup>a</sup>
Residual	106.305	284	.374		
Total	152.592	285			

The hypothesis was therefore rejected since the factor of selective hiring alone was able to significantly influence organizational Performance. The researcher therefore rejected hypothesis (H0<sub>1</sub>) “There is no significant positive influence of selective hiring on organizational Performance”. The empirical findings of this study indicated that selective hiring influenced organizational performance of corporate organizations in Kenya positively. These results are in agreement with previous studies of Michie and Quinn (2001) who proposed that a possible indirect link between selective hiring and organizational performance can be the forging of internal bonds between managers and employees that creates the right culture for productivity growth. Paul and Anantharaman (2003) pointed out that an effective hiring process ensures the presence of employees with the right qualifications, leading to production of quality products and consequently increase of economic performance. The findings after testing hypothesis one, were discussed below.

#### **4.13.2 Discussion of findings on the relationship between selective hiring and organization performance.**

This section discusses the research findings presented in the previous section based on the study objective one that focuses on the effect of selective hiring on organizational performance. The questionnaire items used to measure the effect of selective hiring on organizational performance were; there is intensive selection procedure in hiring new

workers which was indicated by 63.0% of the respondents, recruitments were done in a transparent and fair manner (48.1%), jobs were always advertised (79.9%), employees were hired on the basis of merit (60.5%), vacant posts were filled in a timely, efficient manner (41.5%), employees were mostly hired on basis of corruption, bribery, political connections, ethnic background of the applicant and back-door arrangements (53.2%) as presented in Table 4.6. Multiple regression analysis on Table 4.18 confirms a positive and significant linear relationship between organizational performance of Kenya's state corporate organizations and selective hiring. It is evident from Table 4.18 that the best predictor of organizational performance was selective hiring ( $\beta$ -value of 0.349). This variable alone could explain 34.9% of variation in organizational performance. These results are in agreement with the study of Collins and Clark (2003) who argues that the practice of selective hiring results at sales growth. Schuster (2004) also argues that selective hiring is a key practice that creates profits in an organization.

#### **4.13.3 Influence of employee participation (as a HPWP) on organizational performance.**

To find out the effect of employee participation and involvement as a high performance work practice on organizational performance, the model used showed that employee participation and involvement significantly influenced organizational performance on its own ( $r = 0.448$ ,  $p$ -value  $< 0.001$ ). From the correlation matrix, table 4.17, it showed that  $X_2$  ( $r = 0.448$ ,  $p$ -value  $< 0.001$ ). This implied that employee participation and involvement independently explains ( $0.448 \times 0.448 = 0.200$ ) which is 20.0% of the variation in organizational performance (Y). The study Model to be tested was;

$$Y = \beta_0 + \beta_2 X_2 + \varepsilon.$$

Where

Y = Organizational performance

$\beta_0$  = Constant

$X_2$  = Employee participation

$\varepsilon$ . = Error term

The fitted model equation for establishment of organization performance in the regression formula therefore is;  $Y = 0.448X_2$  (Table 4.17). The model equation shows that standardized Organizational performance will increase by 0.448 units with one unit increase in standardized employee participation and involvement.

However, when the variable was entered in a multivariate regression model (1)  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$  under stepwise regression procedure, the variable was not retained in the model.

The results obtained from Government State Corporation thus Kengen, KPLC and Mumias Sugar Company showed a positive impact of employee participation and involvement on organizational performance. According to Kirmizi and Deniz, (2009), participation of employees in decision making process and involving them in organization plans and goal setting has a positive impact on employees' commitment towards organizational performance. This finding that employee participation has a positive relationship with organizational performance is supported by Meyer and Allen (2013) who assert that higher employee participation leads to higher employee performance and organizational commitment in general.

HPWPs such as selectivity training and information sharing help establish shared mental models among employees. These are similar and overlapping knowledge sets, attitudes and beliefs regarding tasks, co-workers and the organization that facilitate cooperation and decision making (Cannon – Bowers & Salas, 2001). These positive changes in the internal social structure increase organizational flexibility and efficiency (Evans & Davis, 2005).

Human capital is also the main focus of an HPWS environment where employees have greater involvement, responsibility, autonomy and decision making powers, leading to improved efficiency and effectiveness. It has emerged as core construct encompassing

the extent to which firms invest in the attraction, selection, management and retention of the best possible human capital ( Lepak et al, 2006), with HPWS indicative of the value firms place on their human capital as a source of competitive advantage.

The hypothesis to be tested was, **H0<sub>2</sub>**: There is no significant influence of employee participation and involvement in decision making on organizational performance. Using stepwise regression analysis, employee participation and involvement in decision making as a variable of this study was entered with the measures of organizational performance into the regression model.

The regression equation obtained using standard beta ( $\beta$ ) coefficient on the line of best fit was fitted in the regression model for testing hypothesis 2.

$$Y = \beta_0 + \beta_2 X_2 + \varepsilon$$

Where

Y = Organizational performance

$\beta_0$  = Constant

$X_2$  = Participation and involvement

$\varepsilon$  = Error term

Based on this, the resulting regression model summarized was;

$$Y = 0.448X_2$$

Where

Y = Organizational performance

$X_2$  = Employee participation and involvement.

However, employee participation and involvement when put together with the other variables had no effect on organizational performance and the computer kicked it out in the model, Table 4.18. The findings in Table 4.17 showed that there was a significant correlation of participation and involvement on organization performance. Similarly, the

F –test for this factor in the regression model was found to be significant  $F_{(1, 282)} = 70.524$ ,  $p$  - value = 0.001. Table: 4.20.

**Table: 4.20: ANOVA table of employee participation on organizational performance**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	30.511	1	30.511	70.524	.000 <sup>a</sup>
Residual	121.571	281	.433		
Total	152.082	282			

The hypothesis was therefore rejected since the factor of employee participation and involvement significantly influenced organizational Performance positively. The researcher therefore rejected hypothesis (H<sub>02</sub>) “There is no significant positive influence of employee participation on organizational Performance”. These results are in conformity with (Ahmad and Schroeder, 2003) who asserted that information sharing fosters organizational transparency which reduces turnover and forges synergistic working relationship among employees (Nonaka 2005). According to Spreitzer et al (2003), workers who have greater choice concerning how to do their own work have been found to have high job satisfaction and consequently high performance. The findings after testing hypothesis two are discussed below.

#### **4.13.4 Discussion of findings on the relationship between participation and involvement and organization performance.**

This section discusses the research findings presented in the previous section based on the study objective two that focuses on the effect of participation and involvement on organizational performance. The questionnaire items used to measure the effect of participation and involvement on organizational performance were; employees in organizations were involved in programs designed to elicit participation and employee input as indicated by 53.9% of the respondents, employees in organizations were rarely

involved in decision making (48.1%), employees in organizations were rarely provided with relevant operating performance information (58.9%), management always kept employees informed about the firm and how well it is performing (65.0%), employees in organizations were always provided with relevant strategic information e.g. strategic mission, goals, tactics, competitor information etc (75.1%) and employees in organization were always aware of company policy (75.5%) as shown in Table 4.7. Using a simple linear regression analysis, employee participation and involvement positively influenced organizational performance (Table 4.17). But put together with other variables, regression analysis showed it had no significant effect on organizational performance. These findings are in agreement with (Preuss & Lautsch, 2002) who asserts that the incorporation of the ideas and information from employees, organizational flexibility and product quality may improve productivity. When employees are given the opportunities of contributing their ideas and suggestions in decision making, increased firms performance may result since deep employee involvement in decision making maximizes viewpoints and a diversity of perspectives (Kemelgor, 2002). According to Spreitzer *et al* (2003), workers who have greater choice concerning how to do their own work have been found to have high job satisfaction and consequently high performance.

#### **4.13.5 Influence of Performance appraisal on organizational performance**

From the correlation matrix, table 4.17, it was evident that, performance appraisal ( $X_3$ ) as a high performance work practice influenced organizational performance, that is, Y ( $r = 0.458$ ,  $p\text{-value} < 0.001$ ). This implied that performance appraisal independently explains ( $0.458 \times 0.458 = 0.210$ ) which signified a 21.0% of the variation in Y. Using the study model;

$$Y = \beta_0 + \beta_3 X_3 + \varepsilon.$$

Where

Y – Organizational performance



$X_3$  – Performance Appraisal index

$\varepsilon$  = Error term

The equation for establishment of organization performance in the regression formula therefore is;  $Y = 0.458X_3$ . Table 4.17. The model equation shows that standardized Organizational performance will increase by 0.458 units with one unit increase in standardized performance appraisal.

However when the variable was entered in a multivariate regression model (1)  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$ . Under stepwise regression procedure in table 4.18, the variable was retained in the model and ranked third ( $t = 2.237$ ,  $p\text{-value} = 0.026$ ). From the result of this study, it was clear that performance appraisal enhanced organizational performance.

Performance appraisal is important for organizational performance as reported by Zeleska and Menezes, (2007), who assert that employees show high level of commitment, for their organizations when the organization provides them opportunities to grow. State corporations like Kengen, KPLC and Mumias Sugar Company showed a positive impact of performance appraisal on organizational performance.

The hypothesis to be tested was **H0<sub>3</sub>**: There is no significant influence of employee's performance appraisal on organizational performance. Using stepwise regression analysis, performance appraisal as a variable of this study was entered with the measures of organizational performance into the regression model.

Regression equation obtained using standard beta ( $\beta$ ) coefficient on the line of best fit and fitted in the regression model for testing hypothesis three, Appendix 4 vii., was;

$$Y = \beta_0 + \beta_3X_3 + \varepsilon$$

$$Y = 0.458X_3$$

Where

Y = Organizational performance

$X_3$  = performance appraisal.

$\varepsilon$  = Error term

The F –test for this factor in the regression model was found to be significant  $F_{(1, 285)} = 75.351$ , p-value = 0.001. Table: 4.21.

**Table: 4.21: ANOVA table of Performance appraisal on organizational performance**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	31.996	1	31.996	75.351	.000 <sup>a</sup>
Residual	120.596	284	.425		
Total	152.592	285			

Similarly when put together with other variables, performance appraisal significantly influenced organizational performance (table 4.18). The hypothesis was therefore rejected since the factor of employee’s performance appraisal was able to significantly influence organizational Performance. The researcher therefore rejected hypothesis (H0<sub>3</sub>) “There is no significant influence of performance appraisal on organizational Performance”. The findings after testing hypothesis three are discussed below.

#### **4.13.6 Discussion of findings on the effect of performance appraisal on organization performance.**

This section discussed the research findings presented in the previous section based on the study objective three that focused on the effect of performance appraisal on organizational performance. The items used to measure the effect of performance appraisal on organizational performance were; organizations always appraised their staff on performance as indicated by 87.5% of the respondents, employees received formal

performance appraisals and feedback on a routine basis (58.0%), performance appraisal was rarely used as a tool for promotion (40.1%), employees always received regular and constructive feedback on how well they do their jobs (55.4%), promotions of employees were done in a transparent and fair manner (34.6%), promotions were based on personal connections, favors and ethnic background of employees (42.5%) as indicated in Table 4.8. Multiple regression analysis on table 4.18 confirms a positive and significant linear relationship between organizational performance of Kenya's state corporations and performance appraisal. It is evident from table 4.18 that one of the best predictors of organizational performance was performance appraisal ( $\beta$  -value of 0.131). This variable together with others explained a 13.1% of variation in organizational performance.

These findings are similar to (Ahmed, 2011) who asserted that performance appraisal provides employees with useful feedback which they can apply to improve their performance. The feedback includes suggestions to change and encouragement. Performance appraisal system has a significant impact on the employee perception of justice which will affect the attitudes and behavior of the employee; alternately, it will influence the performance of the organization (Ahmed, Ramzan, Mohammad & Islam, 2011).

#### **4.13.7 Influence of Training and development on organizational performance**

To find out the effect of training and development as a high performance work practice on organizational performance, the model used showed that training and development significantly influenced organizational performance on its own ( $r = 0.360$ ,  $p$ -value  $< 0.001$ ). From the correlation matrix, table 4.17, it showed that  $X_4$  ( $r = 0.360$ ,  $p$ -value  $< 0.001$ ). This implied that training and development independently explains ( $0.360 \times 0.360 = 0.1296$ ) which is 12.96% of the variation in organizational performance ( $Y$ ). Using the study model;

$$Y = \beta_0 + \beta_4 X_4 + \varepsilon.$$

Where

Y – Organizational performance

X<sub>4</sub> – Training and development index

ε = Error term

The equation for establishment of organization performance in the regression formula therefore is;  $Y = 0.360X_4$  .Table 4.17. The model equation shows that standardized Organizational performance will increase by 0.360 units with one unit increase in standardized Training and development.

However when the variable was entered in a multivariate regression model (1)  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$ . Under stepwise regression procedure in Table 4.18, the variable was drop out of the model.

The findings from state corporation, Kengen, KPLC and Mumias Sugar Company showed a positive impact of training and development on organizational performance. Arag On-anchez et al., (2003) investigated the relationship between training and organizational performance by doing a survey on small and medium businesses in the UK, Netherlands, Portugal, Finland and Spain. The result indicated that some types of training activities, including on- the -job training and in-house training were positively related to most dimensions of effectiveness and profitability. Sung and Ashton (2004) argued that organizations that demonstrate a high commitment to extensive training enabled them to achieve superior performance through their people.

Kenya power reported a high mean score of 3.66, indicating that in this organization employees were regularly trained on job skills. This result provided evidence that extensive training was related to organizational performance and was consistent with the findings of a study by Oya and Ayse (2006) as cited by Waiganjo (2013).

Empowering HPWPs foster a service climate ( Gelade & Ivery, 2003) that enables service workers to offer the best service possible ( Scheider, Ehrhat, Mayer, Saltz, &

Niles – Jolly, 2006). HPWPs can also increase KSAs among low – Skilled workers (Russel *et al*, 2003) and give a professional workers easier access to KSA development opportunities ( Konrad & Mangel, 2000). Finally, HPWPs offer service workers motivational incentives to engage in extra – role activities that lead to higher customer satisfaction (Morrison, 1996; Scheider *et al*, 2006).

The hypothesis to be tested was, **H0<sub>4</sub>**: There is no significant influence of training and development on organizational performance. Regression equation obtained using standard beta ( $\beta$ ) coefficient on the line of best fit and fitted in the regression model for testing hypothesis four, appendix 4 ix was;

$$Y = \beta_0 + \beta_4 X_4 + \varepsilon$$

Where

Y = Organizational performance

$\beta_0$  = Constant

$X_4$  = Training and development

$\varepsilon$  =Error term

Based on this, the resulting regression model summarized was;

$$Y = 0.360X_4$$

Where

Y = Organizational performance

$X_4$  = Training and development.

The findings in Table 4.17 showed there was a positive significant correlation in training and development on organization performance. Similarly, the F –test for this factor in the regression model was found to be significant  $F_{(1, 284)} = 42.268$ , p- value = 0.001. Table: 4.22.

**Table: 4.22: ANOVA table of Training and development on organizational performance.**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	19.739	1	19.739	42.268	.000 <sup>a</sup>
Residual	132.162	283	.467		
Total	151.901	284			

The researcher therefore rejected the hypothesis since the factor of employee training and development on its own was able to significantly influence organizational Performance. The researcher therefore rejected hypothesis (H0<sub>4</sub>) “There is no positive significant influence of training and development on organizational Performance”. These findings are similar to the study of Barringer et al (2005) who compared rapid-growth and slow-growth firms and found that fast-growth firms used training programs to achieve their objectives and emphasized employee development to a significantly greater extent than their slow-growth counterparts. Huselid (2002) found that the education and development of employees had a significant effect both upon the personnel productivity and organizational performance. The findings after testing hypothesis four are discussed below.

#### **4.13.8 Discussion of findings on the relationship between training and development and organization performance**

This section discusses the research findings presented in the previous section based on the study objective four that focused on the effect of training and development on organizational performance. The items used to measure the effect of training and development on organizational performance were; employees in organizations were

rarely trained in skills related to their jobs as indicated by 67.2% of the respondents, employees in organizations always received intensive/extensive training in company specific skills (72.1%), workshops and seminars were always held for employees in organizations to improve their skills (87.8%), employees in organizations had been trained in a variety of jobs to perform more than one job (63.2%) and the core group of workers in an organization had off-the job training in the past year and it improved communication and team working (61.5%). Employees in organizations were fully satisfied with organizational induction/orientation/job related training (42.4%). Organizations rarely provided employees with formal job training either on or off the premises (68.2%) as shown in Table 4.9. Using a Pearson moment correlation analysis, training and development positively influenced organizational performance (Table 4.17). But put together with other variables, regression analysis showed that it had no significant effect on organization performance.

These research findings are too similar to that of Paul and Anantharaman(2003) who asserted that in searching the links between human resource practices and organizational performance, proposed a career development programs demonstrating a true interest of the organization for the growth of its personnel, which in turn, stimulates commitment and devotion, which, subsequently, raises personnel productivity and economic output. According to (Noe *et al*, (2007), the findings also show that HPWPs contribute to high performance by giving employees skills, incentives, knowledge, anatomy motivation, job satisfaction and commitment.

#### **4.13.9 Influence of Job security on organizational performance**

To find out the effect of job security as a high performance work practice on organizational performance, the model used showed that job security significantly influenced organizational performance on its own ( $r = 0.500$ ,  $p\text{-value} < 0.001$ ). From the correlation matrix, Table 4.17, it showed that  $X_5$  ( $r = 0.500$ ,  $p\text{-value} < 0.001$ ). This

implied that job security independently explains ( $0.500 \times 0.500 = 0.250$ ) which is 25.0% of the variation in organizational performance (Y). The study Model to be tested was therefore;

$$= \beta_0 + \beta_5 X_5 + \varepsilon.$$

Where

Y = Organizational performance

$X_5$  = job security index

$\varepsilon$  = Error term

The equation for establishment of organization performance in the regression formula therefore is;  $Y = 0.500X_5$ . Table 4.17. The model equation shows that standardized Organizational performance will increase by 0.500 units with one unit increase in standardized job security.

However when the variable was entered in a multivariate regression model (1)  $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$ . Under stepwise regression procedure, the variable was retained in the model and ranked second ( $t = 6.393$ ,  $p\text{-value} < 0.001$ ), Table 4.18. From the result of this study, it was clear that job security enhanced organizational performance.

The study findings of Government state corporations i.e. Kengen, KPLC and Mumias Sugar Company showed a positive impact of job security on organizational performance. According to Pfeffer (2006), high performance work systems embrace employment security which in turn affects organizational performance positively, leading to high wages as well as communication and involvement schemes.

The hypothesis to be tested was, **H0<sub>5</sub>**: There is no significant influence of job security on organizational performance. Regression equation obtained using standard beta ( $\beta$ ) coefficient on the line of best fit and fitted in the regression model for testing hypothesis five was;



$$Y = \beta_0 + \beta_5 X_5 + \varepsilon$$

Where Y = Organizational performance

$\beta_0$  = Constant

$X_5$  = Job security

$\varepsilon$  = Error term

Based on this, the resulting regression model summarized, appendix 4 xi was;

$$Y = 0.500X_5$$

Where

Y = Organizational performance

$X_5$  = Job Security.

The findings in table 4.17 showed there was a significant correlation between job security and organization performance. Similarly, the F –test for this factor in the regression model was found to be significant  $F_{(1, 285)} = 94.822$ , p - value < 0.001. Table: 4.23.

**Table: 4.23. ANOVA table of job security on organizational performance**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	38.195	1	38.195	94.822	.000 <sup>a</sup>
Residual	114.397	284	.403		
Total	152.592	285			

The researcher therefore rejected the hypothesis since the factor of job security was able to significantly influence organizational Performance. The researcher therefore rejected the hypothesis ( $H_{05}$ ) “There is no significant influence of job security on organizational Performance”. The findings after testing hypothesis five are discussed below.

#### **4.13.10 Discussion of findings on the influence of job security on organization performance**

This section discusses the research findings presented in the previous section based on the study objective five that focuses on the effect of job security on organizational performance. The items used to measure the effect of job security on organizational performance were; employees' jobs were always safe and secure in the organization as stated by 59.4% of the respondents, employees in the organization rarely quit or left their jobs (55.1%), staff discipline in the organization was managed in a transparent and fair manner (64.9%) and sacking of corrupt staff in the organization was always taken immediately (53.7%) as indicated in Table 4.10. Using a Pearson moment correlation analysis, job security influenced organizational performance (Table 4.17). When put together with other variables, the effect of job security reduced the  $\beta$  value to 0.322 as indicated in Table 4.18.

These results are similar to the previous study of Ahmad and Schroeder (2003) who found that among others, job security impacts operational performance indirectly through organizational commitment. In their study of 101 foreign firms operating in Russia, Fey *et al* (2000) found evidence that human resource practices indirectly improve organizational performance.

#### **4.13.11 Influence of independent and moderator variables on organizational performance**

The second study Model to be tested was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_z Z + \varepsilon$$

Where

Y = Organizational performance

X<sub>1</sub> = selective hiring index

X<sub>2</sub> = Employee participation and involvement index

$X_3$  = performance appraisal index.

$X_4$  = Training and development index

$X_5$  = Job security index

Z =organizational commitment index

$\varepsilon$  = Error term (This term refers to other factors that were not captured in the study but had an influence).

The fitted model equation is  $Y = 0.399X_1 + 0.311X_5 + 0.124Z$  as indicated in Table 4.24.

**Table: 4.24: Regression analysis result on the influence of moderating variable (Z)**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
3	(Constant)	.531	.232		2.286	.023
	Selective hiring	.361	.046	.399	7.934	.000
	Job Security	.458	.075	.311	6.098	.000
	Organizational commitment	.188	.074	.124	2.540	.012

a. Dependent Variable: Organizational Performance

The model equation shows that standardized organizational performance will increase by 0.399 units with one unit increase in standardized selective hiring keeping the other variables constant. Standardized organizational performance will increase by 0.311 units with an increase of one unit in standardized job security, keeping the other variables constant and standardized organizational performance will increase by 0.124 units with an increase of one unit in standardized organizational commitment. The model indicates that selective hiring, job security and organizational commitment significantly explains the variation in the dependent variable (organizational performance).

Results from Table 4.24 show the coefficients for selective hiring as  $\beta_1 = 0.399$ ,  $t = 7.934$ ,  $p\text{-value} < 0.001$ . This shows selective hiring has a significant effect on organizational performance. Results also show the coefficients for job security as  $\beta_1 = 0.311$ ,  $t = 6.098$ ,  $p\text{-value} < 0.001$ . This indicates job security has a significant effect on organizational performance. Results also show the coefficients for organizational commitment as  $\beta_1 = 0.124$ ,  $t = 2.540$ ,  $p\text{-value} < 0.012$ . This indicates organizational commitment has a significant effect on organizational performance.

#### **4.13.12 Influence of organizational commitment on HPWPs as a moderating variable on organizational performance**

To test the main effect and see if organizational commitment moderates the relationship between HPWPs and organizational performance, all the variables were entered in the stepwise procedure of SPSS.

The third study Model to be tested was;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 Z + \beta_{1z} X_1 Z + \beta_{2z} X_2 Z + \beta_{3z} X_3 Z + \beta_{4z} X_4 Z + \beta_{5z} X_5 Z + \epsilon$$

The full model was fitted with variables  $X_1$ ,  $X_2$ ,  $X_3$ ,  $X_4$  and  $X_5$  being entered into block 1, variable  $Z$  (moderator), in block 2 and all interaction terms in block 3 of SPSS hierarchical regression procedure. The three models were significant ( $P < 0.001$ ). The following Table 4.25 gives the model summary.

**Table: 4.25: Model summary of predictors of performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.643 <sup>a</sup>	.414	.403	.56716	.414	38.786	5	275	.000
2	.651 <sup>b</sup>	.424	.411	.56321	.010	4.869	1	274	.028
3	.660 <sup>c</sup>	.435	.412	.56265	.012	1.109	5	269	.356

a. Predictors: (Constant), Job Security, Training & Development, Selective hiring, Performance Appraisal, Employee Participation

b. Predictors: (Constant), Job Security, Training & Development, Selective hiring, Performance Appraisal, Employee Participation, Z

c. Predictors: (Constant), Job Security, Training & Development, Selective hiring, Performance Appraisal, Employee Participation, Z, X<sub>1</sub>Z, X<sub>3</sub>Z, X<sub>2</sub>Z, X<sub>4</sub>Z, X<sub>5</sub>Z

It is clear that Z (moderator) improved the model significance with  $\Delta R^2 = 0.010$ ,  $P = 0.028$ , but the interaction term does not ( $P = 0.356$ ). Therefore the moderation is not significant. The details of the estimated model coefficients are as shown in Table 4.26.

**Table: 4.26: Regression coefficient of the predictors of performance with interaction term**

Model		Unstandardized Coefficients		Standardized	t	Sig.	
		B	Std. Error	Coefficients			
1	(Constant)		.266	.250		1.065	.288
	Selective hiring		.288	.059	.319	4.919	.000
	Performance Appraisal		.115	.067	.112	1.721	.086
	Training & Development		-.012	.063	-.012	-.194	.846
	Employee Participation		.081	.070	.077	1.148	.252
	Job Security		.465	.075	.316	6.176	.000
	2	(Constant)		.354	.251		1.407
Selective hiring			.282	.058	.312	4.836	.000
Performance Appraisal			.090	.068	.088	1.339	.182
Training & Dev			-.005	.063	-.005	-.075	.940
Employee Participation			.079	.070	.075	1.133	.258
Job Security			.431	.076	.293	5.643	.000
Z			.165	.075	.109	2.207	.028
3	(Constant)		.432	.426		1.013	.312
	Selective hiring		.392	.097	.434	4.021	.000
	Perf. Appraisal		-.005	.109	-.005	-.045	.964
	Training & Dev		.113	.098	.109	1.153	.250
	Employee Participation		-.014	.109	-.013	-.127	.899
	Job Security		.353	.122	.240	2.884	.004
	Z		-.026	.543	-.017	-.048	.962
	X1Z		-.173	.122	-.427	-1.422	.156
	X2Z		.180	.140	.423	1.286	.200
	X3Z		-.212	.129	-.537	-1.647	.101
	X4Z		.165	.143	.400	1.159	.247
X5Z		.120	.157	.273	.765	.445	

a. Dependent Variable: Organizational Performance

The stepwise procedure picked three predictors, which were selective hiring ( $X_1$ ), job security ( $X_5$ ) and the interaction term ( $X_2Z$ ) as shown in Table 4.25. The excluded variables are detailed in Appendix 4-ii. The best model with the highest number of predictors is reported in Table 4.27.

**Table: 4.27. Regression analysis result on the influence of moderating variable on organization performance**

Model	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	.626	.237		2.645	.009
Selective hiring	.338	.047	.374	7.206	.000
Job Security	.446	.075	.303	5.943	.000
Interaction term	.065	.022	.154	3.000	.003

Dependent Variable: Organizational Performance

The best fitted model equation was therefore,  $Y = 0.374X_1 + 0.303X_5 + 0.154X_2Z$ , table 4.27. It showed that high performance work practices influence organizational performance but the key variables were selective hiring ( $X_1$ ), job security ( $X_5$ ) and interaction term ( $X_2Z$ ).

The model equation shows that standardized organizational performance will increase by 0.374 units with one unit increase in standardized selective hiring keeping the other variables constant. Standardized organizational performance will increase by 0.303

units with an increase of one unit in standardized job security, keeping the other variables constant. Standardized organizational performance will increase by 0.154 units with an increase of one unit in standardized interaction term.

Based on this, the finding showed that in the presence of the moderating variable, only selective hiring and job security were predictors of organizational performance. This implied that, the presence of organizational commitment as a moderator improved standardized organizational performance index by 0.154, table 4.27.

The findings showed that, there existed a moderating effect between the practices and performance only with respect to selective hiring and job security. According to Schuster,(2004) selective hiring is a key practice that creates profits.Huselid,(2010) examined HR practices of high performing companies and found that attracting and selecting the right employees increase productivity and boost organizational performance. This finding also agrees with that of other researchers. According to Geoffrey James, job security has a significant effect on the overall performance of the team as well as the organization's performance (James, 2012).He affirmed that the more an employee enjoyed a high job security the more he is likely to affectively perform his task which is reflected in overall performance of the organization.

The hypothesis to be tested was, **H0<sub>6</sub>**: There is no significant moderating influence of organizational commitment on the relationship between high performance work practices and organizational performance. Using stepwise regression analysis, organization commitment as a moderating variable of this study was entered with the measures of high performance work practices into the regression model.

The findings in Table 4.17 showed there was a significant correlation of organization commitment and organization performance. The F –test for this factor in the regression model was found to be significant  $F_{(1, 284)} = 56.796$ , p- value < 0.001.



**Table 4.28: ANOVA table of Organizational commitment on Organizational performance**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	25.413	1	25.413	56.796	.000 <sup>a</sup>
Residual	126.629	283	.447		
Total	152.042	284			

The researcher therefore rejected the hypothesis since the factor of organization commitment was able to significantly influence organizational Performance. Therefore hypothesis H0<sub>6</sub> was rejected “There is no significant influence of moderating effect of organization commitment on organization performance”. This is in support of Yeh (2007) who defined organizational commitment as individual attitude towards organizations that consists of a belief in acceptance of organization’s goals and values, willingness to exert considerable effort towards organizational goals accomplishment and strong desire to remain membership in the organization. Greater employee commitment only comes when they feel that the organization cares about them.

These research findings are similar to that of Chen and Hong (2005), who commented that if members in an organization trust and accept the organizational value, they are more willing to work hard to achieve organizational goals and have more organizational commitment. According to Chen and Aryee (2007), organizational commitment indicates that individual goal is similar or identical with organizational goals and can stimulate employee’s productivity and loyalty.

**4.13.13 Interaction of Independent Variable with Different Forms of Commitment (Affective, Continuance and Normative Commitment)**

Each of the independent variables had interactions created with the different forms of commitment namely (affective, continuance and normative commitment). The results are shown in the table 4.29.

**Table 4.29: Interaction Effects between Selective Hiring and Affective Commitment Regressed on Organizational Performance**

Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Selective Hiring	.509***	.046	.426
R <sup>2</sup> = .259*** ΔR <sup>2</sup> = .256 F Change = 86.137 df = 1, 246			
Step 2- Moderating Variable			
Affective Commitment	.268***	.059	.286
R <sup>2</sup> = .318*** ΔR <sup>2</sup> = .064 F Change = 23.24 df = 2, 245			
Step 3- Interactions			
Selective Hiring* Affective Commitment	.751**	.263	.580
R <sup>2</sup> = .337*** ΔR <sup>2</sup> = .013 F Change = 4.881 df = 244			

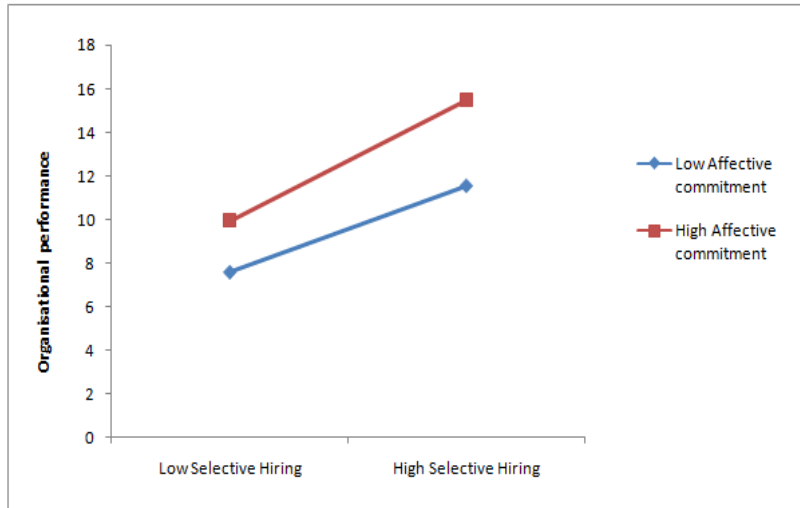
P < 0.000 \*\*\* p < 0.05\*\*

The result in Table 4.29 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, selective hiring interaction was significant ( $F(1, 246) = 86.137, p < 0.001$ ) with  $R^2$  value of 0.259 which is 25.9 per cent of variation.

The moderating variable Affective commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (Affective commitment) in second step. In this study, the percentage of variability accounted for went up from 25.9 per cent to 31.8 per cent when Affective commitment was added. In the second model (affective commitment) was significant ( $F(2, 245) = 23.24, p < 0.001$ ). There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (affective commitment) with independent variables in the step three. The percentage of variability accounted for went up from 25.9 per cent to 33.7 per cent. The third model with interaction obtained by multiplying the moderating variable (affective commitment) with independent variable (selective hiring) was significant ( $F(3, 244) = 4.881, P < 0.001$ ). The result therefore shows that affective commitment is a moderator on the relationship between selective hiring and organizational performance. Therefore, hypothesis  $H0_{6a}$ : Affective commitment does not moderate the relationship between selective hiring and organizational performance was not supported.

The association between selective hiring and organizational performance is contingent on the level of affective commitment. The nature of this moderation effect is shown in Figure 4.6.

#### Selective Hiring and Affective commitment



**Figure 4.6 Interactions between selective hiring and Affective commitment**

The results show a slight moderating effect between selective hiring and affective commitment. Organizational performance increases when an organization adopts good selection practices. Therefore when selective hiring increases, the organizational performance increases at a faster rate for those with high affective commitment than those of low affective commitment as shown in Figure 4.6. Hence when employees perceive that the hiring practices are selective and good then affective commitment increases leading to high organizational performance.

**Table 4.30: Interaction Effects between Selective Hiring and Normative Commitment Regressed on Organizational Performance**

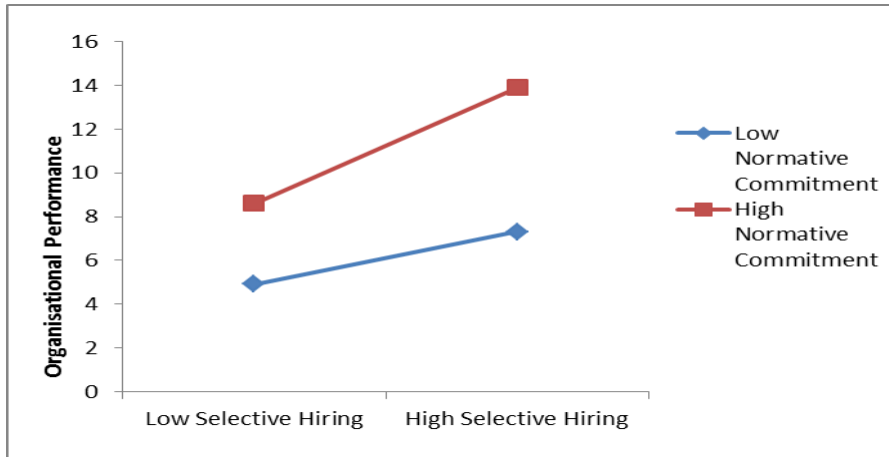
Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Selective Hiring	.522***	.046	.444
$R^2 = .272^{***}$ $\Delta R^2 = .272$ F Change= 94.194 df=252			
Step 2- Moderating Variable			
normative commitment	.028***	.024	.013
$R^2 = .273^{***}$ $\Delta R^2 = .001$ F Change= .270df=251			
Step 3 Interactions			
Selective Hiring* Normative Commitment	.597**	.346	.456
$R^2 = .278^{***}$ $\Delta R^2 = .005$ F Change= 1.729 df=251			

The result in Table 4.30 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, selective hiring

interaction was significant ( $F(1, 252) = 94.194, p < 0.001$ ) with  $R^2$  value of 0.272 which is 27.2 per cent of variation.

The moderating variable normative commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (normative commitment) in second step. In this study, the percentage of variability accounted for went up from 27.2 per cent to 27.3 per cent when normative commitment was added. In the second model (normative commitment) was significant ( $F(2, 251) = 0.270, p < 0.001$ ). There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (normative commitment) with independent variables in the step three. The percentage of variability accounted for went up from 27.3 per cent to 27.8 per cent. The third model with interaction obtained by multiplying the moderating variable (normative commitment) with independent variable (selective hiring) was significant ( $F(3, 251) = 1.729, P < 0.001$ ). The result therefore shows that normative commitment is a moderator on the relationship between selective hiring and organizational performance. Therefore, hypothesis  $H0_{6a}$ : Normative commitment does not moderate the relationship between selective hiring and organizational performance was not supported.

The association between selective hiring and organizational performance is contingent on the level of normative commitment. The nature of this moderation effect is shown in Figure 4.7.



**Figure 4.7 Interactions between selective hiring and normative commitment**

The results show a slight moderating effect between selective hiring and normative commitment. Organizational performance increases when an organization adopts good selection practices. Therefore when selective hiring increases, the organizational performance increases at a faster rate for those with high normative commitment than those with low normative commitment as shown in Figure 4.7. Hence when employees perceive that the hiring practices are selective and good then the normative commitment increases hence high organizational performance.

**Table 4.31: Interaction between Employee participation and affective Commitment Regressed on Organizational Performance**

Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Employee participation	.492***	.064	.557
$R^2 = .242^{***}$ $\Delta R^2 = .242$ F Change= 76.820 df=1,241			
Step 2- Moderating Variable			
Affective commitment	.258***	.062	.275
$R^2 = .299^{***}$ $\Delta R^2 = .058$ F Change= .19.718 df=2,240			
Step 3 Interactions			
Employee participation * affective Commitment	.865**	.292	.725
$R^2 = .317^{***}$ $\Delta R^2 = .018$ F Change= 6.158 df=3,239			

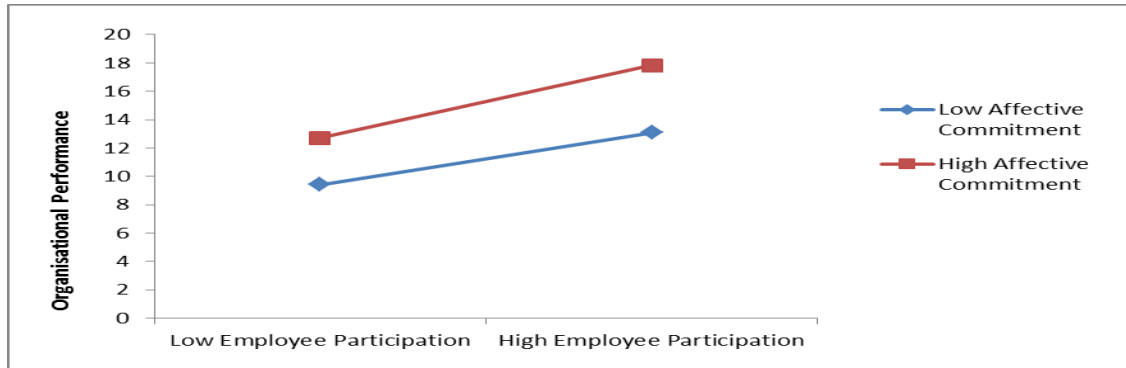
The result Table 4.31 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, employee participation interaction was significant ( $F(1, 241) = 76.820, p < 0.001$ ) with  $R^2$  value of 0.242 which is 24.2 per cent of variation. The moderating variable affective



commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (affective commitment) in second step. In this study, the percentage of variability accounted for went up from 24.2 per cent to 29.9 per cent when affective commitment was added. In the second model (affective commitment) was significant ( $F(2, 240) = 19.718, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (affective commitment) with independent variable (employee participation) in step three. The percentage of variability accounted for went up from 29.9 per cent to 31.7 per cent. The third model with interaction obtained by multiplying the moderating variable (affective commitment) with independent variable (employee participation) was significant ( $F(3, 239) = 6.158, P < 0.001$ ). The result therefore shows that affective commitment is a moderator on the relationship between (employee participation) and organizational performance. Therefore, hypothesis  $H_{06b}$ : Affective commitment does not moderate the relationship between employee participation and organizational performance was not supported.

The association between (employee participation) and organizational performance is contingent on the level affective commitment. The nature of this moderation effect is shown in Figure 4.8.



**Figure 4.8 Interactions between employee participation and affective commitment**

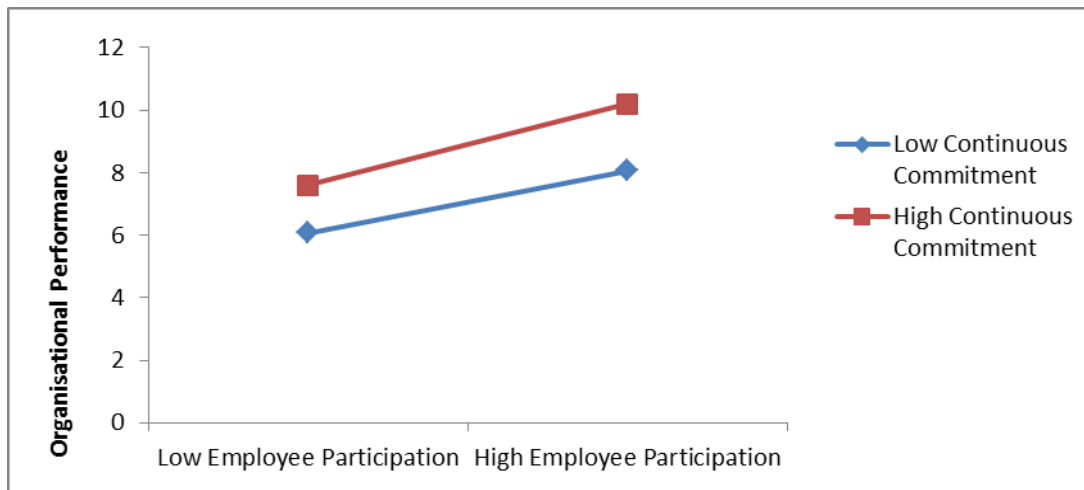
The results show that there is a slight moderating effect between employee participation and affective commitment. Organizational performance increases when an organization involves employee in matters that affect it. Therefore when employee participation increases, organizational performance increases at a faster rate for those with high affective commitment than those of low affective commitment as shown in Figure 4.8. Hence when employee's participation is high then the affective commitment increases leading to high organizational performance.

**Table 4.32: Interaction Effects Between Employee participation and Continuance Commitment Regressed on Organizational Performance**

Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Employee participation	.496***	.063	.565
R <sup>2</sup> =.246*** ΔR <sup>2</sup> =.246 F Change= 79.554 df=1,244			
Step 2- Moderating Variable			
Continuance commitment	.228***	.070	.295
R <sup>2</sup> =.297*** ΔR <sup>2</sup> =.051 F Change= 17.604 df=2, 243			
Step 3 Interactions			
Employee participation *			
Continuance Commitment	.441**	.268	.358
R <sup>2</sup> =.302*** ΔR <sup>2</sup> =.005 F Change= 1.781 df=3,242			

The result in Table 4.32 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, employee participation interaction was significant ( $F(1, 244) = 79.554, p < 0.001$ ) with R<sup>2</sup> value of 0.246 which is 24.6 per cent of variation. The moderating variable continuance commitment was added to the model in the step 2. The change in R<sup>2</sup> evaluated how much predictive power was added to the model by the addition of moderator variable (continuance commitment) in second step. In this study, the percentage of variability accounted for went up from 24.6 per cent to 29.7 per cent when continuance commitment was added. In the second model (continuance commitment) was significant ( $F(3, 243) = 17.604, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (continuance commitment) with independent variable (employee participation) in step three. The percentage of variability accounted for went up from 29.7 per cent to 30.2 per cent. The third model with interaction obtained by multiplying the moderating variable (continuance commitment) with independent variable (employee participation) was significant ( $F(3, 242) = 1.781, P < 0.001$ ). The result therefore shows that continuance commitment is a moderator on the relationship between (employee participation) and organizational performance. Therefore, hypothesis  $H0_{6b}$ : continuance commitment does not moderate the relationship between employee participation and organizational performance was not supported. The association between (employee participation) and organizational performance is contingent on the level continuance commitment. The nature of this moderation effect is shown in Figure 4.9.



**Figure 4.9 Interactions between employee participation and continuance commitment**

The results show that there is a slight moderating effect between employee participation and continuance commitment. Organizational performance increases when an

organization involves employee in matters that affect it. Therefore when employee participation increases, organizational performance increases at a faster rate for those with high continuance commitment than those of low continuance commitment as shown in Figure 4.9. Hence when employee's participation is high then the continuance commitment increases leading to high organizational performance.

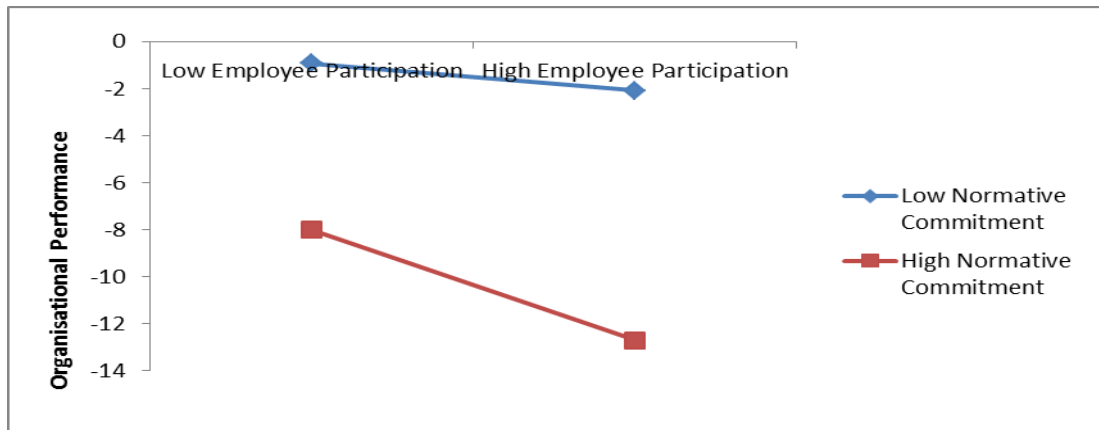
**Table 4.33: Interaction Effects between Employee participation and Normative Commitment Regressed on Organizational Performance**

Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Employee participation	.496***	.063	.566
$R^2 = .246^{***}$ $\Delta R^2 = .246$ F Change= 80.769 df=1,248			
Step 2- Moderating Variable			
normative commitment	-.034***	.025	-.051
$R^2 = .247^{***}$ $\Delta R^2 = .001$ F Change= .361 df=2, 247			
Step 3 Interactions			
Employee participation * Normative Commitment	-.973**	.267	-.745
$R^2 = .270^{***}$ $\Delta R^2 = .023$ F Change= 7.789 df=3, 246			

The result in Table 4.33 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, employee participation interaction was significant ( $F(1, 248) = 80.769, p < 0.001$ ) with  $R^2$  value of 0.246 which is 24.6 per cent of variation. The moderating variable normative commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (normative commitment) in second step. In this study, the percentage of variability accounted for went up from 24.6 per cent to 24.7 per cent when normative commitment was added. In the second model (normative commitment) was significant ( $F(2, 247) = 0.361, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (normative commitment) with independent variable (employee participation) in step three. The percentage of variability accounted for went up from 24.7 per cent to 27.0 per cent. The third model with interaction obtained by multiplying the moderating variable (normative commitment) with independent variable (employee participation) was significant ( $F(3, 246) = 7.789, P < 0.001$ ). The result therefore shows that normative commitment is a moderator on the relationship between (employee participation) and organizational performance. Therefore, hypothesis  $H0_{6b}$ : normative commitment does not moderate the relationship between employee participation and organizational performance was not supported.

The association between (employee participation) and organizational performance is contingent on the level normative commitment. The nature of this moderation effect is shown in Figure 4.10.



**Figure 4.10 Interactions between employee participation and normative commitment**

The results in Figure 4.10 show that there is a slight moderating effect between employee participation and normative commitment. Organizational performance decreases when an organization decreases employee participation. The strength of the relationship between employee participation and organizational performance is low when there is high normative commitment as compared to when normative commitment is low as shown in Figure 4.10. Therefore when employees participation increases, the organizational performance decrease at faster rate for those with high normative commitment than those of low normative commitment.

**Table 4.34: Interaction Effects between Performance Appraisal and affective Commitment Regressed on Organizational Performance**

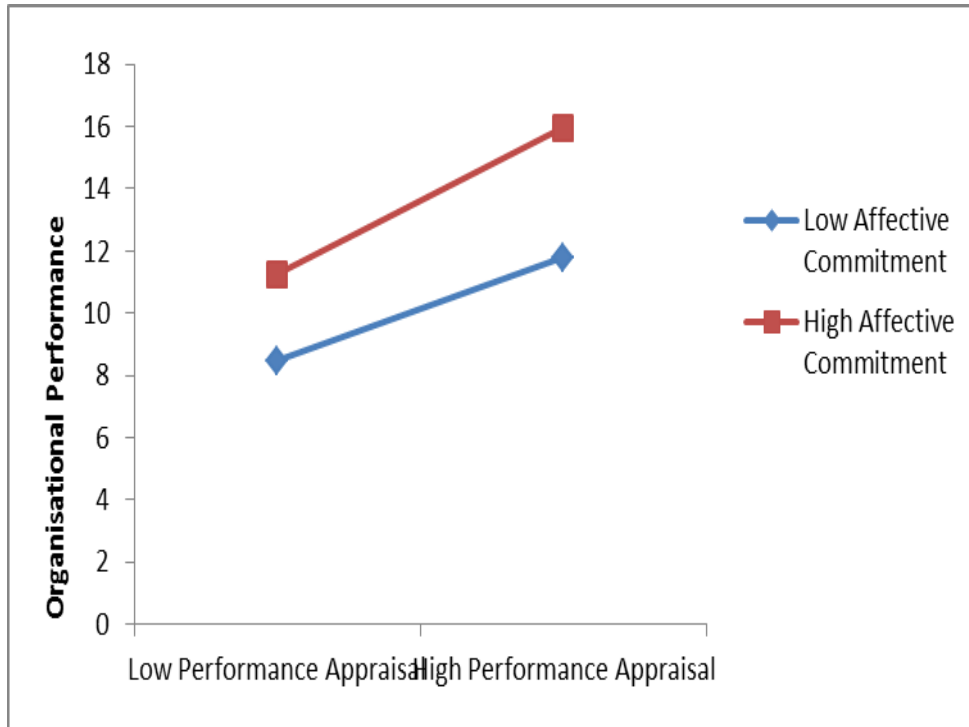
Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Performance Appraisal	.434***	.062	.459
$R^2 = .188^{***}$ $\Delta R^2 = .188$ F Change= 54.344df=1, 234			
Step 2- Moderating Variable			
Affective commitment	.306***	.062	.321
$R^2 = .271^{***}$ $\Delta R^2 = .083$ F Change= 26.501 df=1, 233			
Step 3- Interactions			
Performance Appraisal* affective Commitment	.820**	.294	.632
$R^2 = .286^{***}$ $\Delta R^2 = .014$ F Change= 4.619 df=3,232			

The result in Table 4.34 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, Performance appraisal interaction was significant ( $F(1, 234) = 54.344$ ,  $p < 0.001$ ) with  $R^2$  value of 0.188 which is 18.8 per cent of variation.



The moderating variable Affective commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (Affective commitment) in second step. In this study, the percentage of variability accounted for went up from 18.8 per cent to 27.1 per cent when Affective commitment was added. In the second model (affective commitment) was significant ( $F(2, 233) = 26.501, p < 0.001$ ). There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (affective commitment) with independent variable (performance appraisal) in the step three. The percentage of variability accounted for went up from 27.1 per cent to 28.6 per cent. The third model with interaction obtained by multiplying the moderating variable (affective commitment) with independent variable (performance appraisal) was significant ( $F(3, 232) = 4.619, P < 0.001$ ). The result therefore showed that affective commitment is a moderator on the relationship between performance appraisal and organizational performance. Therefore, hypothesis  $H0_{6c}$ : Affective commitment does not moderate the relationship between performance appraisal and organizational performance was not supported.

The association between performance appraisal and organizational performance is contingent on the level of affective commitment. The nature of this moderation effect is shown in Figure 4.11.



**Figure 4.11 Interactions between performance appraisal and Affective commitment**

The results show a slight moderating effect between performance appraisal and affective commitment. Organizational performance increases when an organization increases the utilization of good performance appraisal. Therefore when performance appraisal increases, organizational performance increases at a faster rate for those with high affective commitment than those of low affective commitment as shown in Figure 4.11. Hence when employees perceive that performance appraisal is good then the affective commitment increases leading to high organizational performance.

**Table 4:35 Interaction between Performance Appraisal and Continuance Commitment Regressed on Organizational Performance**

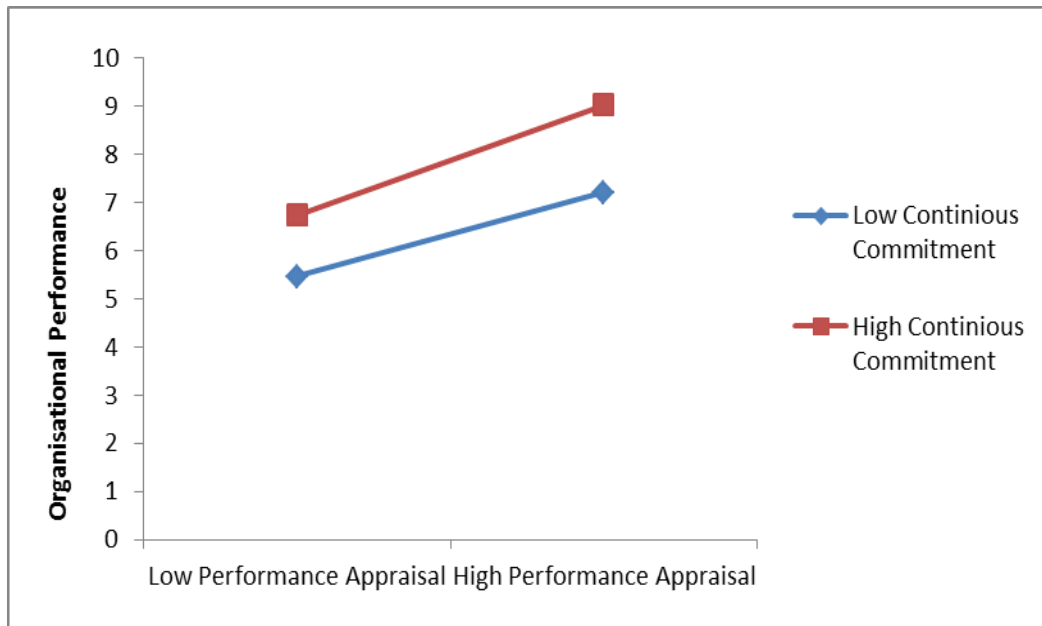
Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Performance Appraisal	.439***	.062	.468
$R^2 = .192^{***}$ $\Delta R^2 = .192$ F Change= 56.181 df=1,236			
Step 2- Moderating Variable			
Continuous commitment	.215***	.075	.276
$R^2 = .237^{***}$ $\Delta R^2 = .044$ F Change= 13.658 df=1,235			
Step 3 Interactions			
Performance Appraisal * Continuous Commitment	.378**	.289	.295
$R^2 = .240^{***}$ $\Delta R^2 = .003$ F Change= 1.039 df=1, 234			

The result in Table 4.35 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, Performance appraisal interaction was significant ( $F(1, 236) = 56.181, p < 0.001$ ) with  $R^2$  value of 0.192 which is 19.2 per cent of variation.

The moderating variable continuance commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (continuance commitment) in second step. In this study, the percentage of variability accounted for went up from 19.2 per cent to 23.7 per cent when continuance commitment was added. In the second model (continuance commitment) was significant ( $F(2, 235) = 13.658, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (continuance commitment) with independent variable (performance appraisal) in step three. The percentage of variability accounted for went up from 23.7 per cent to 24.0 per cent. The third model with interaction obtained by multiplying the moderating variable (continuance commitment) with independent variable (performance appraisal) was significant ( $F(3, 234) = 1.039, P < 0.001$ ). The result therefore shows that continuance commitment is a moderator on the relationship between performance appraisal and organizational performance. Therefore, hypothesis  $H0_{6c}$ : continuance commitment does not moderate the relationship between performance appraisal and organizational performance was not supported.

The association between performance appraisal and organizational performance is contingent on the level continuance commitment. The nature of this moderation effect is shown in Figure 4.12.



**Figure 4.12 Interactions between performance appraisal and continuance commitment**

The results show that there is a slight moderating effect between performance appraisal and continuance commitment. Organizational performance increases when an organization increases the utilization of good performance appraisal. Therefore when performance appraisal increases, organizational performance increases at a faster rate for those with continuance commitment than those of low continuance commitment as shown in Figure 4.12. Hence when employees perceive that performance appraisal is good then the continuance commitment increases leading to high organizational performance.

**Table 4:36 Interaction between Performance Appraisal and Normative Commitment Regressed on Organizational Performance**

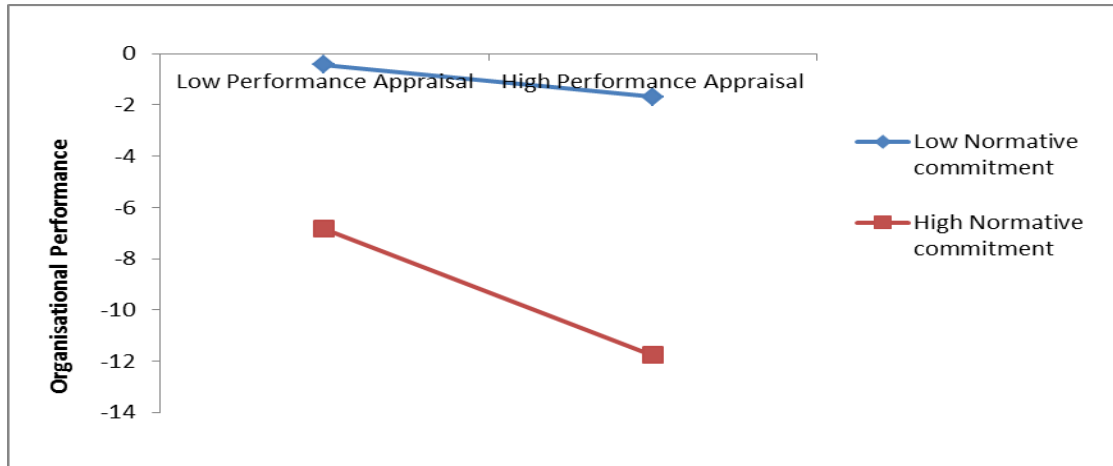
Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			.
Performance Appraisal	.447***	.062	479
	R <sup>2</sup> =.199*** ΔR <sup>2</sup> =.199 F Change= 59.310 df=1,238		
Step 2- Moderating Variable			
Normative commitment	-.019***	.026	-.008
	R <sup>2</sup> =.200*** ΔR <sup>2</sup> =.000 F Change= .103 df=2, 237		
Step 3 Interactions			
Performance Appraisal * Normative Commitment			
	-.955**	.290	-.719
	R <sup>2</sup> =.220*** ΔR <sup>2</sup> =.020 F Change= 6.143 df=3, 236		

The result in Table 4.36 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, Performance appraisal interaction was significant (F (1, 238) = 59.310, p < 0.001) with R<sup>2</sup> value of 0.199 which is 19.9 per cent of variation.

The moderating variable normative commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (normative commitment) in second step. In this study, the percentage of variability accounted for went up from 19.9 per cent to 20.0 per cent when normative commitment was added. In the second model (normative commitment) was significant ( $F(2, 237) = 0.103, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (normative commitment) with independent variable (performance appraisal) in step three. The percentage of variability accounted for went up from 20.0 per cent to 22.0 per cent. The third model with interaction obtained by multiplying the moderating variable (normative commitment) with independent variable (performance appraisal) was significant ( $F(3, 236) = 6.143, P < 0.001$ ). The result therefore shows that normative commitment is a moderator on the relationship between performance appraisal and organizational performance. Therefore, hypothesis  $H_{06c}$ : normative commitment does not moderate the relationship between performance appraisal and organizational performance was not supported.

The association between performance appraisal and organizational performance is contingent on the level normative commitment. The nature of this moderation effect is shown in Figure 4.13 below.



**Figure 4.13 Interactions between performance appraisal and normative commitment**

The results show that there is a slight moderating effect between performance appraisal and normative commitment. Organizational performance decreases when an organization decreases the use of performance appraisal. Therefore when performance appraisal increases, organizational performance decreases at a faster rate for those with high normative commitment than those of low normative commitment as shown in Figure 4.13. Hence when employees perceive that performance appraisal is not good then the normative commitment decreases leading to low organizational performance.



**Table 4. 37: Interaction between Training and Development and Affective Commitment Regressed on Organizational Performance**

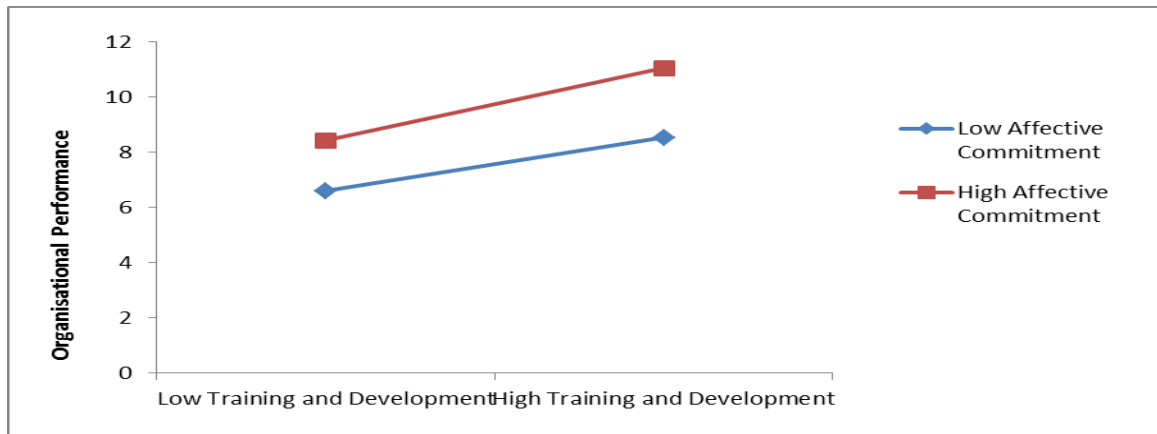
Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
training and Development	.375***	.066	.407
$R^2 = .140^{***}$ $\Delta R^2 = .140$ F Change= 37.848 df=1,232			
Step 2- Moderating Variable			
Affective commitment	.310***	.067	.332
$R^2 = .224^{***}$ $\Delta R^2 = .083$ F Change= 24.776 df=2, 231			
Step 3 Interactions			
training and Development affective Commitment	.407**	.304	.317
$R^2 = .227^{***}$ $\Delta R^2 = .004$ F Change= 1.084 df=3, 230			

The result in Table 4.37 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, training and development interaction was significant ( $F(1, 232) = 37.848, p < 0.001$ ) with  $R^2$  value of 0.140 which is 14.0 per cent of variation.

The moderating variable affective commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (affective commitment) in second step. In this study, the percentage of variability accounted for went up from 14.4 per cent to 22.4 per cent when affective commitment was added. In the second model (affective commitment) was significant ( $F(2, 231) = 24.776, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (affective commitment) with independent variable (training and development) in step three. The percentage of variability accounted for went up from 22.4 per cent to 22.7 per cent. The third model with interaction obtained by multiplying the moderating variable (affective commitment) with independent variable (training and development) was significant ( $F(3, 230) = 1.084, P < 0.001$ ). The result therefore shows that affective commitment is a moderator on the relationship between (training and development) and organizational performance. Therefore, hypothesis  $H0_{6d}$ : affective commitment does not moderate the relationship between training and development and organizational performance was not supported.

The association between (training and development) and organizational performance is contingent on the level affective commitment. The nature of this moderation effect is shown in Figure 4.14.



**Figure 4.14 Interactions between (training and development) and Affective commitment**

The results show that there is a slight moderating effect between (Training and development) and affective commitment. Organizational performance increases when an organization increases the utilization of good Training and development. The strength of the relationship between (Training and development) and organizational performance is higher when there is high affective commitment as compared to when affective commitment is low as shown in Figure 4.14. Hence when organization put in place Training and development programs for its employees then their affective commitment increases leading to high organizational performance.

**Table 4:38 Interaction between training and Development and Continuance Commitment Regressed on Organizational Performance**

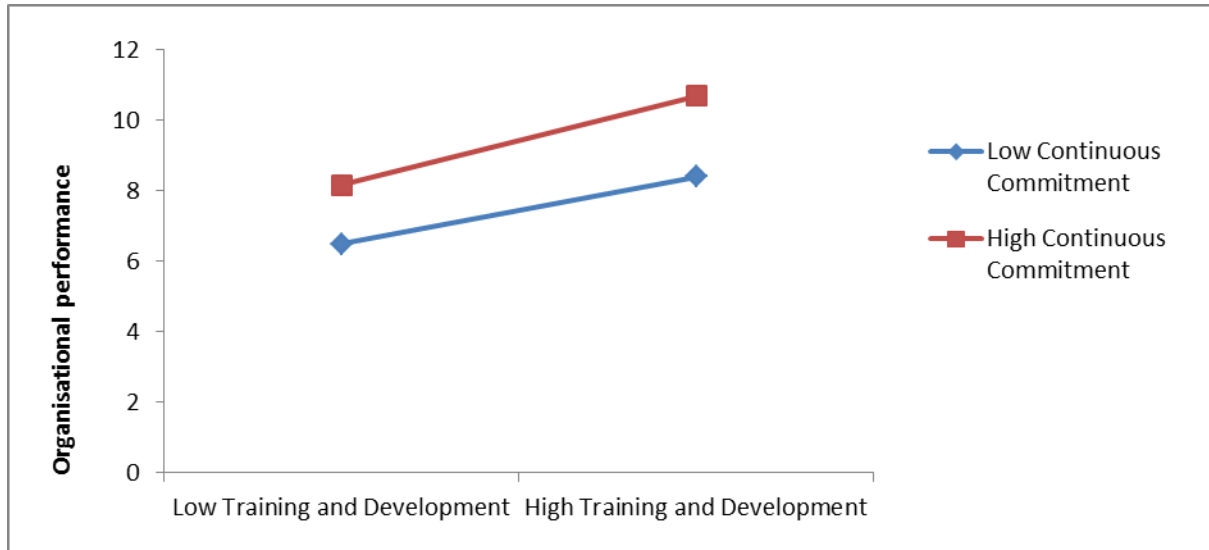
Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
training and Development	.394***	.065	.434
$R^2 = .155^{***}$ $\Delta R^2 = .155$ F Change= 43.975 df=1, 239			
Step 2- Moderating Variable			
Continuance commitment	.275***	.075	.,364
$R^2 = .231^{***}$ $\Delta R^2 = .075$ F Change= 23.324 df=2, 238			
Step 3 Interactions			
training and Development Continuance Commitment	.456**	.294	.358
$R^2 = .236^{***}$ $\Delta R^2 = .005$ F Change= 1.483 df=3, 237			

The result in Table 4.38 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, training and development interaction was significant ( $F(1, 239) = 43.975, p < 0.001$ ) with  $R^2$  value of 0.155 which is 15.5 per cent of variation. The moderating variable continuance commitment was added to the model in the step 2. The change in  $R^2$  evaluated how

much predictive power was added to the model by the addition of moderator variable (continuance commitment) in second step. In this study, the percentage of variability accounted for went up from 15.5 per cent to 23.1 per cent when continuance commitment was added. In the second model (continuance commitment) was significant ( $F(2, 238) = 23.324, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (continuance commitment) with independent variable (training and development) in step three. The percentage of variability accounted for went up from 23.1 per cent to 23.6 per cent. The third model with interaction obtained by multiplying the moderating variable (continuance commitment) with independent variable (training and development) was significant ( $F(3, 237) = 1.483, P < 0.001$ ). The result therefore shows that continuance commitment is a moderator on the relationship between (training and development) and organizational performance. Therefore, hypothesis  $H_{0d}$ : continuance commitment does not moderate the relationship between training and development and organizational performance was not supported.

The association between (training and development) and organizational performance is contingent on the level continuance commitment. The nature of this moderation effect is shown in Figure 4.15.



**Figure 4.15 Interactions between (training and development) and continuance commitment**

The results show that there is a slight moderating effect between (Training and development) and continuance commitment. Organizational performance increases when an organization increases the utilization of good Training and development programs. Therefore, when training and development increases, organizational performance increases at a faster rate for those with high continuance commitment than those of low continuance commitment (Figure 4.15). Hence when organization put in place Training and development programs for its employees then their continuance commitment increases leading to high organizational performance.

**Table 4.39: Interaction Between training and Development and Normative Commitment Regressed on Organizational Performance**

Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
training and Development	.388***	.065	.426
$R^2 = .151^{***}$ $\Delta R^2 = .151$ F Change= 42.362 df=1, 239			
Step 2- Moderating Variable			
normative commitment	-.003***	.027	-.001
$R^2 = .151^{***}$ $\Delta R^2 = .000$ F Change= .002 df=2, 238			
Step 3 Interactions			
training and Development * Normative Commitment	-1.224**	.400	-.935
$R^2 = .170^{***}$ $\Delta R^2 = .019$ F Change= 5.459 df=3, 237			

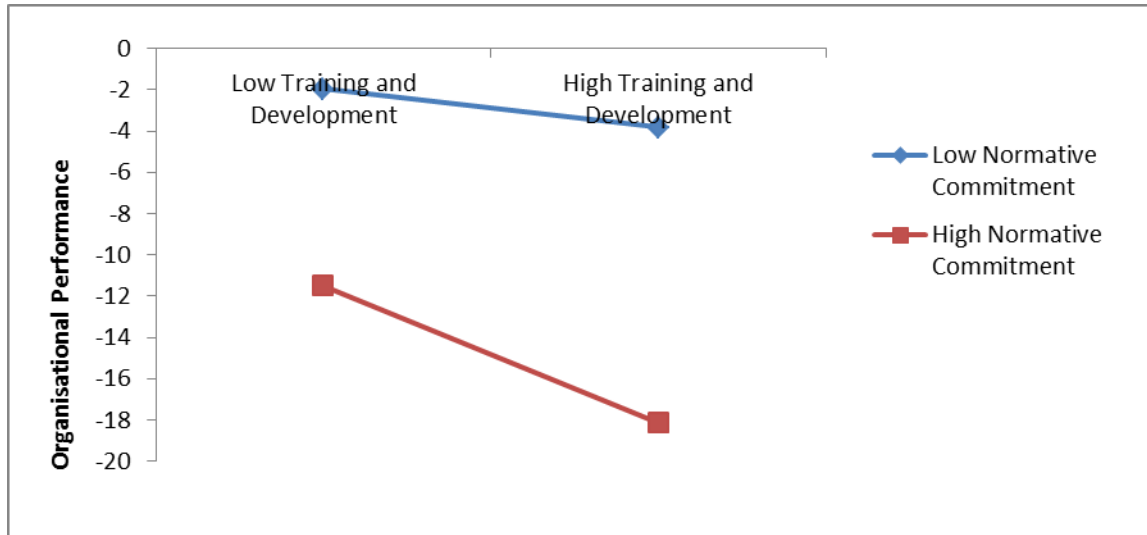
The result in Table 4.39 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, training and development interaction was significant ( $F(1, 239) = 42.362, p < 0.001$ ) with  $R^2$  value of 0.151 which is 15.1 per cent of variation. The moderating variable normative

commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (normative commitment) in second step. In this study, the percentage of variability accounted for did not change (15.1 per cent) when normative commitment was added. In the second model (normative commitment) was not significant ( $F(2, 238) = 0.002, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (normative commitment) with independent variable (training and development) in step three. The percentage of variability accounted for went up from 15.1 per cent to 17.0 per cent. The third model with interaction obtained by multiplying the moderating variable (normative commitment) with independent variable (training and development) was significant ( $F(3, 237) = 5.459, P < 0.001$ ). The result therefore shows that normative commitment is a moderator on the relationship between (training and development) and organizational performance. Therefore, hypothesis  $H0_{6d}$ : normative commitment does not moderate the relationship between training and development and organizational performance was not supported.

The association between (training and development) and organizational performance is contingent on the level normative commitment. The nature of this moderation effect is shown in Figure 4.16.





**Figure 4.16 Interactions between (training and development) and normative commitment.**

The results show that there is a slight moderating effect between training and development and normative commitment. Organizational performance decreases when an organization decreases the use of training and development. Therefore, when training and development increases, organizational performance decreases at a faster rate for those with high normative commitment than those of low normative commitment (Figure 4.16). Hence when employees perceive that training and development is not good then the normative commitment decreases leading to low organizational performance.

**Table 4.40: Interaction Effects between Job Security and Affective Commitment Regressed on Organizational Performance**

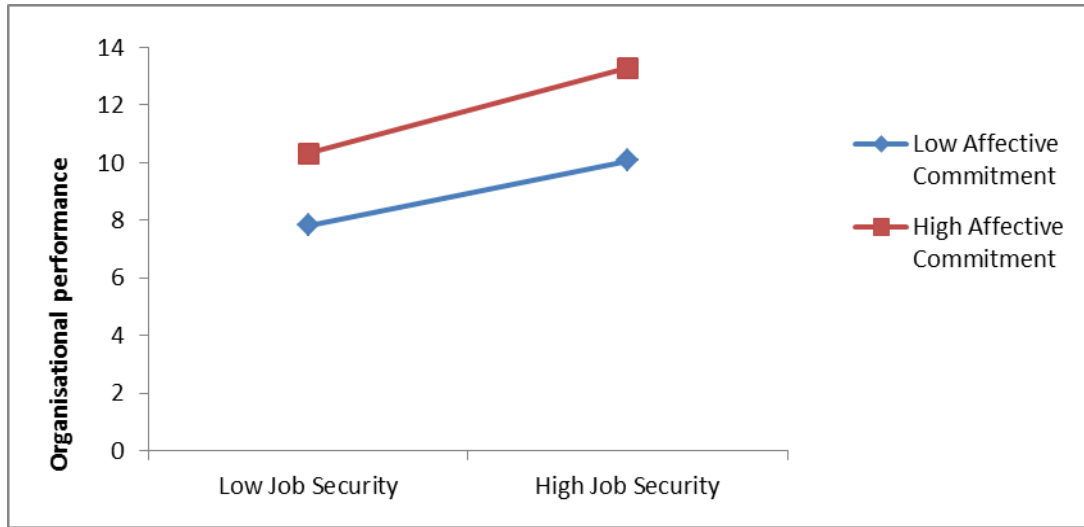
Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Job Security	.526***	.089	.859
$R^2 = .277^{***}$ $\Delta R^2 = .277$ F Change= 92.528 df=1,242			
Step 2- Moderating Variable			
Affective commitment	.283***	.058	.299
$R^2 = .349^{***}$ $\Delta R^2 = .073$ F Change= 26.845 df=2, 241			
Step 3 Interactions			
Job Security * Normative Commitment	.669**	.318	.516
$R^2 = .356^{***}$ $\Delta R^2 = .007$ F Change= 2.640 df=3,240			

The result in Table 4.40 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, Job security interaction was significant ( $F(1, 242) = 92.528, p < 0.001$ ) with  $R^2$  value of 0.277 which is 27.7 per cent of variation. The moderating variable affective commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was

added to the model by the addition of moderator variable (affective commitment) in second step. In this study, the percentage of variability accounted for went up from 27.7 per cent to 34.9 per cent when affective commitment was added. In the second model (affective commitment) was significant ( $F(2, 241) = 26.845, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (affective commitment) with independent variable (job security) in step three. The percentage of variability accounted for went up from 34.9 per cent to 35.6 per cent. The third model with interaction obtained by multiplying the moderating variable (affective commitment) with independent variable (job security) was significant ( $F(3, 240) = 2.640, P < 0.001$ ). The result therefore shows that affective commitment is a moderator on the relationship between (job security) and organizational performance. Therefore, hypothesis  $H0_{6e}$ : affective commitment does not moderate the relationship between job security and organizational performance was not supported.

The association between job security and organizational performance is contingent on the level normative commitment. The nature of this moderation effect is shown in Figure 4.17.



**Figure 4.17 Interactions between job security and affective commitment**

The results show that there is a slight moderating effect between job security and affective commitment. Organizational performance increases when an organization guarantees employees of job security. Therefore, when job security increases, organizational performance increases at a faster rate for those with high affective commitment than those of low affective commitment (Figure 4.17). Hence when employee's job security is guaranteed then the affective commitment increases leading to high organizational performance.

**Table 4.41: Interaction Effects between Job Security and Continuance Commitment Regressed on Organizational Performance**

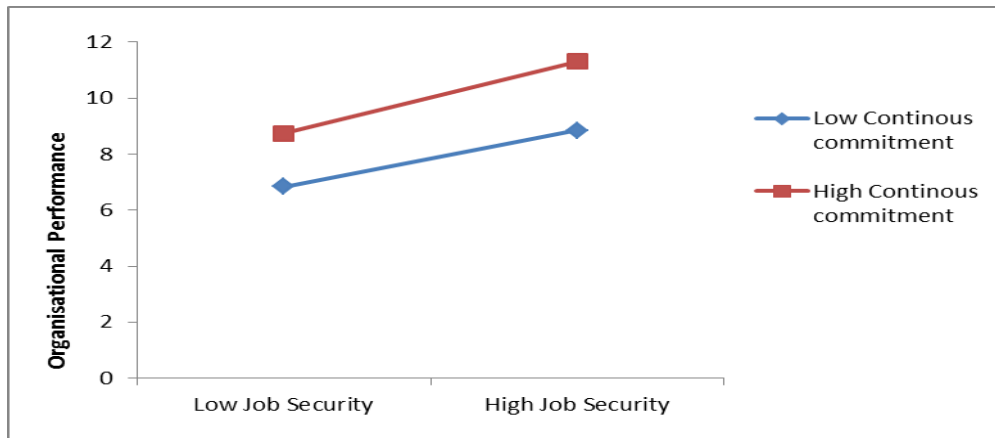
Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Job Security	.516***	.089	.845
$R^2 = .266^{***}$ $\Delta R^2 = .266$ F Change= 89.374 df=1,246			
Step 2- Moderating Variable			
Continuance commitment	.182***	.073	.237
$R^2 = .297^{***}$ $\Delta R^2 = .030$ F Change= 10.547 df=2,245			
Step 3 Interactions			
Job Security *			
Continuance Commitment	.635**	.316	.496
$R^2 = .304^{***}$ $\Delta R^2 = .007$ F Change= 2.459 df=3, 244			

The result in Table 4.41 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, job security interaction was significant ( $F(1, 246) = 80.374$ ,  $p < 0.001$ ) with  $R^2$  value of 0.266 which is 26.6 per cent of variation. The moderating variable continuance commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive

power was added to the model by the addition of moderator variable (continuance commitment) in second step. In this study, the percentage of variability accounted for went up from 26.6 per cent to 29.7 per cent when normative commitment was added. In the second model (continuance commitment) was significant ( $F(2, 245) = 10.547, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (continuance commitment) with independent variable (job security) in step three. The percentage of variability accounted for went up from 29.7 per cent to 30.4 per cent. The third model with interaction obtained by multiplying the moderating variable (continuance commitment) with independent variable was significant ( $F(3, 244) = 2.459, P < 0.001$ ). The result therefore shows that continuance commitment is a moderator on the relationship between (job security) and organizational performance. Therefore, hypothesis  $H0_{6e}$ : continuance commitment does not moderate the relationship between job security and organizational performance was not supported.

The association between (job security) and organizational performance is contingent on the level continuance commitment. The nature of this moderation effect is shown in Figure 4.18 below.



**Figure 4.18 Interactions between job security and continuance commitment**

The results show that there is a slight moderating effect between job security and continuance commitment. Organizational performance increases when organizations provide employees with job security. Therefore, when job security increases, organizational performance increases at a faster rate for those with high continuance commitment than those of low continuance commitment (Figure 4.18). Hence when job security is high then the continuance commitment increases leading to high organizational performance.

**Table 4.42: Interaction Effects between Job Security and Normative Commitment Regressed on Organizational Performance**

Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable			
Job Security	.518***	.089	.848
$R^2 = .269^{***}$ $\Delta R^2 = .269$ F Change= 91.494 df=1,249			
Step 2- Moderating Variable			
normative commitment	-.032***	.025	-.014
$R^2 = .270^{***}$ $\Delta R^2 = .001$ F Change= .335 df=2,248			
Step 3 Interactions			
Job Security * Normative Commitment	-.969**	.388	-.731
$R^2 = .280^{***}$ $\Delta R^2 = .010$ F Change= 3.561 df=3,247			

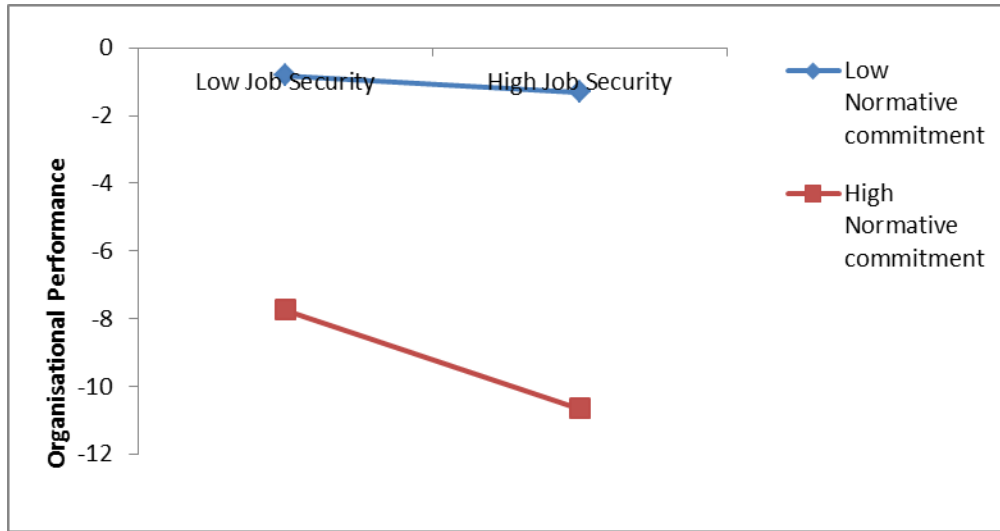
The result in Table 4.42 showed the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variables (interpretation of R-square). The findings reveal that the first model, job security interaction was significant ( $F(1, 249) = 91.494, p < 0.001$ ) with  $R^2$  value of 0.269 which



is 26.9 per cent of variation. The moderating variable normative commitment was added to the model in the step 2. The change in  $R^2$  evaluated how much predictive power was added to the model by the addition of moderator variable (normative commitment) in second step. In this study, the percentage of variability accounted for went up from 26.9 per cent to 27.0 per cent when normative commitment was added. In the second model (normative commitment) was significant ( $F(2, 248) = 0.335, p < 0.001$ ).

There was change in  $R^2$  when the interaction terms obtained by multiplying the moderating variable (normative commitment) with independent variable (job security) in step three. The percentage of variability accounted for went up from 27.0 per cent to 28.0 per cent. The third model with interaction obtained by multiplying the moderating variable (normative commitment) with independent variable was significant ( $F(3, 247) = 3.561, P < 0.001$ ). The result therefore shows that normative commitment is a moderator on the relationship between (job security) and organizational performance. Therefore, hypothesis  $H_{0_{6c}}$ : normative commitment does not moderate the relationship between job security and organizational performance was not supported.

The association between (job security) and organizational performance is contingent on the level normative commitment. The nature of this moderation effect is shown in Figure 4.19.



**Figure 4.19 Interactions between job security and normative commitment**

The results show that there is a slight moderating effect between job security and normative commitment. Organizational performance decreases when an organization decreases job security. Therefore, when job security increases, organizational performance decreases at a faster rate for those with high normative commitment than those of low normative commitment (Figure 4.19). Therefore when employees perceive that their jobs are secure then the normative commitment increases leading to high organizational performance.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter provides a summary of the key elements of the study, the conclusions reached based on the information gathered and recommendation to be adopted by organizations as well as recommendation for further research.

#### **5.2 Summary of the findings**

The purpose of this study was to examine the impact of high performance work practices on organization performance as moderated by organizational commitment. A survey of listed state corporations in the NSE in Kenya. The objectives of the study were; to find the effects of selective hiring on organization performance; to examine the effect of employee participation and involvement on organizational performance; to find out the effect of employee performance appraisal on organizational performance; to examine the impact of training and development on organizational performance; to find out the effects of job security on organizational performance and determine the significance of moderating effect of organizational commitment on high performance work practices (HPWP) on organizational performance.

##### **5.2.1 Effects of selective hiring as a high performance work practice on organizational performance.**

The study established that selective hiring as a component of high performance work practice had a positive effect on organizational performance in all the three organizations.

Based on the findings of this study, majority of the respondents in all the three organizations were in agreement that careful selective hiring had a positive effect on organizational performance. The result showed that the success of any organization depended on the high skilled manpower and talents it acquired. This is why it is important for an organization to recruit, select and place the right staff. According to Waiganjo (2013), selective hiring is fundamentally about matching human resource to the strategic and operational needs of the organization and ensuring full utilization of those resources.

According to the results of the research, majority of the employees (63.0%) stated that intensive selection procedure was used in their organization when hiring new workers, 48.1% were in agreement that in their organization all recruitment were done in a transparent and fair manner, 79.9% agreed that in their organizations jobs were always advertised and a 41.5% agreed that in their organization vacant posts were filled in a timely and efficient manner. 60.5% of the respondents stated that employee hiring in their organization was always based on merit. This was supported by respondents noting that in their organizations, vacant positions were always advertised in newspapers and on websites giving opportunity to all, then interviews were conducted openly and selection done on merit.

Selective hiring is also concerned with not only obtaining and keeping the number and quality of employees required, but also selecting and promoting people who fit the culture and the strategic requirements of the organization. Selective hiring places more emphasis on finding people whose attitudes and behaviors are in conformity with the aspiration of management and organization. But on the contrary a 53.2% of the respondents noted that in their organization, employees were hired on the basis of corruption, bribery, political connections and ethnic background of the applicant

## **5.2 2 Effect of employee participation and involvement as a high performance work practice on organizational performance**

According to the findings of the research, firm performance of the three organizations was positively influenced by sharing information between the organization and the employees. According to Cannon – Bowers and Salas (2001), HPWPs such as information sharing help establish shared mental models among employees. These are similar and overlapping knowledge sets, attitudes and beliefs regarding tasks, co – workers and the organization that facilitate cooperation and decision making. Sharing information by communicating the organization’s strategic goals, vision, mission and aspiration to the employees was linked to performance.

There was a consensus in all the three organizations that employees were involved and participated in all matters affecting their organization. This in turn boosted organizational performance. To support this, a 53.9% of the respondents stated that employees were always involved in programs designed to illicit participation and employee input for example, problem solving. A 68. 0% indicated that management always kept them informed about the firm and how well it was doing. A 58.5% stated that managers always met off-line with operators to discuss issues of concern including issues related to performance and quality. An overwhelming 75.1% of the respondents stated that they were always provided with relevant strategic information for example, strategic mission, goals, tactics and competitor- information.

In case of disputes, majority of the respondents stated that they always had access to a formal grievance/ complaint resolution procedure. These results clearly indicated that in all the three organizations, employee participation and involvement was greatly practiced and this had facilitated the performance of their organization in an upward trend.

### **5.2.3 Effects of employees performance appraisal as a high performance work practice on organizational performance.**

According to the results of this research, firm performance of the three organizations was positively influenced by employee performance appraisal. The employees who stated that their organizations always appraised their staff on performance were 85.5% and 41.5% of the respondents stated that a high proportion of the workforce had its performance appraisal pegged to their compensation. This therefore meant that employees had to work hard to meet their set targets and to be remunerated well, hence boosting organizational performance. Though there was a small percentage that had divergent views noting that the appraisal was not free and fair, because ethnicity played a great role in the department and that some managers favored some employees who were poor performers when appraising. Some were of the opinion that performance appraisal was rarely used as a tool for rewarding employees.

### **5.2.4: Impact of training and development of employee as a high performance work practice on organizational performance.**

Based on the finding of this study, training and development of employees when measured its impact on organization performance, the variable had a significant and positive impact on organizational performance. High percentage of the respondents (72.1%) stated that in their organization they always received intensive/ extensive training in company specific skills and 87.8% of those interviewed stated that workshops and seminars were always held for employees in their organization to improve their skills to meet their set targets and objectives. The respondents who indicated that the core group of workers in the organizations had off- the job training in the past year and improved communication and team working constituted 61.5%.

Training of employees on multi-tasking and on job skills was required to sustain high levels of performance by ensuring that everyone had the knowledge, skills and competencies required to carry out their work effectively and that employees are developed in way to maximize their potential for growth and promotion. Training and development of employees was identified as one of the key primary component of high performance work practices (HPWPs) that has the potential to enhance organizational performance.

#### **5.2.5: Effect of job security as a high performance work practice on organizational performance.**

The findings of this research on this variable showed that job security as a component of (HPWPs) influenced the performance of the organization positively. The more the employees felt that their jobs were secure, the more they worked hard to achieve their set targets, hence boosting organizational performance. To support this phenomenon, 59.4% of the respondents felt that their jobs were always safe, 55.1% stated that employees in their organization rarely quit or leave their jobs, 64.9% stated that staff discipline in their organizations was managed in a transparent and fair manner. Those who stated that in their organizations, sacking of corrupt staff was always taken immediately posted 53.7%. However (31.7%) stated that there were no policies of guaranteed job security. But in wholesome its evident enough from the research results that job security enhanced organizational performance, because an employee who felt his/her job was secure was bound to put extra effort in performing the job to achieve good results.

### **5.2.6: Moderating effect of organizational commitment on high performance work practices (HPWPs) and organizational performance.**

Based on the findings of this study, organizational commitment as a moderating variable had a significant effect on organizational performance. The variable had a positive effect on organizational performance. When employees felt that their organization appreciates and recognizes them, they were bound to double their efforts towards achieving the set objectives. According to the research results, 79.9% of the respondent felt that if their organization had a problem, then it was also their problem, this showed total commitment on part of the employees. Those who felt that they had a strong sense of belonging to their organization accounted for 81.9% while 70.6% felt that they were always emotionally attached to their organization and 74.2% of the staff stated that they will always continue to work for their organization because of the many advantages they found compared with other employers. From these results, it is therefore important to note that organization commitment as a variable boosted organizational performance.

The findings of the study also indicated that organizational commitment moderates the relationship between High Performance Work Practices and organizational performance. Further analysis of the findings showed that affective commitment and normative commitment moderate the relationship between selective hiring and organizational performance. On the other hand the results revealed that Affective commitment, continuance commitment and normative commitment moderated the relationship between employee participation, performance appraisal, training and development, job security and organizational performance.

### **5.3 CONCLUSION**

Based on the results of this study, the adoption of high performance work practices by State Corporation in Kenya could be concluded that these practices influenced



organizational performance. Selective hiring, employee participation and involvement, employee performance appraisal, training and development, job security and organization commitment had a positive effect on firm performance.

The adoption of high performance work practices (HPWPs) has been associated with higher productivity and enhanced performance at the firm level (Huselid 2010; Ichniowski, shaw & prennushi, 2010). HPWPs are management approach in which firms rely especially on employee contributions to succeed in the achievement of business goals.

According to (Appelbaum *et al* ,2000;Bailey *et al* ,2000;Miller and Le Breton Miller;2005),Firms can generate competitive advantage through improving employees ability, motivation and provide employees opportunities to participate in value creation, which will result in higher productivity and better organizational performance. Hegan (2006) in his findings identified that HPWPs sufficiently fulfill their basic premise of increasing performance.

It could, therefore be concluded that in high performance work systems, workers become more skilled and better prepared to perform their duties. This improved labor productivity. Moreover, HPWPs are conceived as employee- centered work practices, which lead to increased workers motivation and satisfaction. In addition, employees are given a voice in decision making and empowered to act. It is for these reasons, that HPWPs are seen to increase workers effective discretionary effort, leading to improved firm performance in terms of product quality and higher profits as well as to a more satisfied workforce (Gittleman *et al*, 2010). As a result, organizations in Kenya are constantly searching for new sources of competitive advantage, one of the most important being the adoption of HPWPs that has potential to enhance organizational performance.

The results also showed that organizational commitment moderates the relationship between HPWPs and organizational performance. Further the results indicated that affective commitment and normative commitment moderate the relationship between selective hiring and organizational performance. Affective commitment, continuance commitment and normative commitment moderated the relationship between employee participation, performance appraisal, training and development, job security and organizational performance.

## **5.4 RECOMMENDATIONS**

The research empirically tested all the six High performance work practices and found all the practices had been adopted by the entire three state corporations in Kenya. The results of this study further revealed that there was a positive relationship between adoptions of HPWPs and organizational performance. A condition underpinning any high performance organization is employee's organizational commitment. Research supports the idea that employees' commitment and job performance are related. Noe *et al.*, (2007), asserts that high performance at individual level could contribute to higher performance at the organizational level.

### **5.4.1 Recommendations for managerial**

High performance work practices, that is, selective hiring, employee participation and involvement, employees' performance appraisal, training and development, job security and organizational commitment influence performance. The results of this study have shown that HPWPs improve organizational performance by giving the employees the knowledge, skills and abilities needed to perform job tasks and both the motivation and opportunity to do so (Delery & Shaw, 2001). Secondly, the results have shown that HPWPs improve the social structure within organizations, which facilitates communication and cooperation among employees as asserted by (Evans & Davis, 2005). Jointly, these processes increase job satisfaction and help employees work more

productively and make better decisions. These in turn reduce employee turnover and improve organizational performance vis-a-vis competitors. This is therefore considered as significant for CEOs of various organizations to incorporate the HPWPs in their firms; because the results of the study have demonstrated that high performance work practices are crucial for the success of every organization that is geared towards the competitive market of its products.

The findings are also consistent with the study done by Dvorakova (2000), who recommended that Human resource department can support the creation of learning organization by planning training programs to help to create systems for creating, capturing and sharing knowledge and that Reward systems could be set up to encourage employees to think in new ways. This culture could be reflected in performance management systems and employee Appraisal to aid in rewarding employees.

HPWPs effect on organizational performance is important to both managers and researchers. Understanding the degree to which HPWPs affect organizational performance and its conditions that moderate the relationship helps researchers build contingencies into SHRM theory and aids Practitioners seeking to justify investments in HPWPs. Studies have attempted to synthesize the literature via narrative review. Several conclude that published research provides support for the notion that HPWPs positively affect organizational performance (e.g, Becker & Huselid, 2007; Becker & Gerhart, 2011; Wright & Boswell, 2002).

Human capital theory suggests that education or training raises the productivity of workers by imparting useful knowledge and skills, hence raising workers' future income by increasing their lifetime earnings (Becker, 1964).Therefore state corporations should embrace the culture of training and development of its employees for the attainment of organizational performance.

The results of this study have also helped to determine the crucial role of HPWPs on organization performance and therefore recommend that organizations focus on the use of these practices to be able to achieve and meet their set targets, mission, and vision and be able to sustain themselves in the competitive global market.

Finally, the data collected in this study allow us to connect perception that HPWPs leads to positive organizational performance. This provides an opportunity for knowledge to be created that may benefit practitioners in the field. The theoretical links from practices to attitudes to behaviors provide a useful assessment of tangible factors that managers in organizations can utilize to enhance performance.

#### **5.4.2 Recommendations for policy**

The underlying assumption of HPWPs is that firm performance is influenced by a set of HPWPs practices, and for firm to compete favorably they must aspire to attain high profits which will boost organizational performance. From the findings of this study there is enough background information to recommend that all state corporations should inject these practices in their organization as a matter of policy if they want to remain relevant and compete favorably in today's competitive environment.

#### **5.4.3 Areas for further research**

The findings of this study provide empirical evidence that high performance work practices influences organizational performance. The HPWPs adopted for this study were selective hiring, employee participation and involvement, employee performance appraisal, training and development, job security and organizational commitment. But a growing body of literature argues that if such practices are implemented collectively; contribute to improve business unit performance (Huselid, 2010). Indeed, the consensus is that it is systems of HPWPs rather than the isolate implementation of individual practices that contributes to sustained competitive advantage. Since HPWPs are diverse

and that successful firms install all the practices to achieve better results in terms of performance. A study should be carried out to explore other HPWPs which will provide a field for researchers to make comparison and determine if they will result to different effects on organizational performance.

The study did not focus on whether or not individual factors function as mediators, hence the need for other studies to investigate their effects on organizational performance. According to this study, HPWPs boost organizational performance, but does not demonstrate clearly how HPWPs, impact performance metrics, hence the need for other researchers' to investigate the phenomenon. The study had empirical evidence that HPWPs enhance performance in organizations. But other studies could be undertaken to evaluate whether management practices like HPWPs can yield negative consequences for employees when effects like exhaustion are considered.

Future studies could also investigate the impact of single HPWP on organizational performance to compare the magnitude of its influence to that of HPWPs in bundles.

This research examined the moderating effect of one variable. Other studies could be undertaken with researchers adopting the use of more than one such as compensation and reward, job satisfaction etc. Further research is therefore, recommended on the influence of other unexplored factors to further clarify the determinants of firm performance that have not been addressed in this study. Future research could also clarify the causal relationship between HR practices and firm performance.

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## **APPENDICES**

### **APPENDIX 1: LETTER OF INTRODUCTION**

Sabwami Peter Butali  
Jomo Kenyatta University of Agriculture & Technology,  
Department of Entrepreneurship and Procurement,  
P.O BOX 6200,  
NAIROBI.  
Dear Sir/Madam

**RE: ROLE OF HIGH PERFORMANCE WORK PRACTICES ON ORGANIZATIONAL PERFORMANCE. A SURVEY OF LISTED STATE CORPORATIONS IN THE NSE IN KENYA.**

I am a PHD student wishing to carry out a research on the above mentioned topic. The questionnaires attached are meant to gather information for this study from you. All information given will be confidentially treated. Therefore do not write your name or anything that may identify you as an individual in this questionnaire. You are kindly requested to respond to all items in the questionnaire.

Your positive response will be highly appreciated.

Thank you in advance.

Yours faithfully,

SABWAMI PETER BUTALI

## APPENDIX 2: QUESTIONNAIRE

This questionnaire is intended to collect information on the role of High performance work practices on organizational performance as moderated by organizational commitment in state corporations on the NSE in Kenya.

### SECTION A: PERSONAL DATA

1. What is your Gender? Male   female
  
2. What is your age?  
Below 30 years   30 – 35 years  36 – 40 years  
 41 – 45 years   46 – 50 years  
 Above 50 years
  
3. What is your level of education?  
Secondary  Middle college  University  Other
  
4. Length of service in the organization \_\_\_\_\_ years.
  
5. What is your job title in the organization?  
Chief executive  Human resource manager  Financial accountant   
Production manager  Marketing & sales manager  Supervisor   
Other

**SECTION B: THE ROLE OF HIGH PERFORMANCE WORK PRACTICES ON ORGANISATIONAL PERFORMANCE AS MODERATED BY ORGANIZATIONAL COMMITMENT.**

The questionnaire will be used to analyze the effect of high performance work practices in your organization. Answer all the items on this answer sheet. Do not leave any question blank; make an attempt by ticking the appropriate box.

**HIGH PERFORMANCE WORK PRACTICES**

SD            D                            N/O            SA                            A  
 Strongly    Disagree                    No Opinion    Strongly Agree    Agree  
 Disagree

<b>(1) SELECTIVE HIRING</b>						
	ITEM	SD	D	N/O	A	SA
1	Intensive selection procedure is used to hire new workers including tests for personality traits in this organization.					
2	All recruitments in this organization are done in a transparent and fair manner.					
3	Jobs are always advertised in my organization.					
4	Vacant posts in my organization are filled in a timely and efficient manner.					
5	Employees in my organization are always hired on the basis of merit (ability and skills required for the job).					
6	Employees in my organization are mostly hired on the basis of corruption, bribery, political connections, ethnic background of the applicant and back – door arrangements.					
7	Employees in my organization are always administered one or more employment tests, (skill tests, aptitude tests, mental / cognitive ability tests) prior to hiring.					



**Part B**

Are new employees in your organization hired on the basis of merit? If yes or no give your reasons

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 ..  
 .....  
 .....

SD            D                                    N/O            SA                                    A  
 Strongly    Disagree                                    No Opinion            Strongly Agree            Agree  
 Disagree

<b>(2) PERFORMANCE APPRAISAL</b>						
	ITEM	SD	D	N/O	A	SA
8	My organization always appraises the staff on performance.					
9	Performance appraisal is rarely used as a tool for promotion in my organization.					
10	I always receive regular and constructive feedback on how well I do my job.					
11	I always receive formal performance appraisals and feedback on a routine basis.					
12	Promotions are frequently done and in a transparent and fair manner in my organization.					
13	Promotions are done based on personal connections, favors and ethnic background of employees in my organization.					
14	Performance appraisal was used during my promotion in this organization.					
15	Our appraisal system always fosters a culture of openness and trust					
16	A high proportion of the workforce has its performance appraisals always used to determine their compensation.					

**Part B**

Is performance appraisal of employees in your organization free and fair? If yes or no give your reasons.

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...

SD	D	N/O	SA	A
Strongly Disagree	Disagree	No Opinion	Strongly Agree	Agree

<b>(3) TRAINING AND DEVELOPMENT</b>						
	ITEM	SD	D	N/O	A	SA
17	Employees in my organization are rarely trained in skills related to their jobs.					
18	Employees in my organization always receive intensive/extensive training in company – specific skills (e.g., task or firm – specific training) And generic skills (e.g problem – solving, communication skills e.t.c)?					
19	Workshops and seminars are always held for employees in my organization to improve their skills.					
20	Employees in my organization have always been trained in a variety of jobs or skills and can perform more than one job.					
21	The core group of workers in my organization has had off – the job training in the past year and it improved communication and team working.					
22	My organization rarely provides employees with formal job training either on or off the premises.					
23	Employee training in my organization is always effective.					
24	My employer rarely provides me with sufficient opportunities for training and development.					
25	Employees in my organization are fully satisfied with organisational induction/orientation/job					

SD            D                            N/O            SA                            A  
 Strongly    Disagree                    No Opinion    Strongly Agree        Agree  
 Disagree

<b>(4) EMPLOYEE PARTICIPATION AND INVOLVEMENT</b>						
	ITEM	SD	D	N/O	A	SA
26	Employees in my organization are always involved in programs designed to illicit participation and employee input (e.g., problem solving).					
27	Employees in my organization are rarely involved in the decision – making on things that matter in their organization					
28	Employees in my organization are rarely provided with relevant operating performance information (e.g., quality, productivity)					
29	Management always keeps me well informed about the firm and how well it is doing.					
30	Managers always meet off – line with operators to discuss issues of concern including issues related to performance and quality.					
31	Employees are always provided with relevant strategic information (e.g., strategic mission, goals, tactics, competitor information e.t.c).					
32	Employees are always aware of company policy/organizational performance.					
33	In this organization employees always have a right to put their voice to top management.					
34	In this organization employees always have access to a formal grievance / complaint resolution procedure.					
	related training.					

**Part B**

State ways in which your organization facilitates training for its employees to perform better in their work places.

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**Part B**

Which employees' participation methods are used in your organization?

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How can employees' participation be improved in your organization?

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.....  
.....

SD                      D                                      N/O                      SA                                      A  
 Strongly            Disagree                      No Opinion                      Strongly Agree                      Agree  
 Disagree

<b>Part</b>		<b>(5) JOB SECURITY</b>				
<b>B</b>	ITEM	SD	D	N/O	A	SA
Do	3 My job is always safe and secure in this organization.					
you	5					
think	3 Employees in this organization rarely quit or leave their jobs.					
your	6					
job is	3 In this organization employees are always afraid of losing their					
secur	7 jobs.					
e in	3 There is a policy of guaranteed job security or no compulsory					
your	8 redundancies for any occupational group in the organization.					
organ	3 Staff discipline in my organization is managed in a transparent and					
izatio	9 fair manner.					
n? If	4 Sacking of employees is rarely taken against non – performing					
yes	0 staff.					
or no	4 In my organization, sacking of corrupt staff is always taken					
give	1 immediately.					
your	4 Employee turnover in my organization has always decreased.					
reaso	2					

ns.....  
 .....  
 .....  
 ...

**SECTION C: ORGANIZATIONAL PERFORMANCE**

SD            D                                    N/O            SA                                    A  
 Strongly    Disagree                            No Opinion    Strongly Agree    Agree  
 Disagree

	ITEM	SD	D	N/O	A	SA
43	The organization’s performance over the past three years has been good compared to that of other organizations that do the same kind of work.					
44	My organization has the ability to attract and retain essential employees.					
45	Satisfaction of customers or clients in my organization is taken seriously.					
46	Customer satisfaction has increased in my organization.					
47	The performance of my organization in marketing its products is good.					
48	The way the promotions are done has improved the performance of our organization.					
49	The efficiency of my organization has greatly improved.					
50	Customer complaints in my organization have drastically reduced.					
51	Competitive position of my organization has greatly improved.					
52	The profits of my organization have consistently increased.					
53	The firm’s overall market share has always increased.					
54	The firm’s reputation has always increased.					
55	The number of product/service defects, errors or breakdowns has always decreased.					

**Part B**

In your own opinion do you think your organization achieves its set objectives/targets?  
 If            yes            say            how            and            if            no            say  
 why.....

SD            D                            N/O            SA                            A  
 Strongly    Disagree                    No Opinion            Strongly Agree            Agree  
 Disagree

<b>SECTION D: ORGANIZATIONAL COMMITMENT</b>						
	ITEM	SD	D	N/O	A	SA
56	It will always be very hard for me to leave my organization right now, even if I wanted to.					
57	I always feel that if this organization has a problem it is my problem as well.					
58	I always feel a strong sense of “belonging” to my organization.					
59	I always feel emotionally attached to this organization.					
60	I always feel proud when talking to others about my job in this organization.					
61	I will always continue to work for this organization for the many advantages I find compared with other employers.					
62	I will be very happy to spend the rest of my career with this organization.					
63	Even if it were to my advantage, I do not feel it will be right to leave my organization now.					
64	I do not feel a strong sense of “belonging” to my organization.					
65	I do not feel “emotionally attached” to this organization.					
66	I do not feel like “part of the family” of this organization.					
67	This organization deserves my loyalty.					
68	If I had not already put so much of myself into this organization, I would consider working elsewhere.					
69	Too much of my life will be disrupted if I decided to leave my organization now.					
70	I feel that if I left this organization, there would be too few job opportunities available to me.					
71	The fact that leaving this organization would require considerable personal sacrifice is one of the reasons to continue to work here.					
72	I believe I will still be working for this organization in the next one year.					

**Part B**

What reasons will make you want to continue to work for your current organization?

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What reasons will make you not want to continue to work for your current organization?....

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**ADDED INTERVIEW GUIDE**

<b>ITEM</b>	<b>2009</b>	<b>2000</b>	<b>2011</b>	<b>2012</b>
Date of inception				
Number of employees				
Sales turnover				
Operating costs				
Market share (%)				
Performance index/rank				
Number of branches				

(i) What was your initial capital injected in the business?

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 .....

(ii) What is your training and development policy?

.....  
 .....

(iii) Do you involve your employees in decision making? If yes explain how?

.....  
 .....

(iv) Do you appraise your employees on job performance and if so what do you base on?

.....  
 .....

(v) What is your hiring and recruitment policy for your company?

.....  
.....

(iv) Does your organization always develop new products, services and programs? If

So name them

.....  
.....

### APPENDIX 3: DESCRIPTIVE STATISTICS

**i. Gender of the respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	121	41.6	41.7	41.7
	Male	169	58.1	58.3	100.0
	Total	290	99.7	100.0	
Missing	System	1	.3		
	Total	291	100.0		

**ii. Age of the respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 30 years	49	16.8	17.0	17.0
	30-35 years	58	19.9	20.1	37.2
	36-40 years	57	19.6	19.8	56.9
	41-45 years	60	20.6	20.8	77.8
	46-50 years	39	13.4	13.5	91.3
	Above 50 years	25	8.6	8.7	100.0
	Total	288	99.0	100.0	
Missing	System	3	1.0		
	Total	291	100.0		

**Job title of the respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Chief executive	1	.3	1.1	1.1
	Human resource manager	7	2.4	7.6	8.7
	Financial accountant	20	6.9	21.7	30.4
	Production manager	4	1.4	4.3	34.8
	Marketing & sales manager	1	.3	1.1	35.9
	Supervisor	59	20.3	64.1	100.0
	Total	92	31.6	100.0	
Missing	System	199	68.4		
Total		291	100.0		

**iv Intensive selection procedure is used to hire new workers including tests for personality traits in this organization**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	4.8	4.8	4.8
	Disagree	62	21.3	21.5	26.3
	No Opinion	31	10.7	10.7	37.0
	Agree	146	50.2	50.5	87.5
	Strongly Agree	36	12.4	12.5	100.0
	Total	289	99.3	100.0	
Missing	System	2	.7		
Total		291	100.0		

**My organization always appraises the staff on performance**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.0	1.0	1.0
	Disagree	23	7.9	8.0	9.0
	No Opinion	10	3.4	3.5	12.5
	Agree	156	53.6	54.2	66.7
	Strongly Agree	96	33.0	33.3	100.0
	Total	288	99.0	100.0	
Missing	System	3	1.0		
Total		291	100.0		

**iii. Performance appraisal is rarely used as a tool for promotion in my organization**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	30	10.3	10.4	10.4
	Agree	104	35.7	36.0	46.4
	Neutral	39	13.4	13.5	59.9
	Disagree	83	28.5	28.7	88.6
	Strongly Disagree	33	11.3	11.4	100.0
	Total	289	99.3	100.0	
Missing	System	2	.7		
Total		291	100.0		

**vii. Performance appraisal of employees in your organization is free and fair**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	73	25.1	32.2	32.2
	Yes	151	51.9	66.5	98.7
	3.00	1	.3	.4	99.1
	5.00	2	.7	.9	100.0
	Total	227	78.0	100.0	
Missing	System	64	22.0		
Total		291	100.0		

**viii. Employees in my organization are always involved in programs designed to illicit participation and employee input (e.g., problem solving)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	6.2	6.4	6.4
	Disagree	59	20.3	20.9	27.3
	No Opinion	53	18.2	18.8	46.1
	Agree	140	48.1	49.6	95.7
	Strongly Agree	12	4.1	4.3	100.0
	Total	282	96.9	100.0	
Missing	System	9	3.1		
Total		291	100.0		

**ix. The organization's performance over the past three years has been good compared to that of other organizations that do the same kind of work**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	17	5.8	5.9	5.9
	Disagree	52	17.9	18.2	24.1
	No Opinion	52	17.9	18.2	42.3
	Agree	137	47.1	47.9	90.2
	Strongly Agree	28	9.6	9.8	100.0
	Total	286	98.3	100.0	
Missing	System	5	1.7		
Total		291	100.0		



The fact that leaving this organization would require considerable personal sacrifice is one of the reasons to continue to work here

**xi. Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Organizational Performance	286	1.15	5.00	3.3368	.73172
Selective hiring	291	1.00	5.00	3.3213	.80895
Performance Appraisal	290	1.33	5.00	3.2082	.71851
Training & Dev	288	1.22	5.00	3.5496	.71865
Employee Participation	285	1.00	5.00	3.3699	.70166
Job Security	288	1.71	4.63	3.2447	.50395
Organizational Commitment	286	1.18	4.88	3.4767	.59580
Valid N (listwise)	281				

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	26	8.9	9.1	9.1
	Disagree	91	31.3	31.9	41.1
	No Opinion	61	21.0	21.4	62.5
	Agree	91	31.3	31.9	94.4
	Strongly Agree	16	5.5	5.6	100.0
	Total	285	97.9	100.0	
Missing	System	6	2.1		
Total		291	100.0		

**APPENDIX 4: REGRESSION TABLES**

- i. Regression analysis result on the relationship between HPWP and organization performance

Model	Unstandardized		Standardized		T	Sig.
	B	Std. Error	Beta			
(Constant)	1.683	.154			10.903	.000
Selective hiring	.497	.045	.550		11.015	.000
(Constant)	.443	.231			1.913	.057
Selective hiring	.380	.045	.420		8.404	.000
Job Security	.502	.074	.341		6.819	.000
(Constant)	.316	.237			1.333	.183
Selective hiring	.315	.054	.349		5.889	.000
Job Security	.474	.074	.322		6.393	.000
Performance Appraisal	.135	.060	.131		2.237	.026

**ii. Excluded Variables<sup>d</sup>**

					Collinearity	
					Statistics	
Model		Beta In	T	Sig.	Partial Correlation	Tolerance
1	Perf Appraisal	.194 <sup>a</sup>	3.144	.002	.185	.635
	Training & Dev	.122 <sup>a</sup>	2.167	.031	.129	.770
	Employee Partc	.169 <sup>a</sup>	2.661	.008	.157	.602
	Job Security	.341 <sup>a</sup>	6.819	.000	.378	.856
2	Perf Appraisal	.131 <sup>b</sup>	2.237	.026	.133	.617
	Training & Dev	.055 <sup>b</sup>	1.024	.307	.061	.741
	Employee Partc	.110 <sup>b</sup>	1.821	.070	.109	.588
3	Training & Dev	.010 <sup>c</sup>	.171	.864	.010	.628
	Employee Partc	.074 <sup>c</sup>	1.163	.246	.070	.526

a. Predictors in the Model: (Constant), Selective hiring

b. Predictors in the Model: (Constant), Selective hiring, Job Security

c. Predictors in the Model: (Constant), Selective hiring, Job Security, Performance Appraisal

d. Dependent Variable: Organizational Performance

iii. Excluded Variables<sup>d</sup>

Model	Beta	In	T	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1 Perf Appraisal	.194 <sup>a</sup>		3.144	.002	.185	.635
Training & Dev	.122 <sup>a</sup>		2.167	.031	.129	.770
Employee Partc	.169 <sup>a</sup>		2.661	.008	.157	.602
Job Security	.341 <sup>a</sup>		6.819	.000	.378	.856
2 Perf Appraisal	.131 <sup>b</sup>		2.237	.026	.133	.617
Training & Dev	.055 <sup>b</sup>		1.024	.307	.061	.741
Employee Partc	.110 <sup>b</sup>		1.821	.070	.109	.588
3 Training & Dev	.010 <sup>c</sup>		.171	.864	.010	.628
Employee Partc	.074 <sup>c</sup>		1.163	.246	.070	.526

a. Predictors in the Model: (Constant), Selective hiring

b. Predictors in the Model: (Constant), Selective hiring, Job Security

c. Predictors in the Model: (Constant), Selective hiring, Job Security, Performance Appraisal

d. Dependent Variable: Organizational Performance

**iv. Regression table for selective hiring**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.551(a)	.303	.301	.61181

a Predictors: (Constant), Selective hiring

**v. Coefficients (a)**

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.686	.153		11.029	.000
	Selective hiring	.497	.045	.551	11.120	.000

a Dependent Variable: Organizational Performance

**Vi. Regression analysis for performance appraisal**

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.458(a)	.210	.207	.65164

a Predictors: (Constant), Performance Appraisal

**Vii. Coefficients (a)**

Model		Unstandardized		Standardized		T	Sig.
		Coefficients		Coefficients			
		B	Std. Error	Beta			
1	(Constant)	1.822	.179			10.192	.000
	Perf	.471	.054	.458		8.680	.000
	Appraisal						

a Dependent Variable: Organizational Performance

**Viii. Regression analysis table for Training and development**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.360(a)	.130	.127	.68338

a Predictors: (Constant), Training & Dev

**ix. Coefficients (a)**

Model		Unstandardized		Standardized		T	Sig.
		Coefficients		Coefficients			
		B	Std. Error	Beta			
1	(Constant)	2.013	.207			9.711	.000
	Training & Dev	.371	.057	.360		6.501	.000

a Dependent Variable: Organizational Performance

## X. Regression analysis of Job security

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.500(a)	.250	.248	.63467

a Predictors: (Constant), Job Security

## Xi Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.959	.247		3.884	.000
	Job Security	.732	.075	.500	9.738	.000

a Dependent Variable: Organizational Performance

b. Regression analysis for the five variables

Model		Unstandardized		Standardized		t	Sig.
		Coefficients	Std. Error	Coefficients	Beta		
		B					
1	(Constant)	.261	.249			1.049	.295
	Selective hiring	.288	.058	.319		4.931	.000
	Performance	.115	.067	.111		1.715	.088
	Appraisal						
	Training & Dev	-.013	.063	-.012		-.198	.843
	Employee Participati	.082	.070	.078		1.165	.245
	on						
	Job Security	.467	.075	.317		6.215	.000

a Dependent Variable: Organizational Performance



c. Regression analysis for the five variables and the moderating variable

Model	Unstandardized		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	1.686	.155		10.908	.000
Selective hiring	.496	.045	.549	10.957	.000
2 (Constant)	.447	.232		1.926	.055
Selective hiring	.380	.045	.420	8.382	.000
Job Security	.500	.074	.340	6.778	.000
3 (Constant)	.531	.232		2.286	.023
Selective hiring	.361	.046	.399	7.934	.000
Job Security	.458	.075	.311	6.098	.000
Z	.188	.074	.124	2.540	.012

a. Dependent Variable: Organizational Performance

d. Regression analysis for the five variables and the moderating effect on employee participation

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Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.
	B	Std. Error	Beta			
1 (Constant)	1.686	.155			10.908	.000
Selective hiring	.496	.045	.549		10.957	.000
2 (Constant)	.447	.232			1.926	.055
Selective hiring	.380	.045	.420		8.382	.000
Job Security	.500	.074	.340		6.778	.000
3 (Constant)	.626	.237			2.645	.009
Selective hiring	.338	.047	.374		7.206	.000
Job Security	.446	.075	.303		5.943	.000
X <sub>2</sub> Z	.065	.022	.154		3.000	.003

a. Dependent Variable: Organizational Performance

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Model		Beta	In T	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	Perf Appraisal	.195 <sup>a</sup>	3.151	.002	.186	.635
	Training & Dev	.122 <sup>a</sup>	2.162	.031	.129	.771
	Employee Partc	.168 <sup>a</sup>	2.631	.009	.156	.604
	Job Security	.340 <sup>a</sup>	6.778	.000	.377	.858
	Z	.191 <sup>a</sup>	3.775	.000	.221	.934
	X1Z	.205 <sup>a</sup>	3.549	.000	.208	.721
	X2Z	.228 <sup>a</sup>	4.317	.000	.251	.845
	X3Z	.207 <sup>a</sup>	3.930	.000	.229	.861
	X4Z	.227 <sup>a</sup>	4.280	.000	.249	.837
	X5Z	.245 <sup>a</sup>	4.831	.000	.278	.902
2	Perf Appraisal	.132 <sup>b</sup>	2.241	.026	.133	.616
	Training & Dev	.055 <sup>b</sup>	1.024	.307	.061	.742
	Employee Partc	.109 <sup>b</sup>	1.809	.072	.108	.590
	Z	.124 <sup>b</sup>	2.540	.012	.151	.887
	X1Z	.130 <sup>b</sup>	2.327	.021	.138	.686
	X2Z	.154 <sup>b</sup>	3.000	.003	.177	.795
	X3Z	.129 <sup>b</sup>	2.507	.013	.149	.805
	X4Z	.150 <sup>b</sup>	2.897	.004	.172	.784
	X5Z	.137 <sup>b</sup>	2.608	.010	.155	.766
	3	Perf Appraisal	.076 <sup>c</sup>	1.203	.230	.072
Training & Dev		.035 <sup>c</sup>	.647	.518	.039	.729
Employee Partc		.089 <sup>c</sup>	1.493	.137	.089	.582
Z		-.154 <sup>c</sup>	-.976	.330	-.059	.085
X1Z		-.296 <sup>c</sup>	-1.659	.098	-.099	.066
X3Z		-.211 <sup>c</sup>	-1.205	.229	-.072	.068
X4Z		.028 <sup>c</sup>	.172	.863	.010	.079
X5Z		-.117 <sup>c</sup>	-.711	.478	-.043	.077

a. Predictors in the Model: (Constant), Selective hiring

b. Predictors in the Model: (Constant), Selective hiring, Job Security

c. Predictors in the Model: (Constant), Selective hiring, Job Security, X2Z

d. Dependent Variable: Organizational Performance

**APPENDIX 5: ANOVA TABLE FOR THE VARIABLES**

**i. ANOVA<sup>d</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.769	1	45.769	121.332	.000 <sup>a</sup>
	Residual	105.623	280	.377		
	Total	151.392	281			
2	Regression	60.860	2	30.430	93.778	.000 <sup>b</sup>
	Residual	90.532	279	.324		
	Total	151.392	281			
3	Regression	62.460	3	20.820	65.084	.000 <sup>c</sup>
	Residual	88.932	278	.320		
	Total	151.392	281			

a. Predictors: (Constant), Selective hiring

b. Predictors: (Constant), Selective hiring, Job Security

c. Predictors: (Constant), Selective hiring, Job Security, Performance Appraisal

d. Dependent Variable: Organizational Performance

ii ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.381	1	45.381	12	.000 <sup>a</sup>
					0.0	
					62	
	Residual	105.457	279	.378		
	Total	150.839	280			
2	Regression	60.335	2	30.168	92.	.000 <sup>b</sup>
					66	
					6	
	Residual	90.503	278	.326		
	Total	150.839	280			
3	Regression	63.184	3	21.061	66.	.000 <sup>c</sup>
					55	
					7	
	Residual	87.655	277	.316		
	Total	150.839	280			

a. Predictors: (Constant), Selective hiring

b. Predictors: (Constant), Selective hiring, Job Security

c. Predictors: (Constant), Selective hiring, Job Security, X2Z

. Dependent Variable: Organizational Performance

iii ANOVA<sup>d</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.769	1	45.769	121.332	.000 <sup>a</sup>
	Residual	105.623	280	.377		
	Total	151.392	281			
2	Regression	60.860	2	30.430	93.778	.000 <sup>b</sup>
	Residual	90.532	279	.324		
	Total	151.392	281			
3	Regression	62.460	3	20.820	65.084	.000 <sup>c</sup>
	Residual	88.932	278	.320		
	Total	151.392	281			

a. Predictors: (Constant), Selective hiring

b. Predictors: (Constant), Selective hiring, Job Security

c. Predictors: (Constant), Selective hiring, Job Security, Performance Appraisal

: Organizational d. Dependent Variable Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.769	1	45.769	121.332	.000 <sup>a</sup>
	Residual	105.623	280	.377		
	Total	151.392	281			
2	Regression	60.860	2	30.430	93.778	.000 <sup>b</sup>
	Residual	90.532	279	.324		
	Total	151.392	281			
3	Regression	62.460	3	20.820	65.084	.000 <sup>c</sup>
	Residual	88.932	278	.320		
	Total	151.392	281			

a. Predictors: (Constant), Selective hiring

b. Predictors: (Constant), Selective hiring, Job Security

c. Predictors: (Constant), Selective hiring, Job Security, Performance Appraisal.

Dependent Variable: Organizational Performance

## Selective hiring

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.551 <sup>a</sup>	.303	.301	.61181

a. Predictors: (Constant), Selective hiring

### ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	46.287	1	46.287	123.657	.000 <sup>a</sup>
	Residual	106.305	284	.374		
	Total	152.592	285			

a. Predictors: (Constant), Selective hiring

b. Dependent Variable: Organizational Performance

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
		1	(Constant)	1.686	.153	
	Selective hiring	.497	.045	.551	11.120	.000



**Coefficients<sup>a</sup>**

Model		Unstandardized		Standardized		
		Coefficients		Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.686	.153		11.029	.000
	Selective hiring	.497	.045	.551	11.120	.000

a. Dependent Variable: Organizational Performance

**Employee participation****Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.448 <sup>a</sup>	.201	.198	.65775

a. Predictors: (Constant), Employee Participation

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.511	1	30.511	70.524	.000 <sup>a</sup>
	Residual	121.571	281	.433		
	Total	152.082	282			

**ANOVA<sup>b</sup>**

Model		Sum of				
		Squares	Df	Mean Square	F	Sig.
1	Regression	30.511	1	30.511	70.524	.000 <sup>a</sup>
	Residual	121.571	281	.433		
	Total	152.082	282			

a. Predictors: (Constant), Employee Participation

b. Dependent Variable: Organizational Performance

**Coefficients<sup>a</sup>**

Model		Unstandardized		Standardized		
		Coefficients		Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.744	.194		9.004	.000
	Employee Participation	.472	.056	.448	8.398	.000

a. Dependent Variable: Organizational Performance

## Performance appraisal

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.458 <sup>a</sup>	.210	.207	.65164

a. Predictors: (Constant), Performance Appraisal

### ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	31.996	1	31.996	75.351	.000 <sup>a</sup>
	Residual	120.596	284	.425		
	Total	152.592	285			

a. Predictors: (Constant), Performance Appraisal

b. Dependent Variable: Organizational Performance

**Coefficients<sup>a</sup>**

Model		Unstandardized		Standardized		
		Coefficients		Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.822	.179		10.192	.000
	Performance					
	Appraisal	.471	.054	.458	8.680	.000

a. Dependent Variable: Organizational Performance

**Training and development**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.360 <sup>a</sup>	.130	.127	.68338

a. Predictors: (Constant), Training & Development

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.739	1	19.739	42.268	.000 <sup>a</sup>
	Residual	132.162	283	.467		
	Total	151.901	284			

a. Predictors: (Constant), Training & Development

b. Dependent Variable: Organizational Performance

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.013	.207		9.711	.000
	Training & Dev	.371	.057	.360	6.501	.000

a. Dependent Variable: Organizational Performance

**Job security**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.500 <sup>a</sup>	.250	.248	.63467

a. Predictors: (Constant), Job Security

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	38.195	1	38.195	94.822	.000 <sup>a</sup>
	Residual	114.397	284	.403		
	Total	152.592	285			

a. Predictors: (Constant), Job Security

b. Dependent Variable: Organizational Performance

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.959	.247		3.884	.000
	Job Security	.732	.075	.500	9.738	.000

**Coefficients<sup>a</sup>**

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Model		Unstandardized		Standardized		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.959	.247		3.884	.000
	Job Security	.732	.075	.500	9.738	.000

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a. Dependent Variable: Organizational  
Performance

**APPENDIX 6: PARASTATALS ON NSE**

Kenya power and lighting company

Kenya airways

Kengen

Kenya post and Telecommunication Corporation

Kenya ports authority

Kenya Re-insurance

Mumias sugar company

Access Kenya

Uchumi supermarket

National cereals and produce board

Bamburi cement