

**IMPACT OF HUMAN RESOURCE PRACTICES ON  
EMPLOYEE PERFORMANCE: A CASE STUDY OF CAPITAL  
COLOURS CREATIVE DESIGN LIMITED**

**BY**

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**A Research Project Report Submitted to the Chandaria School of  
Business in partial fulfilment of the requirement for the Degree of  
Master of Science in Organizational Development (MOD)**

**SPRING 2018**

## **STUDENT DECLARATION**

I, the undersigned affirm that this is my original work and hasn't been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**Laureen Odendo (I.D. 644327)**

This project report has been submitted for examination with my authorization as the appointed supervisor.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**Dr. Joseph N. Kamau**

Signed; \_\_\_\_\_ Date: \_\_\_\_\_

**Dean Chandaria School of Business**

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In addition, I would like to express thanks to Dr. Joseph Kamau, my friends and classmates for their unlimited support during the entire study of Masters in Organizational Development.

## **DEDICATION**

Thank you my beautiful family for opening my mind to enable me conquer the world.

## ABSTRACT

The purpose of this study was to determine the impact of HR practices on employee performance in a Top 100 mid-sized company located in Nairobi and operating in the graphic design and branding industry. This was based on the lack of statistical work on this topic, inadequate literature on the treatment of arbitration of employee performance too organizational performance and there being little research carried out in the graphic design industry. The study was carried out based on three research questions; i.e. to examine the extent HR practices affect employee performance, how HR relationships influence performance and the effect of HR practices on employees. Relevant literature was examined to build the study and further justify the research questions for this study. Descriptive research design was adopted for this study and the population was 100 employees from Capital Colors Creative Design Ltd in Nairobi. Stratified sampling technique was embraced, with a structured questionnaire for data collection. The questionnaire consisted of the sections that collected information on demographics, effects of non-monetary rewards, the influence of HR relationship on performance and employee performance.

Descriptive analysis utilized frequencies and percentage distribution, while inferential analysis utilized correlations, regression and ANOVA. The findings on the extent to which Human Resource Practices affects employee performance revealed a significant relationship between HR practices and employee performance,  $r(0.772)$ ;  $P \leq 0.05$ . On how human resource relationships influence employee performance, there exists a strong positive relationship between human resource relationships and employee performance,  $r(0.652)$ ;  $P \leq 0.05$ . For the effects of human resource practices on the employees performance there exists a strong positive relationship,  $r(0.810)$ ;  $P \leq 0.05$ . The study concluded statistical significant and recommends that managers at Capital Color Designs Ltd should ensure that policies that guide compensation, performance evaluation, and promotion are fair and just. Equally, training within the organization should be clear with recruitment being done above board. In addition researchers ought to utilize the findings of this study to further empirical studies in the field of human resource.

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## ACRONYMS AND ABBREVIATIONS

HRM:	Human Resource Management
STRUT:	Statistical Rule of Thumb
PE:	Performance Evaluation
HR:	Human Resource

## CHAPTER ONE

### 1.0 INTRODUCTION

#### 1.1 Background of the Study

Operating a successful business involves more than just making money; it also refers to being able to manage the people that make it all possible – the employees. Having a well-defined set of Human Resources Practices in existence enables organization accomplish this task with ease. Practices that are legally and ethically sound will yield greater results in business than attempting to manage personnel in a haphazard fashion. The best human resources practices construct the most effective and efficient method of accomplishing any objective or task for a business. When aligned with the corporation's mission statement and goals, these practices can address many of the personnel concerns that can come up for a business. It is far better when an organization is moving forward towards attaining goals as one unit while collectively working towards a communal goal and having a plan to get there (Taylor, 2014).

HRM is the process of acquiring the right number and type of workers, training, appraising and compensating them, while attending to their labour relations, health and safety. It is proactive and looks at people in economic terms as assets and liabilities to be actively managed. It involves the process of acquisition, development, motivation and maintenance of labour at optimum levels most efficiently and effectively. HR is the most critical resource for the attainment of its vision, mission and goals at various levels. It contributes directly to organizational efficiency and reduces rates of labour turnover. An organization cannot increase its productivity but it is the employees who do so.

Human Resource (HR) is one of the most important components of any organization. The reason for this is because HR is at the core of any organization and the success of the organization is largely dependent on the HR practices that are in place within the organization. The need to recruit and retain staff in the midst of increased competition has forced many organizations to come up with innovative HR functions (Dul & Ceylan, 2011).

Despite the fact that there is adequate literature to support the ideology that single human resource practices are efficient across a large range of contexts, the structural perspective that demonstrates the issues present with HRM practices is questionably the most popular approach with literature

that is relevant in strategic human resource management. According to this school of thought, HRM practices must fit each other and the success of their implementation is achieved in the whole system that holds the practices and their fitness to the internal environment of the organization (Hoyrup, 2010).

The strategic Human resource management research normally describes the relationship of HRM practices and firm performance by utilizing the resource-based view this opinion debates that competitive advantage is attained when resources are treasured, rare, and inimitable. A good example of this type of resource is human capital resources (Wright, 1994). Considerations of the micro and macro literatures approves that the essential workforce characteristics stated in this concept are skill/ability, motivation, and resources which is can be considered as opportunities (Delery & Gupta, 2016).

In modern society it is now regularly accepted that personnel create an important source of competitive advantage for firm (Barney, 1991). As a result, it is imperative that a firm implements HRM practices that make the best use of its employees. The above trend has steered to increase interest in the impact of human resource management on organizational performance and a number of studies have establish a positive relationship between the so called 'high performance work practices' and different measure of organizational performance (Huselid, 1995)

Successful companies are increasingly realizing that there are number of factors that contribute to performance but human resource is evidently the most critical (Mello, 2005) and the impact of human resource practices on organizational performance has emerged as the dominant research issue in the personal/human resource management field (Becker & Gerhart, 1996). Several researchers have highlighted that HRM practices indeed have impact on outcomes such as employee satisfaction, employee commitment, employee retention, and employee presence, social climate between workers and management, personnel involvement, personnel trust and personnel loyalty. An increasing body of work encompasses the argument that the practice of high performance work practices can improve the knowledge, skill and abilities of a firm's employee, increase their motivation, reduce their shirking and heighten retention of quality employee while encouraging non-performance to exit the firm (Jones & Wright, 1992).

In spite of the size and nature of a business, the goings-on it undertakes and the environment in which it operates, an organization's success rests on its employee's decisions and their behavior. To assess the performance of employees in an organization is one of the major drives of employing human resource practices. In the competitive environment of modern era, administrations are persistently improving the performance of their personnel by refining their human resource practices and thus human resource practices are one of the main sources of competitive advantage (Caliskan, 2010)

Human resource management and its practices are critical for business success and without it, there can be no clear vision and thus the opportunities in the organization will be misspent thus a workforce's full potential will remain mournfully untapped (Akbar, 2013). With the dawn of globalization, organizations have ceased to be local and have become global. This has enlarged work force diversity and cultural sensitivity and thus developed global human resource and the preliminary function of global human resource is that the organization carries a local appeal in the hosting country despite maintaining an international feel (Evan & Waite, 2010).

Human resource practices can be defined as a practice that compacts with improving competencies, satisfaction, commitment and culture building (Rao, 1999). The practice can be presented in the form of a system or a process or an activity or a norm. Good Human Resource practices do demonstrate a major difference in the functioning of a company. Good Human Resource practices are those that contribute to the competencies, commitment and culture of the organization and thus they need to be recognized and executed effectively (Rao, 1999). According to (Yeung and Berman, 1997), great HR practices do demonstrate a difference in the working efficiency of the organization. They enhance internal capabilities of a business to handle current or future challenges that may be encountered by the organization. Good H.R. practices also promote the wellbeing of the employees and build their commitment in addition to their motivation. Human Resource practices can also influence the organization positively through stimulating hard work. A system that consists of good HR practices can help in developing a viable and long-lasting capabilities for the organization so as to enable them to manage themselves internally and face external trials.

Currently the forces of globalization, talent constraint and new technology are driving the rapid change to the human resource function. Globally there are three main challenges that face the function of human resource and its future direction. Managing a global and flexible workforce is a challenge that has made retention of key talent and building a workforce in new markets the top priority of HR departments over the last 3 years. The other challenges are balancing the work force and retaining the best talent amongst the solutions that are being practiced is finding ways of engaging with workers and implementation of technology and application of data analysis in mobile platform (KPMG, 2012).

There are few studies that have been carried out in Africa to demonstrate the effectiveness of HRM practices as compared to the western countries but despite this the commonly found human resource practices in organization are recruitment and selection, training and development, performance appraisal, monitoring and evaluation of HR practices, compensation, health and safety issues and welfare services (Okpara, 2008).

In Africa globalization and the knowledge based economy is a common knowledge which is difficult to say with certainty the extent to which the concepts, theories, principles and practices learnt in academic human resource management are valid in the third world or developing countries environment. This is because the concept of the third world country is becoming irrelevant as countries are no longer homogenous and are thus difficult to compare.

It is also essential to note that organizations are not homogeneous because a public enterprise and a government agency will have common features of bureaucratic systems whereas a purely private company will be able to learn faster and adapt to emerging challenges in human resource management. For example Tanzania Breweries Ltd and Price Water house Coopers have adapted very advanced forms of human resource management and have managed to remain intact. Some concepts of human resource management tend to be more theoretical than practical and may only be useful for academic purposes thus not applicable in big competitive organization in countries outside Africa like China, Japan and Australia. Therefore in third world countries the main point of discussion is the way the situation specific factors influence human resource management (Itika, 2011).

The increase in competition has brought the need for innovation in the HR practice. Being innovative is important for the HR department as it helps the organization to come up with measures to retain employees and consequently reduce the costs that are involved with hiring new employees. This innovation has been very instrumental in reducing the turnover rate at different companies and thus allowing the companies to remain focused in addressing their client needs, which is something that has led to overall financial success (Jury, 2016).

In Kenya, HRM is faced with its fair share of challenges that have hindered its success and development. There is a need for these challenges to be tackled so that organization can succeed in the modern day market. The main challenges of implementing HRM in Kenya are limited resources for training, challenges from trade unions, recognition of HRM in contributing to business access and achievement, retrenchment and downsizing, organizational work ethic and limited research in the field of HRM (Caliskan, 2010). In this regard Nyakundi (2006) noted that with the exception of human resource in an organization, all the other resources present are rendered static (Okpara, 2008).

Traditionally, the core functions of the human resource department in Kenya had been hiring and retaining staff. However, these core functions of the human resource were only emphasized in the private sector. This has however changed in recent days as public servants are called upon to be more accountable in service delivery. The changing dynamics of employment terms in the civil service has led many employees to regard public service employment as less lucrative thus leading to a mass exodus of talented staff from the public service. For this to be evaded, the human resource in the various departments should come up with best practices on how to recruit and retain the right staff (Nyakundi, 2006).

## **1.2 Statement of the Problem**

The main objective of HRM is to guarantee organizational success through a competent and motivated labor force. This is conceivable if there are rigorous procedural HRM practices such as selection and recruitment, development and training, performance appraisal, career planning system, employee participation and compensation system. Ulrich (1997) noted that to capitalize on new opportunities, HRM systems might be the focal source but Sett (2004) argues that the

globalization of the South Asian economy has been accompanied by an increasing use of HRM Practices. While research has revealed the relationship and effects of HRM practices on organizational performance, the statistical work has not been carried out and this enables researchers to study the relationship between HRM practices and different financial performance indicators,

On comparing different human resource papers, it is notable that the literature does not divulge much information about the treatment of arbitration of employee performance with organizational performance. This has left a gap in managing employee performance effectively and thus adequate research has to be carried out to enable modern and relevant techniques of implementing human resource practices (Katou, 2008)

The actions performed by human resources teams ought to directly correlate with HR practices. If they don't, the disconnection can demonstrate the concept of being up a creek without a paddle: It is likely to function this way but it is not very effective. Thriving HR departments exist as fine-tuned water craft impelled to harvest and prepare the best catch within their capabilities. That catch – your personnel -- becomes, in turn, the rod that is motivated by HR's activities to bring in business. Human resources practices are strategic in nature and they signify a vital guidance system that coordinates with any organizations executive business plan. HR practices establish the foundation supporting the way an organization's human capital will function on its behalf. From this rationale it is important that research is carried out on the relationship of HRM practices and organizational performance across different industries to enable formulation of accurate and effective management procedures (Reynolds, 2014).

Countries in their growing phase require knowing the contribution of various factors of human resource practices and the intensity of the impact on organizational performance (Singh & Kass, 2005). There is need for research to be carried out to enable management of upcoming organizations personnel. (OECD, 2005).

### **1.3 Purpose of the Study**

The purpose of this research was to explore the impact of human resource practices on employee performance.

## **1.4 Research Questions**

- 1.4.1 To what extent do Human Resource Practices affect employee performance?
- 1.4.2 How do human resource relationships influence employee performance?
- 1.4.3 What are the effects of human resource practices on the employees?

## **1.5 Significance of the Study**

The study aimed to evaluate 3 human resource practices. I.e. Compensation, promotion and performance evaluation. This research was significant because it evaluated the impact of human resource practices in the graphic design and branding industry, which is an industry that does not have a lot of research carried out despite it being lucrative. The study aimed to benefit the following:

### **1.5.1 Researchers**

Various studies have documented HRM dimensions and their relationship with organizational performance with the main focus being laid on perceived magnitude. This study aimed to contribute two fold dimensional aspects; first it is an addition to HRM literature and secondly to practitioners, by providing information about the active HRM practices in different industries and their relationship with perceived performance.

### **1.5.2 Capital Colors Creative Design Limited**

In literature, HRM practices are linked with diverse performance measures and, it is justified that HRM practices are significant activities for an organization. This research was to be helpful for HRM professionals to increase organizational performance by adopting extensively explored and tested HRM practices properly. It aimed to enable employees in graphic design to be managed accordingly being that there are few studied carried out in the graphic design industry.

### **1.5.3 Organization**

HR is a valuable asset and HR satisfaction is of chief priority for most organizations. This research study aimed to address this assumption directly and therefore focused on whether or not the Human Resource Management practices actually make a difference in the performance of both, the

employee as well as organizations. It also aimed to enable the management of capital colors creative design, formulate human resource policies.

## **1.6 Scope of the Study**

This study was carried out in Nairobi and the research interviewed individuals from a Top 100 mid-sized company in Kenya with branches in Nairobi that is, Capital Colors Creative Design Ltd. The research worked with both male and female employees from ages 22 years to 55 years and of all employment levels; i.e. management, skilled, semi-skilled, casual and permanent employees. When carrying out the study, a limitation that came-up was the lack of co-operation from the employees and it was eased by obtaining clearance from relevant administrative center to ensure authenticity of the research. In addition, anonymity was assured through an authorized introduction letter for the participating employees.

## **1.7 Definition of Terms**

### **1.7.1 Human resources Practice**

Human resource practice is defined as the field of human capital management that encompasses the rules, regulations, policies and procedures that guides an organization (Reynolds, 2014).

### **1.7.2 Human Resource Relationships**

Human resource relationships refer to how human relations within organizations develop and enhance organizational functions (OECD, 2005).

### **1.7.3 Human Resources Effects**

Human resources effects are the positive and negative influences that impacts the functions, processes, policies, and procedures of the human resource department (Caliskan, 2010). Equally, Okpara (2008) defines human resource effects as the agents that instigate change processes within human resource functions within an organization.

## **1.8 Chapter Summary**

Human resource practices represent a vital guidance system that coordinates with the organizations executive business plan. This study aims to investigate the impact of these perform practices. It will also consider other factors like, to what extent do the practices impact performance and the implication of the presence or absence of these practices. This chapter provides the ground work for the study that is to be conducted. The chapter has introduced the problem of the study, mentioning the pertinent issues to the study. The chapter also states the problem placing it within the organizational sphere. It describes the research question that the research undertaking will aim to address. The next chapter has presented literature review and chapter three the methodology that was implemented. The following chapter describes the results and findings of the research, while the last chapter offers the discussions, decisions, and recommendations of the paper.

## **CHAPTER TWO**

### **2.0 LITERATURE REVIEW**

#### **2.1 Introduction**

Chapter two discusses literature that is interrelated to human resource practices and their impact on employee perceived performance plus their effects on the performance of employees. The literature includes research on employee perceived performance in pharmaceutical sector, banking and psychiatry. It also reviews literature on employee and organizational performance.

#### **2.2 Human Resource Practices and Employee Performance**

HRM practices are a system that attracts, develops, motivates and retains employees to ensure the effective implementation and survival of the organization and its employees (Schuler & Jackson, 1994). According to Minbeaeva (2005) there exists a significant relationship between HR practices and employee performance. The main components that added significantly to the relationship includes formalized practices, formal policies and philosophies that are designed to ensure effective functioning and survival of the organization. Wright et. al. (1994) indicates human resource practices as the means through which firms can increase the skills of their workforce and provide incentive for the employees to contribute thus they are a valuable asset to an organization.

The value of the human resource practices elicits sharply contradictory views within organizations though in today's competitive global market, the "war for talent" is understood to be crucial to every business despite the role of human resource being dismissed as non-essential or ineffective (KPMG,2012). HRM functions and practices are the infrastructure elements of strategic HRM process and Organizations should strategically utilize their infrastructure to gain competitive advantage in today's market. (MacMillan & Schuler, 1984). consequently organizations have turned to the perspective of creating competitive advantage which based on the resource based view by Barney(1991) explains that the creation of competitive advantage depends on the prerequisite that may be closely related to the HRM area, since resources must be valuable and rare to the organization.

HRM practices also relate to specific practices, formal policies and philosophies that are designed to attract, develop, motivate and retain employees who ensure the effective functioning and

survival of the organization (Cheng & Nasurdin, 2011). According to Chenevert and Tremblay (2009) HRM policies and practices vary among organization and are therefore aligned with the main business strategy with the aim of achieving organizational objectives. These objectives are diverse and vary from one organization to another but generally across the board they would include: Profitability, Growth and expansion, survival for the organization, satisfying, increased market share and market leader among others. The types of human resources practices are reviewed as follows:

## **2.2.1 Types of Human Resource Practices**

### **2.2.1.1 Compensation**

Holt (1993) defines compensation as an output and the benefit that employees receive in the form of pay, wages and also same rewards like monetary exchange for the employee's to increase the performance. It also refer to all the rewards given to workers for their service which play a useful role in the relationship between an employer and employee (Oluigbo & Imo, 2014). There are two forms of compensation that are usually provided to employees; namely, direct forms which includes salaries, commissions, bonuses and hourly payments. The other form of compensation is indirect forms which include benefits and equity based programs (David, 2013).

Compensation can be linked to business structure and employee recruitment, retention, motivation, performance, feedback and satisfaction and are typically is among the first for things potential employees consider when looking for employment. (Raymond & Massey, 1992). It is noted that compensation reduces high industrial labor turn-over and helps maintain good relationship while retaining the service of workers which proves that it has a significant impact on employee performance (Oluigbo & Imo, 2014).

### **2.2.1.2 Performance evaluation**

Human resource purists point out the numerous distinctions between performance appraisal and performance evaluation, but in practice, these two are used interchangeably because both refer to a process by which an employer reviews how well an employee performs and determines the rewards. In strict terms, however, an evaluation generally preceded an appraisal (Ogunjimi, 2015). Performance evaluation is the formal determination of an individual's job related actions and their

outcomes within a particular position (Business, 2015). While Performance appraisal is a structured and formal interaction between a subordinate and supervisor, that usually take the form of a periodic interview, in which the work performance of the subordinate is examined and discussed for improvement and skills development( Alvi, Surani & Hirani, 2013).

Performance evaluations are designed to identify accomplishments, performance issues and constraints in implementation of project which enables decision making on which activities can continue, be modified or be enhanced. (USAID/PPL, 2011). Thus performance evaluation is significant in helping an organization achieve its objectives (Alvi, Surani & Hirani, 2013). Generally there are two problems of P.E. which cause complications. One of the problems is that the process can have detrimental effects on the organization if it is not utilized appropriately. The other problem is that it can be ineffective if the P.E. system does not correspond with the organizational culture and system (Schraeder & Portis, 2007).

### **2.2.1.3 Promotion**

Heathfield (2014) describes Promotion as the advancement of an employee from one job position to another that has a higher salary range, higher level job title and more and higher level job responsibility. Macey et al., (2014) indicates that the main purpose of promotion is to put employees in a position where they will be of greater value to the company. Promotion also aids to develop competitive spirit and zeal in the employee and promotes self-development. In the corporate sector, promotions don't make much difference as that in the government sector. In government it's the ultimate desire of an employee and is the only way for the employee's career development. despite this variation every organization should make advance plans for promotion which should consist of a carefully planned programme that is implemented on the basis of seniority, merit or a combination of both (Elnaga & Imran, 2013).

The opposite of promotion is demotion which according to Yorder (2009) refers to the lowering down of the status, salary and responsibility of an employee. Demotion can result from inadequacy of the employee, change in technology, method and practices which old hands are unable to adjust or it can result as a consequence of disciplinary action against an errant employee. Human resource practices are significantly different from HR functions. According to Mayhew (2015) HR functions are defined as composition of transactional activities that can be handled in house or

easily outsourced. In this regard he noted that the extent to which HR functions are handled is dependent on the organizations expertise, size of the workforce and the budget that has been allocated to the department. Types of human resource functions are reviewed as follows:

## **2.2.2 Types of Human Resource Functions**

### **2.2.2.1 Recruitment**

Mondy (2008) defines recruitment as the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualification, to apply for jobs with an organization. A study conducted in Uganda by Nanyombi (2013) indicated that recruitment and selection are critical components of an organization that determines how an organization performs. Further, she indicated that organizations that had recruited competent employees' had a higher rate of organizational performance compared to those that did not. This means that there exists a relationship between organizational recruitment and performance. Organizational performance is not an enclave on itself; however, organizational performance is an aggregation of employee performance in realizing organizational objectives. Thus, to enhance employee performance, Mayhew (2015) argues that organizations have to ensure that their recruitment processes are up to the market standards.

### **2.2.2.2 Training and Development**

This is a HR function concerned with organizational activity aimed at bettering the performance of employees and groups in an organization (Harrison, 2005). Javed (2014) investigated on the impact of training and development on employee performance in South Africa top 100 mid-size companies, and found that there existed a positive relationship between training and development and employee performance. Further, the study also found that organizations that had established a robust training and development program for employees' posted better overall organizational performance than those organizations that had sporadic training, or no training and development programs at all.

Neuman and Cunningham (2008) argues that training equips employees with necessary skills that are vital to implementation of their work functions. If employees are inadequately prepared to handle the dynamic changing work environment, then, their productivity level suffers. In addition, training and development ensures that employees have the capability to handle any pressures and

challenges they may encounter in the course of their work. Successful organizations have tied employee training and development to employee performance evaluations (Elnaga & Imran, 2013). This is to ensure that every employee has a chance to enhance their performance through training in every given evaluation period. To this, Macey et al., (2014) agrees, and further highlights that the ever changing business environment in terms of technology, customer needs, and production processes do place a demand on employers to ensure that their employees are adequately versed in factors that will enhance not only their performance, but that of the organization as well.

### **2.2.2.3 Professional Development**

Professional development encompasses facilitated learning opportunities in professional fields, which includes, legal certification, marketing certification, accounting certifications, educational body certification among others (Speck & Knipe, 2005). Professional development is usually a training process, designed and facilitated by a body of professionals in a given field for its members. Most often, the professional body designs trainings where members must do specified courses to be licensed to practice, or must do certain courses periodically as a way of earning points, that determines their operational experience, efficiency, and relevance (Macey *et al.*, 2014). To enhance employee performance, these professional bodies ensure that their training curriculum and courses are up to date with market needs. Therefore, organizations that seek to enhance their employee performance should ensure that their employees are either registered with professional bodies, certified with professional bodies, or annually are evaluated with professional bodies (Speck & Knipe, 2005).

It is the prerogative of organizations to not only motivate their employees to join these bodies, but also to facilitate their employees' engagement in these professional bodies by paying registration fees, annual membership fees, licensing and certification fees among others (Speck & Knipe, 2005). Neuman and Cunningham (2008) argue that there is a statistically significant relationship between employees' performance, and professional development. Equally, Kimanzi & Gachunga (2013) contend that professional development is relevant and significant since it provides mechanisms for enhancing employee performance, and also a mechanism for ensuring constant evaluation of employees' professionalism is done and certified.

#### **2.2.2.4 Benefits**

Benefits refer indirect and non-cash compensation paid to an employee which may be mandated by law and vary from one organization to another (Business, 2014). Kimanzi and Gachunga (2013) established in their study that the provision of benefits requires a huge investment in the financial, physical and human resource hence communication to employees about the benefits played a big role in the success of a benefits programme.

#### **2.2.2.5 Legal compliance**

Legal compliance is a procedure that ensures that an organization follows relevant laws, regulations and business rules (Bauer & Christopher, 2004). According to Compliance Essentials (2014), legal compliance protects employees and organizations from unnecessary litigation risks, foreseen or unforeseen. Compliance therefore enhances both employees' and organizational reputation with its clients, and suppliers. It is therefore important that organizations use compliance as a standard operandi for enhancing employee performance. This can be done in terms of quality of service rendered. Standard expectations of employee's etiquette when dealing with clients, or their fellow employees. This level of compliance conditions employees' on expectations and performance requirements of their work, and through practice, employees gain efficiency in performance (Bauer, 2004).

### **2.3 Relationship between Employee Performance and Human Resource Practices**

There are numerous ways in which corporations can gain competitive edge or a lasting and sustained advantage over their competitors, among them is the development of comprehensive human resource practices (Narsimha, 2000). Enhancing organizational relationships advances organizational objectives for team work, cohesion and integration that enhance both employee and organizational performance (Cascio & Bailey, 1995). Some of these relationships include: relationship between organizational justice and employee performance, employee manager relationships, and employee work engagement as discussed in literature in the following sections:

#### **2.3.1 Organizational Justice**

Clothier and Spriegel (2012) define organizational justice as the perceptions of fairness that employees perceive within an organizational setting. Organizational justice contributes significantly in relationships that employees perceive at work, and how they react towards this perceptions, and the resultant impact of their work performance. According to has been widely accepted that organizational justice contributes to employee performance. According to Akbar (2013) and Tahir (2010), argues that when employees perceive that there are not treated with equity at work, they alter their quality and quantity of work as a way of restoring justice for themselves.

Interestingly, empirical studies conducted by Bashir and Khattak (2008) and Raja (2011) found that employees decrease their performance at work by reducing work input when they are underpaid, and increase work performance by increasing work input when they are overpaid. The study by Raja (2011) indicated a significant relationship between employee performance and organizational justice and hence concluded that organizations should not only enhance employee's relations with perceived justice, but actual justice in terms of equity in work and payments.

According to Verbeeten (2008), there are three forms of organizational justice that informs employees' relationship with work performance. This consists of distributive justice, interactional justice and procedural justice. Distributive justice in an organizational setting refers to outcomes and performance that is consistent with implicit allocation and distribution of equity or equality at work (Raja, 2011). Procedural justice on the other hand refers to employees' actual or perceived voice, or involvement decision making process that influences the outcome of their work (Clothier & Spriegel, 2012). Stated differently, procedural justice means that there has to be a relationship or perceived relationship particularly in fairness in the procedures that are utilized in decision at work. Finally, interactional justice in organizational setting refers to the perceived fairness and relationship in interpersonal treatment between employees, and those making decisions the on how performance outcomes will be arrived at. This type of organizational justice reflects and determines the degree to which people feel valued, celebrated or tolerated, which in turn influences employees' commitment to enhancing performance or reducing their performance.

In another study conducted by Wang, Liao, Xia and Chang (2010) in China revealed the existence of a significant relationship between organizational justice and employee performance, particularly task performance. Equally, the study found out that procedural justice had a significant and positive relationship with employee performance. In another study conducted by Nasurdin and

Khuan, (2007) all organizational forms of justice, that is, procedural justice, distributive justice, and interactional justice revealed significant positive relationship with employees' task and contextual performance, with distributive justice having the highest ranking of  $r(0.642)$ ;  $p \leq 0.05$ ). The study recommended that organizations that seek to enhance employee performance should analyze their internal policies and procedures to ensure that procedural justice, distributive justice, and interactional justice are structured in a way that enhances employee commitment and performance.

### **2.3.2 Employee and Managers Relations**

Good manager-employee relations are an important ingredient and motivator to employee's performance (Clothier & Spriegel, 2012). To enhance employee performance, Speck and Knipe (2005) argues that organizations have to develop and maintain good and desirable relations between employees and managers. Further, he contends that there exists a positive relationship between manager-employee relations and employee performance. This is further collaborated a study conducted in USA by Macey *et al.*, (2014) that revealed that employees' positive perception towards their managers enhanced their relationship increased their performance by 12%, while in cases where employees indicated that actual relation with managers existed, performance had increased by 27%. This means that managers have to put concerted efforts in developing good working relations with employees, as a catalyst to performance.

Kimanzi, *et al.*, (2013) argue that managers can enhance employee relationships by enhancing their utilization of emotional intelligence when dealing with employees. Emotional intelligence is the ability to know or understand the appropriate time to engage employees in a dialogue concerning their performance, ability to exercise restraint when need be, ability to read employees moods, ability to understand what makes employees happy, and finally ability to even empathize (Clothier & Spriegel, 2012). Managers who possess this ability usually develop good relationships with their employees, and as a result, are able to positively influence and mentor employees into better performance. Equally, Akbar (2013) notes that employee manager relationship is significant in that managers easily become role models of performance that employees can emulate.

However, Macey *et al.*, (2014) disputes Akbar (2013) assertion that managers are significant role models for employee performance. To this they argue that it is not always the case that managers

are good performers themselves. For instance, in cases, where managers have a known bad track record of performance, or are *laisse faire* kind of managers, it is difficult to draw conclusions that this kind of managers can have a performance record that employees can emulate. Therefore, managers influence as role models can only be extrapolated in the context when, one, the managers are good performers, and two, they are transformative influences who will precipitate followership. This notwithstanding, Kimanzi *et al.*, (2013) argues that employee manager can have influence in cultures with low power avoidance. In these cultures, authority between employees and managers is evenly distributed, and thus, employees do not perceive themselves as outsiders working for insiders (managers)

Organizations with high power distance between employees and managers are those of the boss, and subordinate relationship (Tahir, 2010). Simply put organizations with internal culture that accept a higher degree of unequally distribution of power is a high power organization. As such, Clothier and Spriegel (2012) posits that relationship between bosses and subordinates in this organizations is one of dependence. Employees do not have autonomy to make decision, or carry out express assignments without hierarchies of authorizations. As a result, Wang *et al.*, (2010) submits that employees in high power distance cultures do not have room for creativity and innovation, which eventually impacts their work performance negatively. When employees are treated like working robots for too long, they usually get conditioned to this state, and lose their ability to independent critical thinking necessary for problem solving at work (Macey *et al.*, (2014). Managers in these organizations make all difficult decisions, while employees simply comply, and follow orders. Akbar (2013) and Tahir (2010) argue that in the modern globalized world, high power organizational relationships with employees are absolute since they do not advance or enhance employee holistic development, and stifles employees chances of competing in other competitive markets that allows innovation and creativity.

### **2.3.3 Work Engagement**

Wang *et al.*, (2010) defines work engagement as the ability to commit employees to meaningful work that satisfies their contribution to the organization, In today world, employee and HR relationships is a much broader concept that just assigning work and roles, and supervising employees to ensure they have performed their dues (Macey *et al.*, (2014). Equally, Akbar (2013) argues that work engagement involves maintaining a work environment to the standards that

satisfies the needs of employees. Further, he notes that conducive work environment enhances employee work engagement, which in turn enhances performance. Reynolds (2014) posits that adequate work engagement enhances employee morale which is a critical component for employee performance.

Similarly, Wang *et al.*, (2010) highlights that to engage employee and enhance their performance, it is essential that human resource departments in organizations develop work designs and structures that promotes work productivity. A job structure that provides employee's the pride to effectively contributing in decision making at work enhances motivation that enhances performance (Macey *et al.*, 2014). To this end, Reynolds (2014) argues that work engagement satisfies not only employee's performance, but also organizational growth and competitive advantage.

Equally Neuman and Cunningham (2008) posits that work engagement should encompass key decision making capabilities, and not just having employee comply on decision that have been pushed down by managers. Employees take pride in their work when they feel they were adequately involved in decision making. Wang *et al.*, (2010) argues that there exists a significant relationship between employee performance and work engagement, however, the level or relationship is not provided by their study, making it difficult to determine whether this relationship is strong or weak.

## **2.4 Effects of Human Resource Practices on Employee Performance**

According to Bharadwaj (2000), a crucial means to achieving organizational success is viewed in the implementation of human resource practices. Researchers have indicated that HRM practices support the development of employee's capability and motivate employees to align their actions with organizational goals. In addition, Boudreu and Ramatad (2010) argues that employees form general perceptions about the institution and the attitudes of the organization toward them from the present policies which shape the climate of the organization and in turn affect employees' contributions which as a result affects performance. This was also confirmed by Tanvee (2011)

who comprehensively evaluated the impact and links between human resource practices and employees performance and concluded that there is a significant relationship between Human Resource Management practices and employees performance. Guest (2011) also affirmed that there is a growing body of evidence supporting an association between what are termed high performance or high commitment human resource management (HRM) practices and various measures of organizational performance. Effects of HR practices on employee performance are reviewed as follows:

#### **2.4.1 Productivity**

Productivity refers to a measure of employees' efficiency in realizing organizational performance objectives (Guest, 2011). Human resource practices exert enormous influence on the nature of job structures, performance objectives, and rewards, which in turn determines employees' productivity. Casey (1995) established that productivity is affected positively by HRM practices. In his paper, he explained that firms considered the adoption of new work practices to improve productivity. Further, this paper provided empirical evidence to support the conclusion that the adoption of a coherent system, new work practices, including work teams, flexible job assignments, employment security, training in multiple jobs, and extensive reliance on incentive pay, produces substantially higher levels of productivity than those that do more 'traditional' approaches involving narrow job definitions, strict work rules, and hourly pay with close supervision. In contrast, adopting individual work practice innovations in isolation had no effect on productivity.

A study conducted by Wang *et al.*, (2010) in China revealed the existence of a significant relationship human resource practices in organizations and employee work productivity. The most prominent issues that had the highest ranking as significantly contributing to employee productivity included team works,  $r(0.872)$ , followed by job rotation practice,  $r(0.842)$  and finally flexible job assignments,  $r(0.810)$ . These findings indicates a significant relationship exists between human resource practices and employee work productivity. Therefore, as earlier suggested by Guest (2011), since there is a growing body of evidence supporting the existence of a significant relationship between human resource practices and productivity, it is important that organization invest adequate resources in competitive human resource practices that will not only advance productivity, but motivate employees as well.

## **2.4.2 Growth**

Clothier and Spriegel (2012) defines organization growth as a state in which an organization progresses from one level to another level based on set performance objectives. Growth can also be expressed in form of profitability, increase in human capital, increase in organizational assets, or even increase in organizational shares held privately or on the stock market. Macey *et al.*, (2014) on the other hand indicates that most organizations globally use organization profitability to measure growth. Therefore to measure whether human resource practices are having an impact on growth of the organization, one needs to look at the overall organizational performance. In order to look at organizational performance, one will have to look at employee individual and collective performance. Human resource practices make it possible for employees to have a conducive atmosphere where they can exercise their roles and responsibilities (Neuman & Cunningham, 2008).

Reynolds (2014) notes that in as much as organizational growth is usually measured in profitability, changing business dynamic make it difficult to use profitability as the only quantifiable measure of growth. Different aspects of human resources change over time and the changes affects employee performance differently. For instance, a study conducted Akbar (2013) indicated that organizational support for human resource on competitive compensation enhances organizational growth in sales. This was explained by the fact that well compensated employees are highly motivated and strive to reciprocate competitive compensation with good performance. Good performance determines organizational performance. Equally, Vlachos (2009) assessed the extent to which, specific HR practices contribute to firm growth. In his study, human resources practices on effective recruitment, selecting, training, and rewarding employees significantly impacts organizational performance and growth prospects. Additionally, providing employees and organizational teams the ability to decision making, and autonomy to do their work in a flexible manner, significantly enhances performance and organizational growth (Tanvee, 2011).

## **2.4.3 Attitude and Behavior**

In most organization, attitude and behavior of employees and even managers can influence both employee and organizational performance (Akbar, 2013). Managers' in organizations have the ability to influence the behavior and attitude of employees in a positive way that enhances their

ability to good work performance (Vlachos, 2009). Equally, Reynolds (2014) notes that managers' attitudes and behavior can also affect and influence employees in a negative manner, and thus, impact employees performance negatively.

Macey *et al.*, (2014) argues that there exists a positive relationship between employees' attitude and behavior and organizational performance. Human resources practices necessitates and provides the foundation upon which employee exercise their attitudes and behaviors. For if it is an organizational culture for employees to come to work late and leave early, this negatively effects employee performance. However, in the same scenario, if organizational human resource practices on employee reporting times, lunch breaks, closing times and unit of production are clearly stipulated, this influences employee performance positively.

A study conducted by Clothier and Spriegel (2012) on impact of attitude and behavior on employee performance indicated a positive relationship. Attitude influences how an employee reacts in a team. Whether he/she is going to be a team player or not. Additionally, employees' behavior can compound a team performance if the employee has or exhibits behavior that is disruptive to other employees' performance. In this regard, human resource practices become handy in navigating employees' to acceptable behaviors and attitude. For instance, Macey *et al.*, (2014) argues that human resource policies and procedures help in structuring employees behavior, attitudes, the dos' and don'ts'. In organizations where thess human resources practices are well documented and structured, employee behavior and attitudes are usually contained to behaviors and attitudes that advance organizational performance objectives (Clothier & Spriegel, 2012).

Macey *et al.*, (2014) notes that it is the responsibility of human resource managers within organizations. It is important that human resource managers understand how to balance the needs or organizational performance, and the impact and influence of human resource practices on employee performance. One of the ways that human resource managers can use human resource practices to influence employee attitudes and behaviors is by tying them to their performance evaluation. This means that employees evaluation score is not only based on actual work performance, but how their attitude and behavior influenced other employees positively and negatively, and the resultant impact on other employees work and behavior (Mayhew, 2015). Therefore, human resource practices can enhance or deter individual employees' behavior or

attitudes through prescribed measures as spelt in operations manuals and employees hand books (Tanvee, 2011).

#### **2.4.4 Commitment**

Wang *et al.*, (2010) defines commitment as the ability for an employee to exercise discretion to stick with any employer over a foreseeable long period of time based on either specified or unspecified reasons. Reynolds (2014) argues that in most organizations, employees do commit psychologically to their employers based on perceived treatment, actual treatment, or based on tangible or intangible benefits they get from the employer. Neuman and Cunningham (2008), Most employees who commit to an organizations for a long period of time usually learn comprehensively, the internal operations of the organization, both in systems and processes, and thus are in a position to enhance their performance and organizational performance. This is explained by the fact that committed employees do understand what works and what doesn't work within the organization, have developed relationships, partnerships and teamwork's that enables for work to get done effortlessly compared to employees with short term tenures at work. According to Wright (2003), employees who are committed to their organizations are expected to show more productive behavior, are more knowledgeable, compared to employees that don't commit to an organization for long periods of time. Tanvee (2011) argues that there exists a relationship between employee commitment and employee performance.

However, this assertion is disputed by Akbar (2013), who argues that employee performance is not contingent on the number of years an employee commits to an organization, but rather, how well an employee is skilled and versed in organizational operational processes that yield desired performance objectives. Nonetheless, Reynolds (2014) argues that since the cost of employee turnover are high to organizational operations and performance, it is important that organization establish human resource practices that enhance employee commitment. This can be done in form of enhancing employee benefits by making the benefits more lucrative based on longevity, tying specific benefits to employees who met a given criteria in number of years stayed with the organization. For instance, benefits of paying full employees children school fees for employees with five years and above with the organization, or fully paid for vacation to employees who have fulfilled a predetermined minimum number of years with the organization (Guest, 2011).

## **2.5 Chapter Summary**

The queries of this paper informed the assessment of literature for this chapter. Research question one on the extent to which Human Resource Practices affect employee performance was presented first followed by research question two, on the extent to which Human Resource Relationships influence employee performance, and finally research question three on the effects of human resource practices on the employees. The methodology that was adopted for this work is expounded in the next chapter which is chapter three.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This refers to the procedures that are used in research operations. This includes methods concerned with collection of data, statistical techniques used to establish relationship between the data and the unknowns, and accuracy of the methods used to evaluate the accuracy of the results obtained (Kothari & Garg, 2014). For this research, chapter three expounds on the research and sampling design, data collection and data analysis method applied for this body of work.

#### **3.2 Research Design**

Research design refers to the blue ‘print’ of the study which outlines how an investigation will take place. It illustrates how data is collected, the instruments used for collection and the means for analysis of the collected data (Neuman, 2006). Literature states that quantitative approach is more appropriate than qualitative technique. Quantitative approach is used to develop hypothesis based on variables to empirically investigate the statement through statistical technique (Neuman, 2006). This study utilized the quantitative approach which was used to develop the hypothesis of the study based on variables that enable empirical investigation of the statement through statistical techniques. The study also utilized non-probability sampling in which the sample selection was not based on random methods. In addition, this research utilizes purposive sampling as the method to aid in selection of the sample from the target population of Capital colors creative design.

#### **3.3 Population and Sampling Design**

##### **3.3.1 Population**

The population is the entire pool from which a statistical sample is drawn and the information obtained allows statisticians to develop hypotheses about the larger population (Cox & Hassard, 2010). This research was carried out in one organization, that is, Capital colors creative design which is a top 100 mid-sized company in Kenya Located in Nairobi. It is a graphic design company that specializes in interiors, Exhibitions, promotional materials, branding and signage. The

organization has three branches in Nairobi and it has vast clientele from Kenya and the whole of Africa. It has 100 employees from different counties in Kenya and with vast academic specializations, distributed appropriately in the three branches. The branches consist of a head office, a go-down and a sub-branch of the head office. The company employees include skilled personnel, semi-skilled and casuals.

**Table 3.1: Population Dispersal**

<b>DEPARTMENT</b>	<b>EMPLOYEES</b>	<b>PERCENTILE</b>
Senior Managers	6	6%
Mid-Level Managers	12	12%
General Employees	82	82%
<b>TOTAL</b>	<b>100</b>	<b>100%</b>

### **3.3.2 Sampling Design**

According to Cox and Hassard (2010) sampling design is defines as blueprint that guides how subjects within a population are picked for the study. This blueprint encompasses the sampling frame, the sampling technique and sample size that was employed in this research.

#### **3.3.2.1 Sampling frame**

Cox and Hassard (2010) describes it as a source material from which a sample is obtained. It comprises of a numerical identifier that represents an individual, and the identifying information about the features of that individual; which allows one to analyze and sub-divide the sample into smaller frames for further in-depth analysis. For this body of work the sample frame was received from the human resources office of Capital Colors Creative Design Limited Nairobi.

### 3.3.2.2 Sampling Technique

This is defined as the methodology that is used in obtaining samples from a population in a manner that will enable the selected sample to decide a stated hypothesis in respects to the population as Cooper and Schindler (2013) explains it. For this project, stratified and simple random sampling was used as the technique. Stratified sampling is best used when population of a study is not homogeneous (Oliver, 2013). The study opted to use stratified sampling since various categories of employees were grouped into their own strata's from where simple random sampling was employed to ensure that each employee had an equal chance of being sampled.

### 3.3.2.3 Sample Size

A sample is defined as the segment of the population that is selected for investigation (Bryman, 2008). For this study the sample size was 80 respondents which was an 80% representation of the target population. The sample size was obtained using the Krejcie and Morgan formula as follows:

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

Whereby:-

$n$  = sample size

$N$  = total population

1 = Constant

$e^2$  = estimated standard error equal to 5% for 95% confidence level

The sample size distribution was determines as follows:

Senior Managers  $n = \frac{6}{1+6(0.05^2)} = 3$

Middle level Managers  $n = \frac{12}{1+14(0.05^2)} = 7$

General Employees       $n = \frac{82}{1+80(0.05^2)} = 70$

The sample size dispersal is indicated in Table 3.2.

**Table 3.2: Sample Size Dispersal**

DEPARTMENT	Population	Percentage (%)	Sample Size
Senior Managers	6	50%	3
Mid-Level Managers	12	56%	4
General Employees	82	85%	70
TOTAL	100		80

### 3.4 Data Collection Method

This is a procedure that involves the assembling of facts which are given to the investigator from the research environs (Cooper & Schindler, 2000). Primary data for the research was collected through the use of self-administered questionnaires consisting of a 5 point Likert scale that comprise of both closed and open ended questions. Respondents were required to respond to questions developed from the three research questions which provided substantial data for analysis to derive conclusions. The questionnaire consisted of the sections that collected information on demographics, questions on effects of non-monetary rewards, questions on the influence of HR relationship on performance and questions on employee performance.

### 3.5 Research Procedures

These are the processes that are followed in the process of carrying out the research project (Bryman & Bell, 2003). The first step will be the preparation of the research proposal followed by the determination of the representative sample. On accomplishing this, an estimation of the budget

of costs to be incurred will then be prepared. The data collection instrument was the next item to be developed followed by a pilot exercise conducted to evaluate its effectiveness. The evaluation of the pilot exercise gave leeway to data collection from the target population which was carried out using questionnaires. For confidentiality purposes all questionnaires was given an identification number so that the identities of the actual respondents were protected.

The data collection was followed by analysis and interpretation of the collected data. The final step was the drawing of conclusions and making of recommendations coupled with presentation of the findings for implementation to the company. According to Phelan and Wren reliability refers to the degree to which an assessment tool produces stable and consistent results. For this study the test-retest reliability type was used. This is a type of reliability obtained by administering the same test twice which in turn proves the stability of the test. Validity refers to how well a test measures what it is purported to measure. The type that was used is face validity which ascertain that the measure appears to be assessing the intended construct under study (Phelan & Wren, 2006). For this study the reliability and validity was confirmed through the pilot study that was carried out in a similar graphic design company.

### **3.6 Data Analysis Methods**

Data analysis is a procedure that involves reducing accumulated data to a manageable size, developing summaries, observing patterns and application of statistical techniques (Cooper & Schindler, 2000). For this study final analysis of data was conducted with the help of Statistical Package for Social Science (SPSS). The main descriptive statistics that was used for this study is the measures of central tendency and measures of dispersion. Inferential statistics includes the estimation of population values and the testing of statistical hypotheses and draw conclusions from data collected for the research. The inferential statistics tests that were used for this paper are correlation and linear regression analysis.

### **3.7 Chapter Summary**

Research methodology shapes the whole research process, data collection, analysis and inference. Further, data was cleansed in order to identify and eliminate errors like missing of data, inconsistent data and also out of range data errors. Thereafter, data was coded into numerical categories and finally the actual data entry was carried out. Finally, analysis of data was carried out and inferences drawn on the population from the sample.

## **CHAPTER FOUR**

### **4.0 RESULTS AND FINDINGS**

#### **4.1 Introduction**

Chapter four illustrates the results and findings of this body of work as influenced by the questions of the paper. The findings for the first research question are presented first, followed by the findings for research question two, and finally the findings for research question three, then findings of second research question, and finally the findings on the third research question. The results for this work of research are presented in form of figures and tables.

##### **4.1.1 Response Rate**

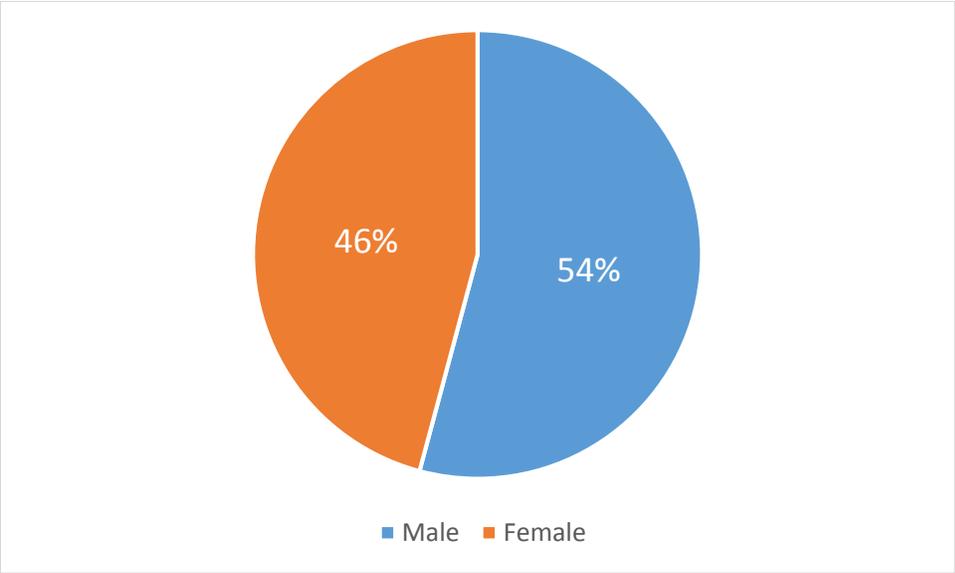
The response rate for this study was 90%. Out of the 80 questionnaires distributed, 72 were returned completely filled, while eight questionnaires were not returned.

#### **4.2 Demographic Data**

The demographic data for this project included gender, age, marital status, education level, employment in number of years at Capital Colours Creative Design Ltd. Demographic findings are presented below:

##### **4.2.1 Respondents Gender**

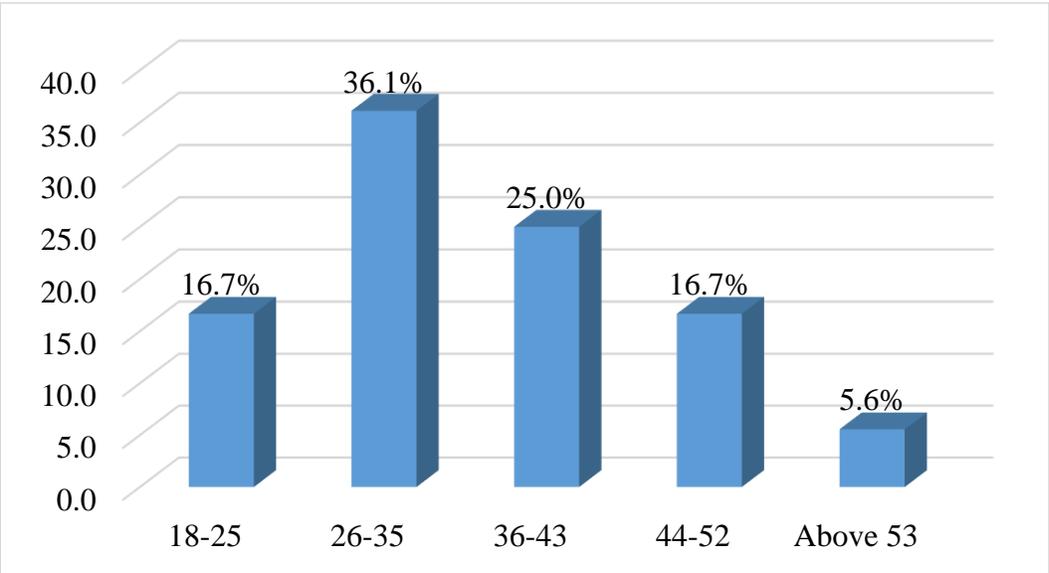
The gender outcomes on respondents are presented in figure 4.1. According to the research, male respondents were the majority (54%) while female respondents were 46%.



**Figure 4.1: Respondent Gender**

**4.2.2 Respondents Age**

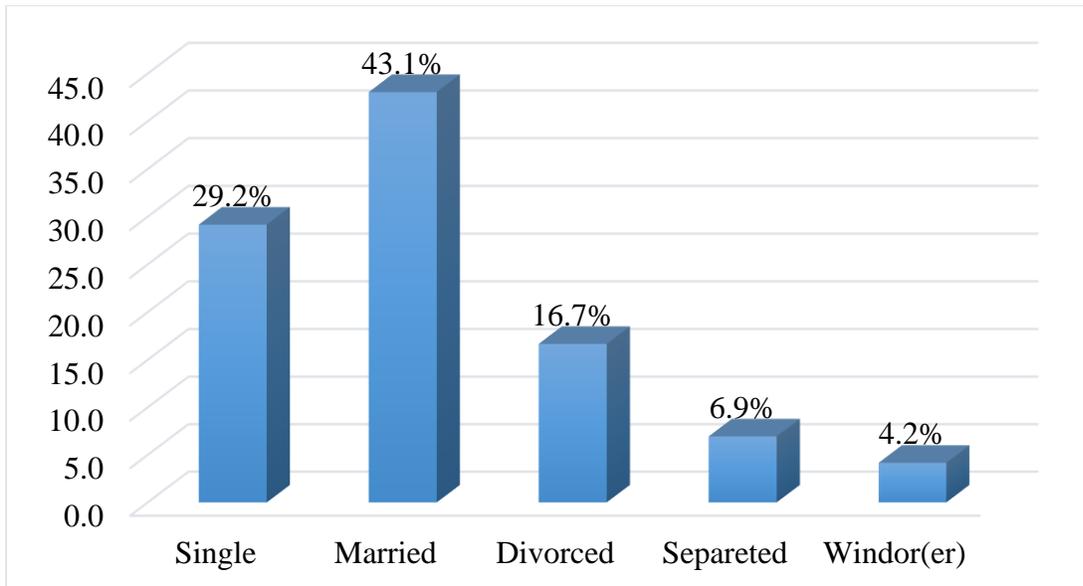
The discoveries of this project on age of respondents are indicated in Figure 4.2. Majority (36.1%) of the employees were aged between 26 to 35 years, followed by employees aged 36-43 years who were 25%; respondents aged 44 to 52 were about 17% same as those aged 18 to 25 years, while respondents aged above 53 years were about six (5.6%) percent.



**Figure 4.2: Respondents Age**

### 4.2.3 Respondents Marital Status

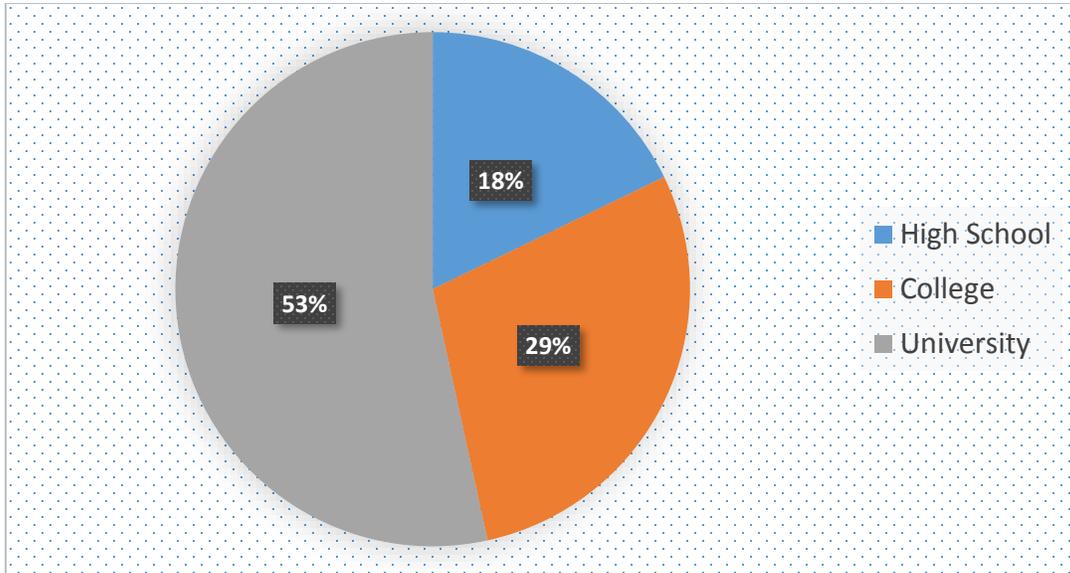
The findings of the study on marital status of respondents is indicated in Figure 4.3, which indicates that 43.1% of respondents were married, 29.2% were single, 16.7% were divorced, 6.9% were separated, while 4.2 % were widows(ers).



**Figure 4.3: Marital Status**

### 4.2.4 Respondents Education Level

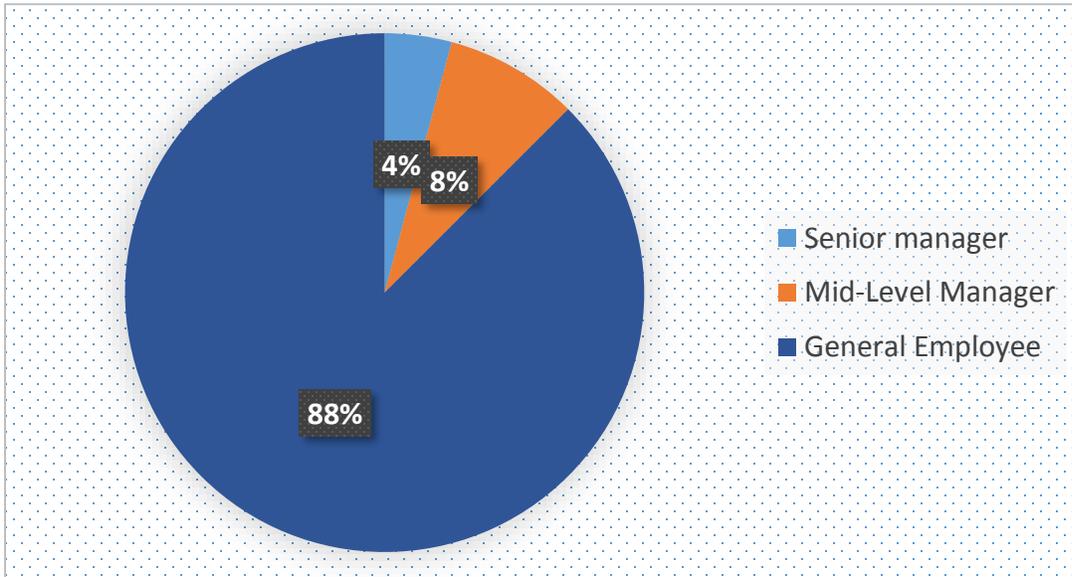
Findings on respondents level of education is presented in Figure 4.4, which indicates that respondents with university degrees were highest at 64%, followed by college level at 31% and lastly by high school at 5%.



**Figure 4.4: Education Level**

#### 4.2.5 Respondents Employment Level

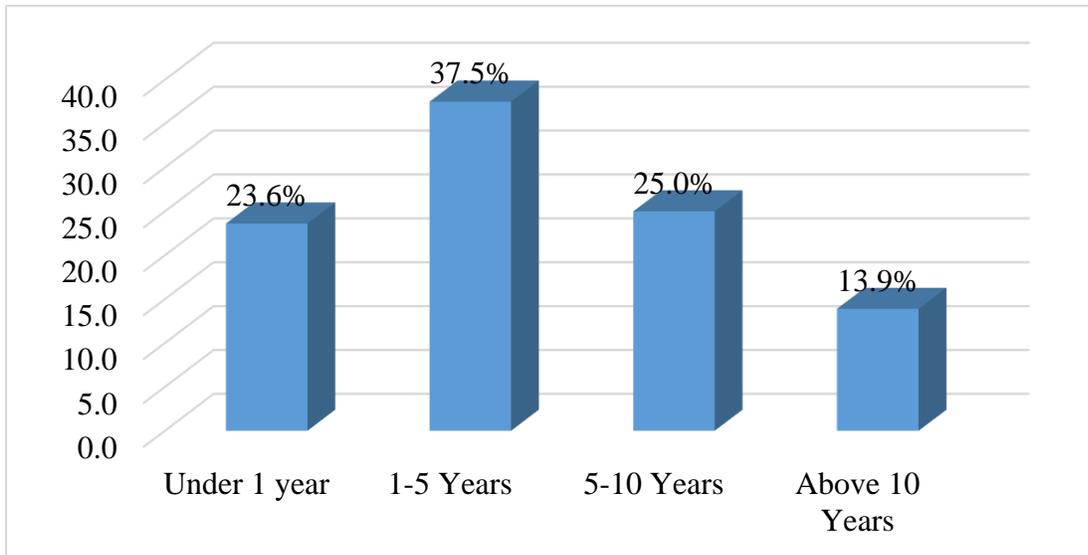
Findings on respondents level of employment is indicated in Figure 4.5, which shows that general employees were highest at 88%, followed by mid-level managers at 8% and lastly senior managers at 4%.



**Figure 4.5: Employment Level**

#### 4.2.5 Respondents Number of Years at the Organization

Findings on respondents number of years at the organization are indicated Figure 4.6, which shows that majority (37.5%) of respondents had spent between 1 and 5 years; followed by 25% of the employees who had worked 5 to 10 years; followed by 23.6% of respondents who had spent less than 1 year; and finally 13.9% of respondents who indicated that they had spent more than ten years with the organization.



**Figure 4.6: Number of Years at the Organization**

#### 4.2.6 Reliability Analysis

Cronbach's Alpha was applied so as to conduct the reliability analysis for this work and it was to measure the internal consistency of the research instrument. The reliability of a research instrument is preferable if it has a reliability Cronbach's Alpha value above 0.6. For this work the Cronbach Alpha was 0.771. The summary of the scales and items determining objective areas indicated in Table 4.1.

**Table 4. 1: Reliability Analysis for the Variables**

<b>Scale</b>	<b>Items</b>	<b>Cronbach's Alpha</b>
Employee Performance	5	.812
Human Resource Practices	12	.780
Human Resource Relationships	12	.758
Effects of Human Resource Practices	9	.737
<b>Average</b>		<b>0.771</b>

### **4.3 Human Resource Practices and Employee Performance**

The extent to which human resource practices influence employee performance was assessed using a Likert scale of 1 to 5 where; 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree. The findings of this paper are presented as follows:

#### **4.3.1 Compensation**

This study sort to find out whether compensation existed for employees work rendered to the organization; about seventy percent (69%) of respondents strongly felt that the organization has employee compensation, while (31%) of the respondents agreed that the organization has compensation practices. The findings of the study show that majority (75%) of respondents felt that compensation are addressed in good time compared (25%) of respondents who felt that compensation is not usually done in good time. When asked whether the compensation packages were efficient, majority (66.7%) of respondents suggested that compensation packages are efficient compared to (33.3%) of respondents who indicated that compensation packages are not efficient. Similarly, respondents were asked to indicate whether compensation they were receiving were based on competitive rates; a majority (71%) indicated this to be the case, while (29%) disagreed. On the issue on whether good compensation practices enhances employee performance, a majority (85.6%) agreed, while (14.4%) of respondents disagreed. A summary of these findings are highlighted in Table 4.3.

**Table 4.3: Descriptive Statistics – Compensation**

Statement	Distribution									
	1		2		3		4		5	
	F	%	f	%	f	%	f	%	F	%
Your organization has employee compensation practices	-	-	-	-	-	-	22	31%	50	69%
The company compensations are addressed in good time	6	8.4%	12	16.7%	-	-	42	58.3%	12	16.7%
The compensation package of the organization is efficient	6	8.4%	14	19.4%	4	5%	40	55.6%	8	11.1%
The compensations practices at your organization are based on competitive rates	7	9.7%	8	11.1%	3	4.2%	46	60%	8	11.1%
Compensation enhances employee performance at your organization	3	4.2%	3	4.2%	4	5%	58	80.6%	4	5%

### 4.3.2 Performance Evaluation

Repondents were asked to indicate whether the Capital Colors Design Ltd had performance evaluation in place. The findings indicates that majority of respondants (87.5%) felt that the organization had performance evaluation in place, while 8.4% had no opinion on the same, while the remaining 4.17% indicated that the organization had no performance evaluation in place. When respondents were asked whether the performance evaluation was conducted in a a fair manner, a majority (77.9%) indacated that to be the case, while (22.1%) felt that the performance evaluations were not fair rnough. Equally, when respondents were asked whether performance evaluation enhances performance at the organization, (72%) of respondents indicated that it does, while the 4.17% were not sure whether performance evaluation enhances performance or not. About fouteen percent (13.8%) of respondents did not agree that performance evaluation enhances performance. Table 4.4 highlights these findings.

**Table 4.4: Descriptive Statistics on Performance Evaluation**

Statement	Distribution									
	1		2		3		4		5	
	f	%	f	%	f	%	f	%	F	%
Your organization conducts performance evaluations	-	-	3	4.17%	6	8.4%	42	58.3%	21	29.2%
Performance evaluation are conducted in a fair manner	6	8.4%	10	13.9%	-	-	46	64%	10	13.9%
Performance evaluation enhances employee performance at your organization	5	6.9%	5	6.9%	3	4.17%	46	64%	4	5.6%

### 4.3.3 Promotion

Respondents of the study were asked to indicate whether their organization did extends promotion to its employees. Majority (82%) indicated that the organization does extend promotion opportunities while, (18%) indicated that they did not believe that their organization extends promotion opportunities to its employees. On the issue of whether promotions are fair and satisfactory, majority (70.8%) felt that promotions at work were fair and just, about four percent (4.17%) were not sure, while (14%) indicated that promotions at the organization were not fair and just. When asked whether promotion enhances employee performance, majority of respondents (88.8%) believed that employee promotion enhances performance, compared to (11.2%) who didn't think so as indicated in Table 4.5.

**Table 4.5: Descriptive Statistics on Promotion**

Statement	Distribution									
	1		2		3		4		5	
	f	%	f	%	f	%	f	%	F	%
Your organization extends promotions to employees	6	8.4%	7	9.7%	-	-	48	66.7%	11	15.3%
Promotions are fair and satisfactory	4	5.6%	6	8.4%	3	4.17%	42	58.3%	9	12.5%
Promotions enhances employee performance	3	4.17%	5	6.9%	-	-	50	69.4%	14	19.4%

#### 4.3.4 Human Resource Function

A question on whether good recruitment practices enhance employee performance was posed to respondents. Majority (84.7%) agreed that good recruitment practices enhance employee performance, while (15.3%) disagreed. Equally, when respondents were asked whether they believed that training and development practices enhances employee performance (90.2%) believed so, while (9.8%) disagreed that good recruitment practices does enhance employee performance. On the issue on whether availability of professional development practices enhances employee performance, majority (76.3%) agreed, with (5.6%) of respondents who weren't sure, while (18%) disagreed that availability of professional development practices enhances employee performance as indicated in Table 4.6.

**Table 4.6: Descriptive Statistics on Promotion**

Statement	Distribution									
	1 Strongly Disagree		2		3		4		5 Strongly Agree	
	f	%	f	%	f	%	f	%	F	%
God recruitment practices enhances employee performance	2	2.7%	4	5.6%	5	6.9%	42	58.3%	19	26.4%
Training and development practices enhances employee performance	-	-	7	9.8%	-	-	51	70.8%	14	19.4%
Availability of professional development enhances employee performance	8	11.1%	5	6.9%	4	5.6%	47	65.2%	8	11.1%

#### 4.4 Human Resource Relationships influence on Employee Performance

The extent to which human resource relationships influence employee performance was assessed using a Likert scale of 1 to 5 where; 1= strongly disagree, and 5= strongly agree. The findings of this study are presented as follows:

##### 4.4.1 Organizational Justice

The findings of the study indicates that majority of respondents (68.6%) believed that their organization treated most employees with fairness and honesty, with (16.7%) indicating that most employees were not treated with honesty and fairness, while 9.8% of respondents were not sure. When asked whether the organization treats employees with equity and justice, majority (80.8%) of respondents felt that the organization treats employees with equity and justice, compared to (19.5%) who indicated that their organization did not treat employees with equity and justice. Finally, on whether organizational justice enhances performance, (79.1%) of respondents felt that organizational justice enhances performance, while (20.9%) disagreed as indicated in Table 4.7.

**Table 4.7: Descriptive Statistics on Organizational Justice**

Statement	Distribution									
	1		2		3		4		5	
	Strongly Disagree								Strongly Agree	
	F	%	f	%	f	%	f	%	F	%
Your organization treats most employees with fairness and honesty	4	5.6%	8	11.1%	7	9.8%	40	55.6%	13	18%
Your organization promotes equity and Justice for all employees	4	5.6	10	13.9%	-		46	70.8%	10	13.9%
Organizational justice enhances employee performance	5	6.9%	5	6.9%			52	65.2%	10	13.9%

#### 4.4.2 Employee Manager Relationship

Respondents were requested to indicate whether their organization had good manager –employee relationships. Majority (66.7%) of respondents believed that the organization had good manager–employee relationships, compared to (24%) who disagreed that the organization had good manager –employee relationships. Majority (83.3%) believed that HR practices in the organization encourages employee manager relationship, to which (16.7%) of respondents disagreed. Finally, when asked whether employee-manager relationship enhances employee performance, majority (81.9%) felt that employee-manager relationship does enhance employee performance, contrary to (18.1%) of respondents who indicated that employee manager relationship does not enhance employee performance as indicated in Table 4.8.

**Table 4.8: Descriptive Statistics on Employee-Manager Relationship**

Statement	Distribution									
	1 Strongly Disagree		2		3		4		5 Strongly Agree	
	F	%	f	%	f	%	f	%	F	%
Your organization has good manager employee relationships	10	13.9%	14	27.8%	-	-	36	50%	12	16.7%
HR Practices encourages employee manager relationships	2	2.7%	8	11.1%	4	5.6%	42	58.3%	18	25%
Employee-manager enhances employee performance	-	-	9	12.5%	4	5.6%	51	70.8%	8	11.1%

### 4.4.3 Work Engagement

The findings of this study shows that majority (87.5%) of respondents believed that the organization has a good work engagement practices for employees, with (5.6%) of respondents indicating that they weren't sure, while (4.17%) disagreed that the organization had a good work engagement practices for employees. When asked if their organization had well developed work environment, (86%) of respondents believed that to be the case, while (11.1%) of respondents remained neutral, not aware whether the organization had developed good work environment or not. The remaining (2.7%) disagreed that the organization had well developed work environment. Finally, when respondents were asked to indicate whether work engagement enhances employee performance (84.4%) of respondents felt that work engagement enhances employee performance, while (5.4%) of respondents disagreed as summarized in Table 4.9.

**Table 4.9: Descriptive Statistics on Work Engagement**

Statement	Distribution									
	1 Strongly Disagree		2		3		4		5 Strongly Agree	
	F	%	f	%	f	%	f	%	F	%
Your organization has good work engagement practices for employees	3	4.17%	2	2.7%	4	5.6%	40	55.6%	23	31.9%
Your organization has well developed work environment	-	-	2	2.7%	8	11.1%	49	68%	13	18%
Work engagement enhances employee performance	2	2.7	2	2.7%	-	-	60	83.3%	8	11.1%

#### 4.5 Effects of Human Resource Practices on Employee Performance

The effects of human resource practices on employee performance was assessed using a Likert scale of 1 to 5 where; 1= strongly disagree, and 5= strongly agree. The findings of the study are presented as follows:

##### 4.5.1 Productivity

To determine whether human resource practices affect or influence employees' performance, respondents were asked whether their organization performance objectives enhance employee performance. Majority (68.1%) of respondents felt that organizational performance objectives enhance employee performance, while (16.7%) disagreed. A further (5.6%) of respondents were non-committal on whether organizational performance objectives do enhance employee performance. When asked whether HR Practices on employee rewards enhances productivity, majority (75%) of respondents believed that HR Practices on employee rewards enhances productivity, with (22.1%) of respondents disagreeing that HR Practices on employee rewards enhances productivity. A further (2.7%) of the employees remained neutral on the same. On the issue of whether employee 'work unit productivity' enhances employee performance, majority (72.2%) of respondents indicated that to be the case, while 22.2% remained neutral. About six

percent (5.6%) of respondents disagreed that employee ‘work unit productivity’ enhances employee performance. The Table 4.10. Presents these findings.

**Table 4.10: Descriptive Statistics on Productivity**

Statement	Distribution									
	1 Strongly Disagree		2		3		4		5 Strongly Agree	
	F	%	f	%	f	%	f	%	F	%
Your organization performance objectives to enhance employee performance	7	9.8%	12	16.7%	4	5.6%	28	38.9%	21	29.2%
HR Practices on employee rewards enhances productivity	5	6.9%	11	15.2%	2	2.7%	33	45.8%	21	29.2%
Employee work unit productivity enhances employee performance	-	-	4	5.6%	16	22.2%	44	61.1%	8	11.1%

#### 4.5.2 Growth

Findings on effect of human resource practices on growth are indicated in Table 4.11. Respondents were asked whether the organization had experienced growth in profitability; majority (90.1%) indicated that the organization had experienced growth in profitability, while (15.2%) of respondents indicating that the organization had not experienced profitability in growth. On whether the organization had gained any growth in human capital (72.8%) agreed, while (25%) of respondents disagreed. On whether the organization had experienced growth in employee performance, majority of respondents (73.6%) indicated that there was growth in employee performance due to HR practices, with (8.3%) disagreeing that there was growth in employee performance, while (5.6%) were non-committal on whether there was growth in employees ‘performance or not.

**Table 4.11: Descriptive Statistics of Growth**

Statement	Distribution									
	1		2		3		4		5	
	Strongly Disagree								Strongly Agree	
	F	%	f	%	f	%	f	%	F	%
Your organization has growth in profitability	2	2.7%	9	12.5%	-	-	22	38.9%	39	51.2%
Your organization has growth in human capital	7	9.8%	11	15.2%	-	-	39	52%	15	20.8%
Your organization has growth in employee performance	2	2.7%	4	5.6%	4	5.6%	54	62.5%	8	11.1%

### 4.5.3 Attitude and Behavior

To determine whether there had been effects of HR practices on employee attitude and behavior, respondents were asked to indicate if their organization had HR practices to guide attitude and behavior. Majority (69.4%) of respondents agreed that their organization has HR practices that guide employee's attitude and behavior, with (25%) of respondents disagreeing that the organization has HR practices on attitude and behavior, while (5.6%) remained neutral. On whether HR practices had enhanced good employee attitude and behavior, majority (66.6%) of respondents indicated that HR practices had enhanced attitudes and behavior at the organization, while (22.1%) disagreed. A further (11.1%) of respondents were non-committal on whether HR practices had enhanced attitudes and behavior at the organization. When asked whether Good employee attitude and behavior has enhanced performance, majority (56.9%) felt that employees' good attitude and behavior had enhanced performance, while (18%) remained neutral, and (13.9%) disagreed that Good employee attitude and behavior had enhanced performance as indicated in Table 4.12.

**Table 4.12: Descriptive Statistics on Attitude and Behavior**

Statement	Distribution									
	1 Strongly Disagree		2		3		4		5 Strongly Agree	
	F	%	f	%	f	%	f	%	F	%
Your organization has HR practices on employee attitude and behavior	9	12.5%	9	12.5%	4	5.6%	36	50%	14	19.4%
HR practices has enhanced good employee attitude and behavior	5	6.9%	11	15.2%	8	11.1%	41	56.9%	7	9.7%
Good employee attitude and behavior has enhanced performance	1	1.4%	9	12.5%	13	18%	27	37.5%	14	19.4%

#### 4.5.4 Commitment

The findings of the study indicates that majority (70.87%) of respondents believed that HR practices at their organization had enhanced employees' commitment, while (20.87%) disagreed that HR practices had enhanced employee commitment at the organization. About eight percent (8.3%) of respondents were non-committal. When asked on whether commitment programs enhanced employee performance, majority (86.1%) indicated that commitment programs had indeed enhanced employee performance, while (13.9%) disagreed that commitment programs had enhanced employee performance at the organization.

**Table 4.13: Descriptive Statistics on Commitment**

Statement	Distribution									
	1 Strongly Disagree		2		3		4		5 Strongly Agree	
	F	%	f	%	f	%	f	%	F	%
HR practices at your organization enhances employee commitment	3	4.17%	12	16.7%	6	8.3%	48	66.7%	3	4.17%
Commitment programs enhances employee performance	6	8.3%	4	5.6%	-	-	36	50%	14	36.1%

## 4.6 Employee Performance

Findings on employee performance are presented in this section. Respondents of the study in were asked to indicate whether there was an increase in employee performance at the organization; majority (75%) of respondents, while (13.9%) disagreed that there was an increase in employee performance. On whether an increased outcome determines employee performance, majority (86.1%) of respondents agreed that increased outcomes determine employee performance, while (13.9) disagreed. Equally, on whether increased organizational productivity determined employee performance, majority (76.4%) believed that increased organizational productivity determined employee performance, while (19.4%) disagreed, and a further (4.17%) remained neutral. When respondents were asked whether increase in organization profitability determined employee performance, majority (58.3%) felt that increase in organization profitability determined employee performance, while (25%) of respondents disagreed. Finally, when respondents were asked whether increase in employee motivation was an indicator to employee performance, majority (52.7%) agreed that increase in employee motivation had been an indicator to employee performance, with (18%) remaining neutral, while (8.3%) of respondents disagreeing that increase in employee motivation was an indicator of employee performance as summarized in Table 4.14.

**Table 4.14: Employee Performance**

Statement	Distribution									
	1		2		3		4		5	
	Strongly Disagree								Strongly Agree	
	F	%	f	%	f	%	f	%	F	%
There is an increased Employee performance at your organization	6	8.3%	4	5.6%	-	-	44	50%	18	25%
Increased outcomes determines Employee performance	3	4.17%	7	9.7%	-	-	52	72.2%	10	13.9%
Increase in organizational productivity is determined by employee performance	3	4.17%	11	15.2%	3	4.17%	52	72.2%	3	4.17%

Increase in organization profitability is determined by employee performance	9	12.5%	9	12.5%	-	-	48	56.9%	2	1.4%
Increase in employee motivation is an indicator of employee performance	2	1.4%	5	6.9%	8	18%	46	37.5%	11	15.2%

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#### 4.7 Correlation Analysis

To determine if any relationships existed between human resource practices, human resource relationships, and effects of human resource practices, and employee performance a correlation analysis was conducted. According to the findings, there exists a strong positive relationship between human resource practices and employee performance,  $r (0.772)$ ;  $P \leq 0.05$ ; thus, the relationship is statistically significant. Equally, the findings show that there exists a strong positive relationship between human resource relationships and employee performance,  $r (0.652)$ ;  $P \leq 0.05$ ; thus, the relationship is significant statistically. There also exists a strong positive relationship between human resource practice relationships and employee performance,  $r (0.810)$ ;  $P \leq 0.05$ ; thus, the relationship is significant statistically. Among the variables themselves, the findings indicates a relation exists between human resource practices, and human resource practice relationships,  $r (0.549)$ ;  $P \leq 0.05$ ; and between human resource practice relationships and effects of human resource practice,  $r (0.493)$ ;  $P \leq 0.05$ . The correlation findings are summarized in Table 4.1

**Table 4.15: Correlation Analysis**

Variables		1	2	3	4
Employee Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	72			
Human Resource Practices	Pearson Correlation	.772**	1		
	Sig. (2-tailed)	.006			
	N	72	72		
Human Resource Relationships	Pearson Correlation	.652**	.549**	1	
	Sig. (2-tailed)	.000	.012		
	N	72	72	72	
Effects of Human Resource Practices	Pearson Correlation	.810**	.603**	.493*	1
	Sig. (2-tailed)	.000	.000	.000	
	N	72	72	72	72

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

\* . Correlation is significant at the 0.05 level (2-tailed).

#### 4.8 Regression Analysis

A regression analysis was carried out to determine the level of significance that existed in relationships, and when all the variables between human resource practices, human resource practice relationships, effects of human resource practices, and employee performance are combined. The regression model was:  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$ . According to the findings that are highlighted in Table 4.16; 4.17; and 4.18, the study reveals significant relationship with all combined variables human resource practices, human resource practice relationships, effects of human resource practices, and employee performance,  $r (.648)$ ;  $P \leq 0.05$  as indicated in Table 4.16. The Analysis of Variance (ANOVA),  $F (3, 69) = 0.413$ ;  $P \leq 0.50$ ; indicated that the means differences between and within the variables were statistically significant as indicated in Table 4.17. The study indicated a regression coefficient  $\beta (0.449)$ ;  $P \leq 0.50$  between human resource practice and employment performance; a regression coefficient  $\beta (0.286)$ ;  $P \leq 0.50$  between human

resource practice relationship and employment performance; a regression coefficient  $\beta$  (0.413);  $P \leq 0.50$  between effects of human resource practice and employment performance. All the combined variables were significant statistically as indicated in Table 4.18

**Table 4.16: Multiple Regression Analysis Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648 <sup>a</sup>	.577	.529	.4018

a. Predictors: (Constant), Human Resource Practice, Human Resource Practice Relationships, Effects of Human Resource Practice

**Table 4.17: ANOVA for All Variables**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.498	3	.400	.413	.000 <sup>b</sup>
Residual	35.294	69	.972		
Total	36.792	72			

a. Dependent Variable: Employee Performance  
b. Predictors: (Constant), Human Resource Practice, Human Resource Practice Relationships, Effects of Human Resource Practice

**Table 4.18: Multiple Regression Analysis Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.726	.428		1.676	.020
HR Practices	.660	.104	.449	.578	.000
HR Practice Relationships	.315	.070	.286	1.054	.010
Effects of HP Practices	.560	.128	.413	1.224	.020

a. Dependent Variable: Employee Performance

The formula used to compute the relationship was;

$$\text{Employee Performance} = 0.726 + 0.660X_1 + .315X_2 + .560X_3$$

Where  $X_1$  = Human Resource Practices

$X_2$  = Human Resource Practices Relationships

$X_3$  = Effects of Human Resource Practices

#### 4.9 Chapter Summary

This chapter has presented the results and findings of the study. The major findings of the study indicates that there exists a strong positive relationship between human resource practices and employee performance,  $r (0.772)$ ;  $P \leq 0.05$ ; human resource relationships and employee performance,  $r (0.652)$ ;  $P \leq 0.05$ ; human resource practice relationships and employee performance,  $r (0.810)$ ;  $P \leq 0.05$ , thus all variables were statistically significant. Equally, when all variables were combined (human resource practices, human resource practice relationships, effects of human resource practices) and employee performance,  $r (.648)$ ;  $P \leq 0.05$ ; was statistically significant. When the Analysis of Variance (ANOVA),  $F (3, 69) = 0.413$ ;  $P \leq 0.50$ ; shows that the mean differences between and within the variables were statistically significant. The following chapter explains the discussions, the conclusion, and recommendations of this paper.

## CHAPTER FIVE

### 5.0 DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

Chapter five focuses on the study discussions, the conclusion, and recommendations of this work. The summary of the entire study is presented first, followed by discussions on the extent to which Human Resource Practices affects employee performance; how human resource relationships influence employee performance; and finally, discussions on the effects of human resource practices on the employees. This chapter will also present conclusion and recommendations are presented per research questions.

#### 5.2 Summary

The aim of this study was to explore the impact of HR practices on employee performance. The research questions for this paper were: To what extent to which Human Resource Practices affects employee performance? To what extent human resource relationships influence employee performance? What are the effects of human resource practices on the employees?

This project embraced the descriptive research design. The population of the study was 100 employees from Capital Colors Ltd in Nairobi. Stratified sampling technique was adopted for this study, with a sample size of 120 consisting of senior managers, middle level managers, and low level employees. A structured questionnaire was utilized for the collection of data. Descriptive statistical analysis utilized frequencies and percentage distribution, while inferential statistical analysis utilized correlations, regression and ANOVA.

The findings on the extent to which Human Resource Practices affects employee performance revealed a significant relationship between HR practices and employee performance,  $r(0.772)$ ;  $P \leq 0.05$ ; thus, the relationship was statistically significant. The findings on how human resource relationships influence employee performance show that there exists a strong positive relationship between human resource relationships and employee performance,  $r(0.652)$ ;  $P \leq 0.05$ ; hence, the relationship is statistically substantial. The findings on effects of human resource practices on the employees indicates the existence of a strong positive relationship between effects human resource

practices and employee performance,  $r (0.810)$ ;  $P \leq 0.05$ ; thus, the relationship is statistically substantial.

### **5.3 Discussions**

#### **5.3.1 Extent to which Human Resource Practices Affects Employee Performance**

This study revealed a significant relationship between HR practices and employee performance,  $r (0.772)$ ;  $P \leq 0.05$ . This means that the human resource practices were significant since the p value that determines the threshold for significance was below 0.05. A study that had been conducted by Minbeaeva (2005) in South Africa had indicated the existence of a significant relationship between HR practices and employee performance,  $r (0.644)$ ,  $P \leq 0.05$ . The main components that added significantly to the relationship include formalized practices, formal policies and philosophies that are designed to ensure effective functioning and survival of the organization.

The findings of this study sort to find out whether compensation existed for employees work rendered to the organization; about seventy percent (69%) of respondents strongly felt that the organization has employee compensation, and compensation enhances employee performance. This is in line with Alvi, Surani & Hirani, (2013) findings where that noted that performance evaluations are designed to identify accomplishments, performance issues and constraints in implementation of project which enables decision making on which activities can continue, be modified or be enhanced, and thus significant in helping organization Performance objectives.

The findings of this study on performance evaluation indicated that majority of respondents (87.5%) felt that the organization had performance evaluation in place, with (72%) noting that the performance evaluation had contributed to employee performance. Alvi, Surani and Hirani, (2013) had indicated that performance evaluation is critical in establishing benchmarks that an organization can use to enhance employee performance. This included is the formal determination of an individual's job related actions and their outcomes within a particular position, so as to place employees in positions that are well suited to enhance their performance.

The findings of this study also indicated that majority (76.3%) of respondents believe that availability of professional development practices enhances employee performance. This is in line with Macey et al., (2014) study that recommended that to enhance employee performance,

organizations have to seek professional development for their employees, and also ensure that their employees are duly registered with professional bodies for annual appraisals. Neuman and Cunningham (2008) had argued that there exists a statistically significant relationship between employees' performance, and professional development. To which Kimanzi and Gachunga (2013) noted that that professional development was relevant and significant since it provided organizations with mechanisms for enhancing employee performance, and organizational performance.

### **5.3.2 Human Resource Relationships influence on Employee Performance**

This study revealed a significant relationship between human resource relationships and employee performance,  $r (0.652)$ ;  $P \leq 0.05$ . This means that the human resource relationships were significant since the  $p$  value that determines the threshold for significance was below 0.05. These findings confirm a study that was done with Bashir and Khattak (2008) and Raja (2011) that found that employees decrease their performance at work by reducing work input when they are underpaid, and increase work performance by increasing work input when they are overpaid. The research by Raja (2011) had equally suggested a significant relationship amongst employee performance and organizational justice;  $r (0.782)$ ;  $p \leq 0.05$ ; and hence concluded that organizations should not only enhance employee's relations with perceived justice, but actual justice in terms of equity in work and payments.

In another study conducted by Wang, Liao, Xia and Chang (2010) in China revealed the existence of a significant relationship between organizational justice and employee performance, particularly task performance;  $r (0.576)$ ;  $p \leq 0.05$ . Equally, the study found out that procedural justice had a significant and positive relationship with employee performance;  $r (0.513)$ ;  $p \leq 0.05$ . In another study conducted by Nasurdin and Khuan, (2007) all organizational forms of justice, that is, procedural justice, distributive justice, and interactional justice revealed significant positive relationship with employees' task and contextual performance, with distributive justice having the highest ranking of  $r (0.642)$ ;  $p \leq 0.05$ . The study recommended that organizations that seeks to enhance employee performance should analyze their internal policies and procedures to ensure that procedural justice, distributive justice, and interactional justice are structured in a way that enhances employee commitment and performance

The findings of this study also revealed that majority (81.9%) of respondents of this study indicated that employee-manager relationship does enhance employee performance. This is in line with a study Macey *et al.*, (2014) that revealed that employees' positive perception towards their managers enhanced their relationship increased their performance by 12%, while in cases where employees indicated that actual relation with managers existed, and performance had increased by 27%. This means that managers have to put concerted efforts in developing good working relations with employees, as a catalyst to enhancing employee's performance.

Speck and Knipe (2005) equally argued that organizations have to develop and maintain good and desirable relations between employees and managers. Further, they noted that there exists a positive relationship between manager-employee relations and employee performance. Kimanzi and Nzioka (2013) had also argued that managers can enhance employee relationships by enhancing their utilization of emotional intelligence when dealing with employees. Emotional intelligence is the ability to know or understand the appropriate time to engage

The findings of this study shows that majority (87.5%) of respondents believed that the organization has a good work engagement practices for employees. Equally, when asked if their organization had well developed work environment, (86%) of respondents believed that to be the case. This is in line with Wang *et al.*, (2010) who noted that when organizations engage employees effectively, employees performance is engage employee and enhance their performance, it is essential that human resource departments in organizations develop work designs and structures that promotes work productivity. A job structure that provides employee's the pride to effectively contributing in decision making at work enhances motivation that enhances performance.

### **5.3.3 Effects of Human Resource Practices on Employee Performance**

This investigation revealed a substantial relationship between human resource practices relationships and employee performance,  $r (0.810); P \leq 0.05$ . This means that the human resource practices were significant since the p value that determines the threshold for significance was below 0.05. This findings confirm a study done by Wang *et al.*, (2010) in China that revealed the existence of a significant relationship human resource practices in organizations and employee work productivity,  $r (0.626); p \leq 0.05$ . The most prominent issues that had the highest ranking as significantly contributing to employee productivity included team works,  $r (0.872); p \leq 0.05$ ,

followed by job rotation practice,  $r(0.842)$ ;  $p \leq 0.05$ , and finally flexible job assignments,  $r(0.810)$ ;  $p \leq 0.05$ . These findings indicated a significant relationship exists between human resource practices and employee work productivity.

The findings of this study also revealed that majority (90.1%) of respondents indicated that the organization had experienced growth in profitability, while (73.6%) indicated that there was growth in employee performance due to HR practices. Reynolds (2014) noted that in as much as organizational growth is usually measured in profitability, changing business dynamic make it difficult to use profitability as the only quantifiable measure of growth. Different aspects of human resources change over time and the changes affects employee performance differently. On the other hand, Vlachos (2009) assessed the extent to which, specific HR practices contribute to firm growth, and noted that effective recruitment, selecting, training, and rewarding employees significantly impacts organizational performance and growth prospects. Which confirms the findings of this study?

Majority (69.4%) of respondents for this study agreed that their organization has HR practices that guide employee's attitude and behavior, while (56.9%) felt that employees' good attitude and behavior had enhanced performance. Clothier and Spriegel (2012) had conducted a study on impact of attitude and behavior on employee performance, and had indicated the existence of positive relationship. They argued that attitude influences how an employee reacts in a team. Whether he/she is going to be a team player or not. Additionally, employees' behavior can compound a team performance if the employee has or exhibits behavior that is disruptive to other employees' performance. In this regard, human resource practices become handy in navigating employees' to acceptable behaviors and attitude. Which means that employee's evaluation score is not only based on actual work performance, but how their attitude and behavior influenced other employees positively and negatively, and the resultant impact on other employees work and behavior. Therefore, human resource practices can enhance or deter individual employees' behavior or attitudes through prescribed measures as spelt in operations manuals and employees hand books

Finally, majority (86.1%) of respondents for this study indicated that commitment programs had indeed enhanced employee performance. In as much as Akbar (2013) had disputed the contribution of employee commitment to organizational performance, arguing that employee performance was

not contingent on the number of years an employee committed to an organization. However, this study had demonstrated that employee commitment to an organization contributes to employee overall performance, and organizational performance.

## **5.4 Conclusions**

### **5.4.1 Extent to which Human Resource Practices Affects Employee Performance**

This study has revealed that human resource practices affect employee performance. Human resource practices significantly influence employee performance. This study the revealed the existence of a relationship between human resource practices and employees performance,  $r(0.772)$ ;  $P \leq 0.05$ ; making compensation, performance Evaluation, and promotion relevant in enhancing employee performance. Therefore, the study concludes that all components of human resource practices are significant in enhancing employee performance.

### **5.4.2 Human Resource Relationships influence on Employee Performance**

This study has also indicated that human resource relationships influence employee performance. Human resource relationships are an integral part of human resource functions. Functions training, recruitment, employee professional developments are all important in enhancing employee performance. Manager- employee relationships, organizational justice, and employee work engagement were all significant. This study found the existence of positive relationship between human resource relationships and employees performance,  $r(0.652)$ ;  $P \leq 0.05$ ; therefore, this paper resolved that the relationship between human resource relationships and employees performance was significant statistically.

### **5.4.3 Effects of Human Resource Practices on Employee Performance**

The study found that there is a significant effect imparted on employee performance by human resource practices. This impact included growth in organizational profitability, employee productivity, employee behavior and attitude, and finally employee commitment to the organization. Equally, the study has revealed a positive relationship between organizational profitability, employee productivity, employee behavior and attitude and employee performance,  $r(0.810)$ ;  $P \leq 0.05$ . Therefore the study concludes that the relationship is significant statistically.

## **5.5 Recommendation**

Based on the findings and conclusions of this research, the recommendations of this paper were well centered and drawn.

### **5.5.1 Recommendations for Improvement**

#### **5.5.1.1 Extent to which Human Resource Practices Affects Employee Performance**

In order for Capital Color Designs Ltd to develop competitive advantage, internal human resource practices have to be aligned with organizational objectives, values, and organizational mission in a way enhances that enhances employees' performance. Therefore human resource managers at Capital Color Designs Ltd should ensure that policies that guide compensation, performance Evaluation, and promotion are fair and just. This can be done by emulating other leading corporations in the industry.

#### **5.5.1.2 Human Resource Relationships influence on Employee Performance**

Human resource relationships are essential in not only developing a conducive work environment that can enhance employee performance, but also an environment that enhances organizational culture. Human resource managers should ensure that the processes of assigning who is to be trained within the organization is clear; recruitment should be done above board, seeking talented employees who will add value to organizational performance. Equally, a mechanism that does enhance manager- employee relationships, organizational justice, and employee work engagement should be developed using best standards for the sector. This will not only motivate employees, but enhance their performance.

#### **5.5.1.3 Effects of Human Resource Practices on Employee Performance**

Since human resource practices impact employee performance positively, managers at Capital Design Colors Ltd should develop policies and frameworks that will continue to impact organizational profitability, employee productivity, employee behavior and attitude, and employee commitment to the organization. For commitment, the organization can provide long term bonuses and incentives for employees who stay longer with the organization.

Also the organization should develop employee handbook that has clear and acceptable attitudes and behavior at work. This will not only create a conducive work environment, but enhance employee performance.

### **5.5.2 Recommendation for Future Research**

The findings of this study should be utilized by other researchers and academicians who wish to advance further research on the impact of human resource practices. Equally, the findings of this study can be used to test hypothesis, and also empirical studies in the area of human resource practices. This study did not deal conclusively with human resource practices since the field of human resources is huge. Therefore future research can consider other factors not dealt with in this research.

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## APPENDICES

### APPENDIX I: COVER LETTER

Laureen Odendo

P.O. Box 5566-00502

NAIROBI

Email: [laureeno5@gmail.com](mailto:laureeno5@gmail.com)

Dear Participant

**Re: INTRODUCTION LETTER**

My name is Lauren Odendo, currently undertaking a Masters in Organization Development (MOD). I am conducting a study entitled: “**Impact of human resource practices on employee performance**” in partial fulfilment towards the award of the Masters in Organization Development degree. You have randomly been nominated to contribute in this study. Your participation is voluntary. Kindly spare some time to go through, suggest your insight and answers to the best of your knowledge. This study is very confidential; your name will not appear anywhere in the outcomes of the research work. However, the findings will be used to enhance employee performance

Sincerely,

**Laureen Odendo**

## APPENDIX II: QUESTIONNAIRE

### SECTION A: Demographic Information

Answer appropriately using (√) or(X)

1. What is your gender?  
 Male                       Female
2. What is your age range?  
 18-25                       26-34                       35-43  
 44-52                       53 and above
3. What is your marital status?  
 Single                       Married                       Divorced  
 Separated                       Widow (er)
4. What is your highest level of education?  
 High School                       College                       University                       Others
5. What is your employment level?  
 Senior Manager                       Mid-level Manager                       General Employee
6. How long have you worked for your organization?  
 Under one year                       1-5 years  
 5-10 years                       10+ years

### **SECTION II: EFFECT OF NON MONETARY REWARDS**

Kindly answer the following questions using the following Likert Scale (5 = strongly agree... 1 = strongly Disagree)

## Human Resource Practices and Employee Performance

<b>Compensation</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
7. Your organization has employee compensation practices					
8. The company compensations are addressed in good time					
9. The compensation package of the organization is efficient					
10. The compensations practices at your organization are based on competitive rates					
11. Compensation enhances employee performance at your organization					
<b>Performance Evaluation</b>					
12. Your organization conducts performance evaluations					
13. Performance evaluation are conducted in a fair manner					
14. Performance evaluation enhances employee performance at your organization					
<b>Promotion</b>					
15. Your organization extents promotions to employees					
16. Promotions are fair and satisfactory					
17. Promotions enhances employee performance					
<b>Human Resource Functions</b>					
18. God recruitment practices enhances employee performance					
19. Training and development practices enhances employee performance					
20. Availability of professional development enhances employee performance					

**SECTION III: Human Resource Relationship Influence Employee Performance**

*Kindly answer the following questions using the following Likert Scale (5 = strongly agree... 1 = strongly Disagree)*

<b>Organizational Justice</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
21. Your organization treats most employees with fairness and honesty					
22. Your organization promotes equity and Justice for all employees					
23. Organizational justice promotes employee performance					
<b>Employee-Manager Relationship</b>					
24. Your organization has good manager employee relationships					
25. HR Practices encourages employee manager relationships					
26. Employee-manager enhances employee performance					
<b>Work Engagement</b>					
27. Your organization has good work engagement practices for employees					
28. Your organization has well developed work environment					
29. Work engagement enhances employee performance					

**SECTION IV: Effects of Human Resource Practices on Employee Performance**

Kindly answer the following questions using the following Likert Scale (5 = strongly agree... 1 = strongly Disagree)

<b>Productivity</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
30. Your organization performance objectives to enhance employee performance					
31. HR Practices on employee rewards enhances productivity					
32. Employee work unit productivity enhances employee performance					
<b>Growth</b>					
33. Your organization has growth in profitability					
34. Your organization has growth in human capital					
35. Your organization has growth in employee performance					
<b>Attitude and Behavior</b>					
36. Your organization has HR practices on employee attitude and behavior					
37. HR practices has enhanced good employee attitude and behavior					
38. Good employee attitude and behavior has enhanced performance					
<b>Commitment</b>					
39. HR practices at your organization enhances employee commitment					
40. Commitment programs enhances employee performance					

## **SECTION V: EMPLOYEE PERFORMANCE**

*Kindly answer the following questions using the following Likert Scale (5 = strongly agree... 1 = strongly Disagree)*

<b>EMPLOYEE PERFORMANCE</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
41. There is an increased Employee performance at your organization					
42. Increased outcomes determines Employee performance					
43. Increase in organizational productivity is determined by employee performance					
44. Increase in organization profitability is determined by employee performance					
45. Improvement in employee motivation is an sign of employee performance					

**The End.**

**Thank you for your participation**