THE RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT PRACTICES AND LABOUR PRODUCTIVITY IN STATE CORPORATIONS IN KENYA

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The relationship between Human Resource Management practices and Labour Productivity in State Corporations in Kenya

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DECLARATION

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

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DEDICATION

I dedicate this project first and foremost to God, who made it all possible, to my husband and our three children who were very patient, understanding and supportive as I took time off to concentrate on my academic pursuits, to my ever loving mother, sisters and brother who encouraged me all along the way and to my late loving father, a man who had many dreams which he constantly challenged himself to achieve.

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DEFINITION OF TERMS

Human Resource practices	Refers to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfilment of organizational goals (Armstrong, 2010).
Human Resource management:	A strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives. (Armstrong, 2010)
Organizational Culture	Refers to the world view and behaviour patterns shared by the members of the same organizations that is the shared values and beliefs in an organization (Armstrong, 2010),
Labour productivity	Defined as total output divided by labour inputs. It can be written simply as: Labour Productivity=Total Output/Total labour input, where labour productivity can be measured by looking at productivity per hour, productivity per person, total production, labour turn over, absenteeism, number of industrial actions to mention a few. (Navaratne, 2010).
Employee Engagement	Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to their job,colleagues and organization that profoundly influences their willingness to learn and perform is at work. It is involvement with and enthusiasm for work. (Gallup, 2008)
Reward management	Reward refers to 'all of the monetary, non monetary and psychological payments that an

	organization provides for its employees in exchange for the work they perform (Bratton and Gold, 2007,)
Performance management	Defined as a strategic and integrated process that delivers sustained success to the organizations by improving the performance of people who work in them and developing the capabilities of individual contributors and teams.(Armstrong, 2010).

ABBREVIATIONS AND ACRONYMS

CFA: Confirmatory Factor Analysis

DPM: Directorate of Personnel Management

G.o.K: Government of Kenya

G.D.P: Gross Domestic Product

HRM: Human Resource Management

HRD: Human Resource Development

HRM: Human Resource Management

HPWP: High Performance work practices

ILO: International Labour Organization

KIPPRA: Kenya Institute for Public Policy Research and Analysis

O.L.E: Overall Labour Effectiveness

OCB: Organizational Citizenship Behaviour

PSCK: Public Service Commission of Kenya

PPP: Public-Private Partnership
PSR: Public Sector Reforms
RRI: Rapid Results Initiative
WEO: World Economic Outlook

ABSTRACT

The prosperity of any nation depends on the personal performance and productivity of each individual because it indicates the extent to which a firm's labour force is efficiently creating output. The aim of this study was to establish the relationship between HRM practices and labour productivity in the public sector in Kenya. The HRM practices that were investigated were; performance and reward management, recruitment and selection, training and development and the moderating effect of employee engagement on labour productivity. The study adopted an explanatory research design which is suitable for studies that seek to determine relationships between variables. The study population constituted all the state corporations in Kenya, where a census method was used for data collection, targeting HR practitioners. Pilot testing was conducted to obtain some assessment of the questions validity and the likely reliability of the data. Data was collected using questionnaires and was analysed using descriptive and inferential analysis. Quantitative data was analyzed by use of statistical package of Social Sciences (SPSS). Structural equation modelling was used to analyse the survey responses and to test the relationships among the variables. It showed a good fit and possessed good reliability and validity and the results supported to a great extent the developed and predicted model. The findings showed that these HRM practices have a positive and significant effect on Labour productivity while Employee Engagement had an overall enhancing effect indicating a strong significant moderation effect on Labour productivity. When these HRM practices were bundled together, they had a significant effect on Labour productivity and were found to significantly contribute to Labour Productivity. Based on these findings, the study concludes HRM practices positively affect labour productivity, and it recommends that the public sector should transform from personnel management to Human Resource Management practices so as to ensure high Labour productivity.

CHAPTER ONE

INTRODUCTION

1.1Introduction information

This chapter presents an introduction to the background of the study. It also provides an overview of State corporations and it is divided into the statement of the problem, objectives of the study, research hypotheses, and significance of the study, limitations and scope of the study.

1.2 Background of the Study

People management has long been established as a very important aspect of any organization. This is because it is people who add value to any organization or nation. The prosperity of any nation therefore depends upon the personal performance and productivity of each individual and that of organizations. According to Price (2004) a company/Country can achieve a competitive advantage and reach its goals by adopting an efficient usage of its personnel. It is people in the organizations who create value by using corporate assets to create the product and services that people need. Empirical studies suggest that Human Resource Management practices contribute significantly to labour productivity (Wright, 2003). According to Balgobind (2007), HR practices contribute significantly to creating a competitive advantage by creating human resources that are unique and difficult to replicate and therefore contribute to labour productivity.

In the last three decades there has been a lot of debate of the impact of human resource Management strategies on the organization's performance, this has helped to evolve HR research (Arthur, 1994; Becker and Gerhart, 1996; Becker and Huselid, 2006;Bae et al., 2001; Björkman and Xiucheng, 2002; Boselie et al., 2003; Paauwe,2004). Explaining organizations' performance variations remain one of the most enduring subjects of study. A number of studies have shown that there is a clear relationship between HR practices and an organizations performance and productivity, (Khatri, 2000), with evidence that economic development is positively related to investment in human capital.

According to Armstrong (2010), Human Resource Management is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives. Haslinda (2009), has defined Human Resource Management as the "process of managing human talents to achieve organization's objective" while HR practices comprises of the informal approaches used in managing people. HRM practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfilment of organizational goals (Tiwari, 2012). In a study of 194 Singaporean companies from different industries, Khatri (2000) found that there's a strong direct influence of HR practices on a firm's profitability

According to Navaratne, Silva, Wijayawardena (2010), it is important for a firm to adopt Human Resources Management (HRM) practices that make best use of an organization's employees. The practices of the HRM heavily affect labour productivity of the organization (Herath and Gajanayake, 2008) Although many studies have strived to explain employee performance, few have carried out an empirical study on the relationship between HR practices and labour productivity and none has looked at the moderating effect of employee engagement on labour productivity, the few empirical studies that have been conducted have mainly been done in the west. This research is therefore an empirical study to establish the relationship between HR practices and labour productivity.

According to Batt and Colvin (2011), employees quit when they are dissatisfied with HR practices and working conditions which raises labour costs and disrupts operations. A study of five-year survival rate of 136 non-financial companies that initiated their public offering in the U.S. stock market in 1988, showed that by 1993, only 60 percent of these companies were still in existence. The empirical analysis demonstrated that with other factors such as the company's size, industry, and even profits statistically controlled, both the value that a company placed on human resources and how it rewarded its employees was significantly related to the

organizational performance and probability of survival, (Welbourne & Andrews, 1996).

Tremendous gains come about because HR management practices provide a number of important sources that enhance organizational performance, Some researchers e.g. Becker and Huselid (2006), conclude that not all human resources practices have the same effect on organizational outcomes. According to Tiwari (2012) Theories on best practices or high commitment theories suggest that universally, certain HRM practices, either separately or in combination are associated with improved organizational performance such as increased Labour productivity. The "best practices" approach to strategic HRM (Huselid 1995) posits that some HR practices are better than others and that all organizations should seek to adopt these best practices.

This research used the matching model (Fombrun *et al*, 1984) on Human Resource Cycle as a basis of selecting HR practices that have a significant effect on labour productivity. According to this model, HR systems and organization structure should be managed in a way that is congruent with organizational strategy. This model is shown in figure 1.1 below

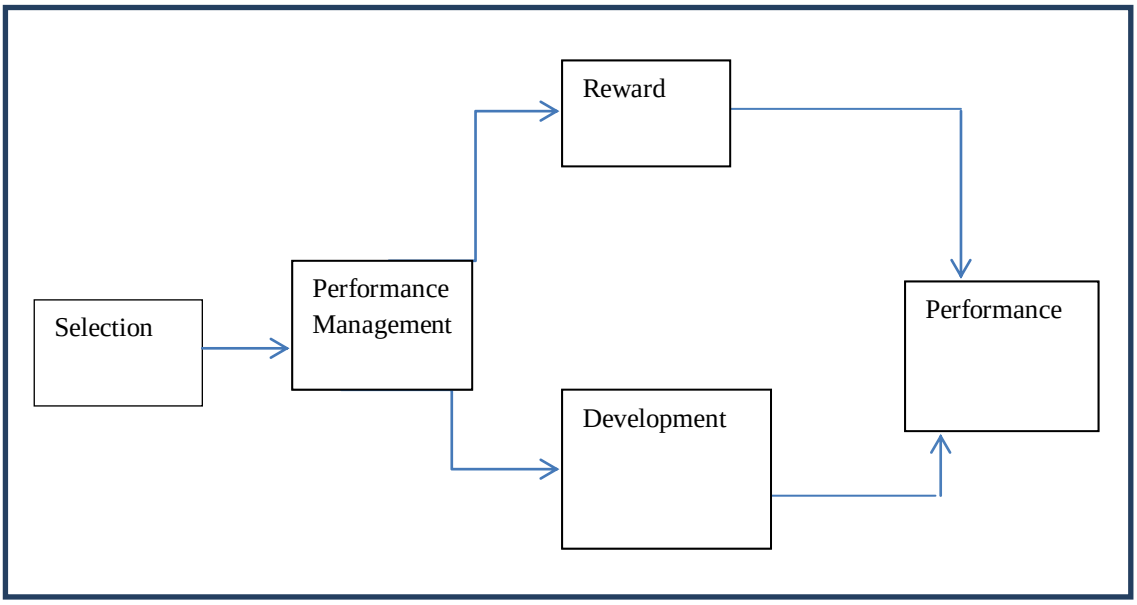

Fig 1.1; The Human Resource Cycle (adapted from Fombrun et al,1984)

This research intended to look at a bundle of different HR practices and how they affect labour productivity in State corporations in Kenya. The aim of the research is to show the relationship between HR practices and Labour productivity as shown in the model in figure 1.1

1.2.1 Profile of HR practices and Labour productivity

Human resources are very critical in any organization, according to Haslinda (2009) Human resources and the potential they possess are key drivers for an organization's success, in order to maximize organizational effectiveness, human potentials, individuals' capabilities, time, and talents must be managed and developed. There is a need to constantly develop and implement new and improved HR practices to remain competitive. According to Tiwari (2012) Theories on best practices or high commitment suggest that universally, certain HRM practices, either separately or in combination are associated with improved organizational performance such as increased Labour productivity.

Empirical studies by (Boxall and Purcell 2003; Boselie, Dietz, and Boon (2005), have linked with four core HRM practices: employee development, flexible job design in terms of employee participation and teamwork, incentive based payment systems, and investment in recruitment and selection with high performance work practices and high labour productivity. Some earlier researchers conducted a study which included 13 measures of employment practices and a follow up study in Huselid and Becker (1996) conducted a panel study of the relationship between work practices and organizational performance such as Labour productivity, all these studies pointed to the fact that greater use of high performance work practices is associated with lower turnover and higher labour productivity per employee. A number of more recent studies have found that the introduction of "innovative work practices," among which are included teams and incentive pay, were associated with higher labour productivity, and that combinations of these practices yielded additional productivity improvements. Other high performance work practices that have been studied include formal training, appraisal systems, internal career opportunities, employee involvement and participation, job enrichment

Saxena and Tiwari (2009) examined the HRM Practices implemented by leading IT Companies such as TATA, Infosys and Wipro in India. They developed the 3cTER Framework of HRM practices and identified Training and Development, Employer-Employee Relations, Recognition through Rewards, Culture building, Employee Development, Compensation and Benefits as important HRM Practices that can contribute to increased Labour productivity (Tiwari, 2012).

According to Mathenge (2011), compensation plays an important role in employee motivation and fair promotion as well as Employee Development practices plays an important role in ensuring effectiveness and efficiency in Kenyan organizations. According to Lankeu and Maket (2012), there is need to look at modern HRM practices that ensure maximum utilization of human resources in an organization, and these practices can contribute to the desired transformation in the State corporations. This requires a shift in the way of managing employees of the government or state corporations to ensure that they deliver results as required change

It is therefore clear that labour productivity is affected by HR practices since these practices either help to nurture and foster performance or curtail performance. According to Ivancevich (2006), human resources and human resource activities and practices play a crucial role in helping an organization to survive and prosper as well as meet its objectives and have high profitability; human resources are the key to effectiveness in an organization. According to Ivancevich (2006), one study of 968 firms found that implementing high performance practices such as "people first practices", resulted in high profitability, increase in stock prices and higher company survival rates. There was a 1 standard deviation increase in use of "people first practices" associated with 7.05% decrease in labour turnover. It also found that a 1 standard deviation improvement in human resource practices was associated with a $41,000 increase in shareholders wealth. Some HR practices, such as performance monitoring, provide information that allows poor performers to be more accurately identified and means of improving performance identifies while, other HR practices create more demanding work, leading to low labour productivity.

In recent years, the focus of research on HRM has shifted from study and relationship of individual HRM practices on business performance to entire HRM system and its influence on organizational performance such as Labour productivity (Khan, 2010). This is by looking at a bundle of HRM practices that have a synergistic link; this is because according to Mutua, Karanja and Namusonge (2012) and Armstrong (2010) HRM practices should be complementary in nature.

Research on HR practices and their link to firm's performance in most cases do not address the issue of horizontal integration and vertical alignment. This is centrally to HRM principle of synergetic relationship among various practices. According to Mutua, Karanja and Namusonge (2012) there is a need to have measures of the contribution of synergetic relationship of these practices to performance of the organization. Additionally their link to overall business strategy and consequently effect on performance such as labour productivity should be addressed. Khan (2010) investigated the effects of HRM practices and found a positive significant relationship between practices and organizational performance as well as labour productivity. According to these researchers there is need to group HRM practices into broad areas so as to study the link between HRM practices and organizational outcomes such Labour productivity.

NHS National Workforce Projects, (2007) defines employee engagement as a measure of how people connect in their work and feel committed to their organization and its goals. People who are highly engaged in an activity feel excited and enthusiastic about their role, say time passes quickly at work, devote extra effort to the activity, identify with the task and describe themselves to others in the context of their task. This therefore means that engaged employees are interested in the success of an organization and also identify with this success. Engaged employees are therefore aware of the business context, and work with their colleagues to improve performance within the job for the benefit of the organization. This has a very high bearing on labour productivity. According to a report by Harvard Business Review (2013) highly engaged workforce can increase innovation, productivity, and bottom-line performance and hence increase Labour productivity.

1.2.2 Overview of the State Corporations

State Corporations are government owned corporations which are either fully owned or partially owned by government. They are regarded as one of the factors that have a great potential to facilitate growth. State Corporations are envisioned as playing a crucial role in Promoting and /or accelerating economic growth and development that will drive the social and economic transformation of Kenya to, *"a globally competitive and prosperous country with a high quality of life by 2030"*; Presidential Taskforce on Parastatal Reforms (PTPRs -2013).

State Corporations play an important role in promoting or accelerating economic growth and development and are important instruments in improving the delivery of public services by enabling social and economic transformation of the economies in which they operate.

While performance contracting has been implemented for over a decade, there has not been witnessed exceptional performance as expected. In the period Oct 2013 there were 262 state corporations, in Feb 2014 there were 202 state corporations (SCAC , Feb 2014). The total wage bill of SC takes about 4% of GDP while their internally generated funds contribute about 7% of GDP. The Government contribution to salaries in the sector is about 6% of recurrent expenditure for 2012/2013 financial year. (PTPRs- 2013)

Some of the challenges facing state corporations include; Weak human resource and institutional capacity to attract and retain the skill sets needed to drive performance; an inadequate performance management framework that effectively links performance of SCs to national development goals and fails to adequately link individual performance to institutional performance. According to OMOLO (2010), the most salient matter in the state corporations in Kenya is the enormity of their budgets and the number of institutions. There has been a reduction due to mergers, dissolutions and reviews of mandate of the existing State Corporations

Among the identified causes of poor performance in State Corporations were excessive controls; multiplicity of principals with multiple and sometimes conflicting

objectives, frequent political interference; poor management; outright mismanagement; and poor political, economic and corporate governance. For state-corporations in Kenya to play this role, it is important that they are governed and managed efficiently, effectively and sustainably. This has not always been the case in the past, particularly in the recent past

State corporations which are part of the public sector in Kenya have been characterized by low work performance and poor service delivery; this has led to a declining contribution of Kenya's employment to growth in GDP, as well as wealth creation. Poor labour productivity has led to the decline in the growth of the economy from an average GDP growth rate of 2.3 % in the 1990s to 1.1% in 2003 (World Bank Report, 2003). Kenya aims to be a globally competitive and prosperous middle income country (GOK, 2007), with an annual GDP growth rate of 10% and to maintain that average till 2030 under vision 2030, however the double digit growth rate has not yet been realised.

Public Sector Reforms (PRS), that were initiated to improve on labour productivity in the State corporations have not borne much fruit. According to a report by OMOLO (2014), the public sector wage bill has been increasing, with the state corporations paying higher wages than the general public sector (G.O.K, 2013), however they also accounted for 20% of the country's Gross Domestic Product (GDP). They therefore play an important role in the development of the country through provision of public services and being very useful engines to promoting development

According to West and Dawson (2012), Engagement has been used to refer to a psychological state (e.g., involvement, commitment, attachment, mood), a performance construct (e.g., either effort or observable behavior, including pro-social and organizational citizenship behavior), a disposition (e.g., positive affect), or some combination of these. Job engagement is about people loving their job, having great enthusiasm to get out of bed each morning and do their daily tasks.

According to a report by Harvard Business Review (2013) highly engaged workforce can increase innovation, productivity, and bottom-line performance while reducing costs related to hiring and retention in highly competitive talent markets. A growing body of research has demonstrated that having a highly engaged workforce not only maximizes a company's investment in human capital and improves productivity, but it can also significantly reduce costs, such as turnover, that directly impact the bottom line. Employee engagement is therefore one of the important drivers of Labour productivity.

1.2.3 HRM Practices in State corporations

State corporations have been undergoing some reforms to help improve on service delivery through performance improvement strategy (G.o.K, 2010). Some of the noteworthy reforms include; *Results based management* (which involves performance contracting, Service Delivery Charters and Rapid Results Initiatives, and *National School of governments* (NSG)- which is meant to help transform the capacity of the Public Service into a contributor of national wealth and prosperity. According to OMOLO (2009), Government efforts to enhance efficient public service delivery began by introducing performance contracting systems in State corporations; however there are still concerns being raised on their management and the need to have small and effective state corporations The public sector plays a very key role in the realization of vision 2030, in terms of implementation of flagship projects to help bring about transformation in Kenya.

The Public-Private Partnership (PPP) strategy framework proposed in the Vision 2030 has been developed and a unit in the Public service has been tasked with the responsibility of coordinating the Public-Private Partnership. The Public service is also playing a key role in ensuring Citizen Engagement. This can happen if the Public Service ensures there is effective organizational performance so as to win public trust and confidence. This requires that the public Service has high employee engagement so as to ultimately lead to increased customer satisfaction a decreased level of complaints. The State corporations also plays a big role in ensuring there is transparency and accountability, leadership growth and human resource

development. From the above it is clear that the Human Resource practices that are key to public service delivery are; human resource development, performance and reward management and recruitment and selection with the moderating effect of employee engagement.

According to Lankeu and Maket (2012), there is need to look at modern HRM practices in Kenya that ensure maximum utilization of human resources in an organization, and these practices can contribute to the desired transformation in the public sector method. According to Kamoche (2003) currently in Kenya the traditional approach is being used to manage people which lays a lot of emphasis on administrative procedures evident in public corporations. This requires a shift in the way of managing employees of the government or state corporations to ensure that they deliver results as required change. There is need to design approaches that consider Kenyan national value orientations (Nyambegera, Sparrow and Daniels, 2000). This will ensure that public servants are self-motivated and that their own aspirations coincide with organizational goals, so as to increase Labour productivity.

1.3 Statement of the problem

The prosperity of any nation depends upon the individual work performance and productivity of each individual and that of organizations. Kenya aspires to achieve a high and sustained economic growth consistent with the Government's employment, wealth creation and poverty reduction Objectives, which are top priority under vision 2030. Kenya aims to increase its annual GDP growth rates to 10% and to maintain that average until the year 2030 (under vision 2030). However what has been achieved so far between the years of 2008 to 2014 according a G.O.K report (2012) and WEO (2015) has been 1.6% in 2008, 2.6% in 2009 and 4.3% in 2011 and 5.3 in 2014 respectively with a projection of 6.2% in 2015 (W.E.O, 2015), clearly this falls short of the targeted 10% annual GDP growth rate. GDP per capita may therefore be viewed as a rough indicator of a nation's prosperity.

Efficient use of resources, including Human Resources has been associated with profitability and productivity. Various authors have demonstrated that there is a link between specific HRM practices and a firm's productivity (Patterson, West,

Lawthom and Nickell, 2003). In recent years, the focus of research on HRM has shifted from study and relationship of individual HRM practices on business performance to a bundle of Human Resource Management practices and their influence on organizational performance such as Labour productivity (Khan, 2010).

State Corporations are envisioned as playing a crucial role in Promoting and /or accelerating economic growth and development that will drive the social and economic transformation of Kenya. However the current emphasis on national policies has been on Job creation as a way of wealth creation. According to an economic survey done by the G.O.K (2008) there is a declining contribution of Kenya's employment to growth in GDP as well as wealth creation, Poor labour productivity is one of the reasons for the decline in the growth of the economy (World Bank Report, 2003). There has been a decline in labour force productivity despite the increased in levels of employment, this is according to a report by Omolo (2010). The big question is therefore why there seems to persistently be low levels of performance in the employment sector. Going by the above analysis, Kenya's growth target is seemingly ambitious and cannot be realized and sustained without serious reform (KIPPRA, 2012). If this trend is to continue then finally it will cripple Kenya's economy, this is because in Kenya, there is no assurance that newly recruited employees actually increase productivity (Omolo , 2010). GDP per employed person and GDP per hour worked can provide a general picture of a country's Labour productivity. According to Omolo , (2010) The gap between Kenya's economy and those of the high performing Asian tigers has widened tremendously since the country's independence in 1963 with Kenya recording low GDP compared to the Asian tiger Countries. This is because developed countries and the Asian tigers, have over the years emphasized on increasing labour productivity so as to improve G.D.P person as well as raise the standards of living. According to Lankeu and Maket (2012), there is need to look at modern HRM practices in Kenya that ensure maximum utilization of human resources in an organization, and that can contribute to the desired transformation in the State corporations method.

The declining responsiveness of employment and labour productivity to growth in GDP, in Kenya and the need to make sound Human Resource Management practices a priority so as to drive up labour productivity in state corporations is the subject of

this research. This research sought to evaluate the relationship between Human resource management Practices and labour productivity in State corporations in Kenya

1.4 Justification of the study

Kenya aims to be a globally competitive and prosperous middle income country (GOK, 2007), with an annual GDP growth rate of 10%. State Corporations are envisioned as playing a crucial role in Promoting and /or accelerating economic growth and development that will drive the social and economic transformation of Kenya. Poor labour productivity has been cited as one of the reasons leading to the decline in the growth of the economy from an (World Bank Report, 2003).This research This research therefore aimed to bridge this gap by demonstrating that people management is very crucial and that sound Human Resource Management practices contribute to labour productivity. It also aims to show that there is need for a shift in national policies and objectives from job creation to focus more on labour productivity as a driver of the national economy.

1.5 Study Objectives

The main objective was to establish the relationship between Human resource management Practices and labour productivity in State corporations in Kenya

1.5.1 Specific Objectives

1. To examine the effect of Performance and Reward management on labour productivity in state corporations in Kenya.
2. To find out the effect of Recruitment and Selection on labour productivity in State corporations in Kenya.
3. To identify the relationship between Training and Development and labour productivity in State corporation in Kenya.
4. To investigate the moderating influence of Employee Engagement on Labour productivity in State corporations in Kenya.

1.5.2 Hypotheses

To examine how each of the criterion variables influences the response variable the following hypotheses will guide this study

1. $H_0$1:Performance and Reward Management is not significantly related to labour productivity
2. $H_0$2: Recruitment and selection is not significantly related to labour productivity
3. $H_0$3: Training and Employee Development is not significantly related to labour productivity
4. $H_0$4:Employee Engagement does not significantly moderate the relationship between Human Resource Management Practices and labour productivity

1.6 Significance of the study

Human Resources are the most important asset for any organization and they are a source of achieving competitive advantage. Managing human resources is very challenging as compared to managing technology or capital and for its effective management, organization requires effective HRM practices. The following are the beneficiaries of this study

1.6.1 Management of State corporations institutions and the Government

The Management of State corporations institutions and the government are likely to benefit greatly from this study because, the findings of this study will help in the effective management of Human Resources which is a key aspect of State corporations reforms.

1.6.2 Other HR managers and policy makers

Human resource practitioners and managers in general will benefit from this study in that they will be in a better position to use the findings and recommendations provided in this study to improve the efficiency of Human Resource practices. Thus this study will provide a framework for policy formulation as it will highlight the various practices that will have a significant impact on labour productivity.

1.6.3 Academicians and Researchers

This study will provide empirical findings on the relationship between Human Resource Practices and Labour productivity in Kenya, which scholars can use to develop industry wide concepts of how to enhance the use of HR practices for increased labour productivity.

1.6.4 The Employees

The employees will be able to understand some of the issues that affect their productivity, with the aim of participating to help change some the HR practices in their organizations through employee voice in their respective organizations.

1.7 Scope

Human Resource Management is a highly broad and complex practice, therefore due to the broad nature; the study may not be able to capture all that HRM entails. Not all human resources practices have the same effect on organizational outcomes. According to Tiwari (2012) and Huselid (1995) theories on best practices or high commitment theories suggest that universally, certain HRM practices, either separately or in combination are associated with improved organizational performance. The authors attested that while some practices have a significant effect, others have a marginal effect on labour productivity. This research therefore limited itself to a few selected HR practices of Performance and reward management, training and development, recruitment and selection, as well as employee engagement as a moderating factor as guided by the Matching model (Fombrun et al, 1984)

This study also limited its self to all the State corporations found in Kenya, this is because State Corporations have well developed and more organised HR practices that can help articulate labour productivity, than the civil service which is still in transition from personnel management to HR management. The study population was all the 202 HR directors/Managers working in the 202 State Corporations as by Feb 2014, (State Corporations Advisory Committee). The research was conducted in the time period of February 2014 to February 2015.

1.8 **Limitations**

The researcher anticipated that access to information in State corporations may be a challenge; this is because the State corporations are undergoing many transformations. However to mitigate this challenge researcher approached the management of the State Corporations with an introduction letter from the university and clarified that the Study was for academic purposes only.

The researcher also anticipated a challenge in returning of questionnaires therefore the researcher self-administered the questionnaire and also trained the research assistants who assisted in data collection so to clarify any question that was a challenge to the respondents.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides the conceptual framework, critical review of literature and finally the summary of the studies conducted in relation to the HR practices and Labour productivity.

2.2 Theoretical Review

According to Kasomo (2006), Conceptual frameworks are structured from a set of broad ideas and theories and help a study to properly identify the problem they are looking at, identify the independent and dependent variables and frame their questions and find suitable literature. This study adopted a conceptual framework to describe the relationship between the various Human resource practices influencing labour productivity in State corporations in Kenya. Specifically the study aimed to investigate the influences of Human Resources practices on labour productivity namely: recruitment and selection, performance and reward management, training and development as well as the moderating effect of employee engagement

This research used the matching model (Fombrun *et al*, 1984) on Human Resource Cycle as a basis for selecting HR practices that have a significant effect on employee/labour productivity; these variables were Performance and Reward management, Training and development, Recruitment and selection, with the employee engagement acting as the moderating variable.

Armstrong (2010) states that performance management is a strategic and integrated process that delivers sustained success to the organizations by improving the performance of people who work in them and developing the capabilities of individual contributors and teams. Performance management is therefore the development of employees with competence and commitment, working towards the achievement of shared meaningful objectives within an organization that supports

and encourages their achievement. Performance management has been found to have a great effect on Human resource practices, such as reward management and training and development.

A number of scholars (Armstrong, 2010, Pfeffer, 1998 and Huselid, 1995) have concluded that performance and Reward management is among a number of HR practices that show a strong relationship on labour productivity and organizational outcomes such as improved economic returns. This shows that there is a link between performance and Reward management with labour productivity. Contingent compensation also dominates in most high performance work systems. Such compensation can take a number of different forms, including gain sharing, profit sharing, stock ownership, pay for skill, or various forms of individual or team incentives (Lewis, Goodman, & Fandt, 2001). Bratton and Gold (2007,) state that reward refers to 'all of the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform'. Motivating employees through a good reward system therefore has a significant impact on labour productivity. Based on this review, the following hypothesis was formulated

$H_0$1; Performance and Reward Management is not significantly related to Labour productivity…..

Hypothesis 1

Organizations that are serious about obtaining high returns through employees will expend the effort required to ensure that they recruit the right employees in the first place (Pfeffer & Veiga, 1999). The organization needs to be clear about what are the most critical skills and attributes needed in its applicant pool (Armstrong, 2010). According to Wright et al. (2003) when firms invest in selecting the most highly skilled people employees, then this contributes greatly to labour productivity since it ensures there is person - job fit. Proper recruitment and selection should ensure that there is a proper match between the abilities of a person and the demands of the job as well as ensure there is compatibility between the person and the organization

(Edward, 1991). Recruitment and selection therefore plays a key role in labour productivity. Based on this review, the following hypothesis was formulated

$H_0$2; Recruitment and selection is not significantly related to Labour productivity…

Hypothesis 2

Employee skills and abilities need to be carefully considered and consistent with the particular job requirements and the organization's approach to its market, (Lockwood, 2007) Training is an essential component of high performance work systems because these systems rely on frontline employee skill and initiative to identify and resolve problems, to initiate changes in work methods, and to take responsibility for quality. All of this requires a skilled and motivated work force that has the capability to perform the required tasks (Wright & Boswell, 2002). Companies intending to gain a sustained competitive advantage should help their employees raise their skills by receiving continuous training so that they can learn new skills needed to ensure quality improvement of the products and services of the company. (Based on this review, the following hypothesis was formulated

$H_0$3; Training and Development is not significantly related to Labour productivity

Hypothesis 3

According to Scarlett Surveys, "Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, colleagues and organization that profoundly influences their willingness to learn and perform at work" Engaged employees usually have a strong emotional bond to the organization that employs them which usually results in higher productivity levels and lower absenteeism . According to research conducted by Blessing White, (2008) disengaged employees hinder labour productivity. One consequence of poor engagement may be burnout. Indeed, engagement and burnout, which is a negative psychological syndrome strongly linked to stress, are often described as being at two ends of the same continuum (Maslach and Leiter 2008).

Engaged employees are therefore very positive towards their organization and are willing to exhibit organizational citizenship behaviour by going out of their way and exhibiting discretionary behaviour. Engaged employees are aware of the business context, and work with their colleagues to improve performance within the job for the benefit of the organization. This has a very high bearing on labour productivity. According to OECD Manual (2001) labour productivity can best be measured by looking at the number of hours worked, however this measure can be interfered with by the level of engagement of employees, this is because worker's contribution to the production process consists of his/her "raw" labour (or physical presence) and services from his/her human capital, one hour worked by one person does not necessarily constitute the same amount of Labour input as one hour worked by another person. Based on this review, the following hypothesis was formulated

$H_0$4; Employee Engagement does not significantly moderate the relationship between Human Resource Management Practices and labour productivity…….Hypothesis 4

2.3 Conceptual Framework

Based on the above constructs and their relationships as advanced in this literature review, the above variables were illustrated in the following conceptual framework

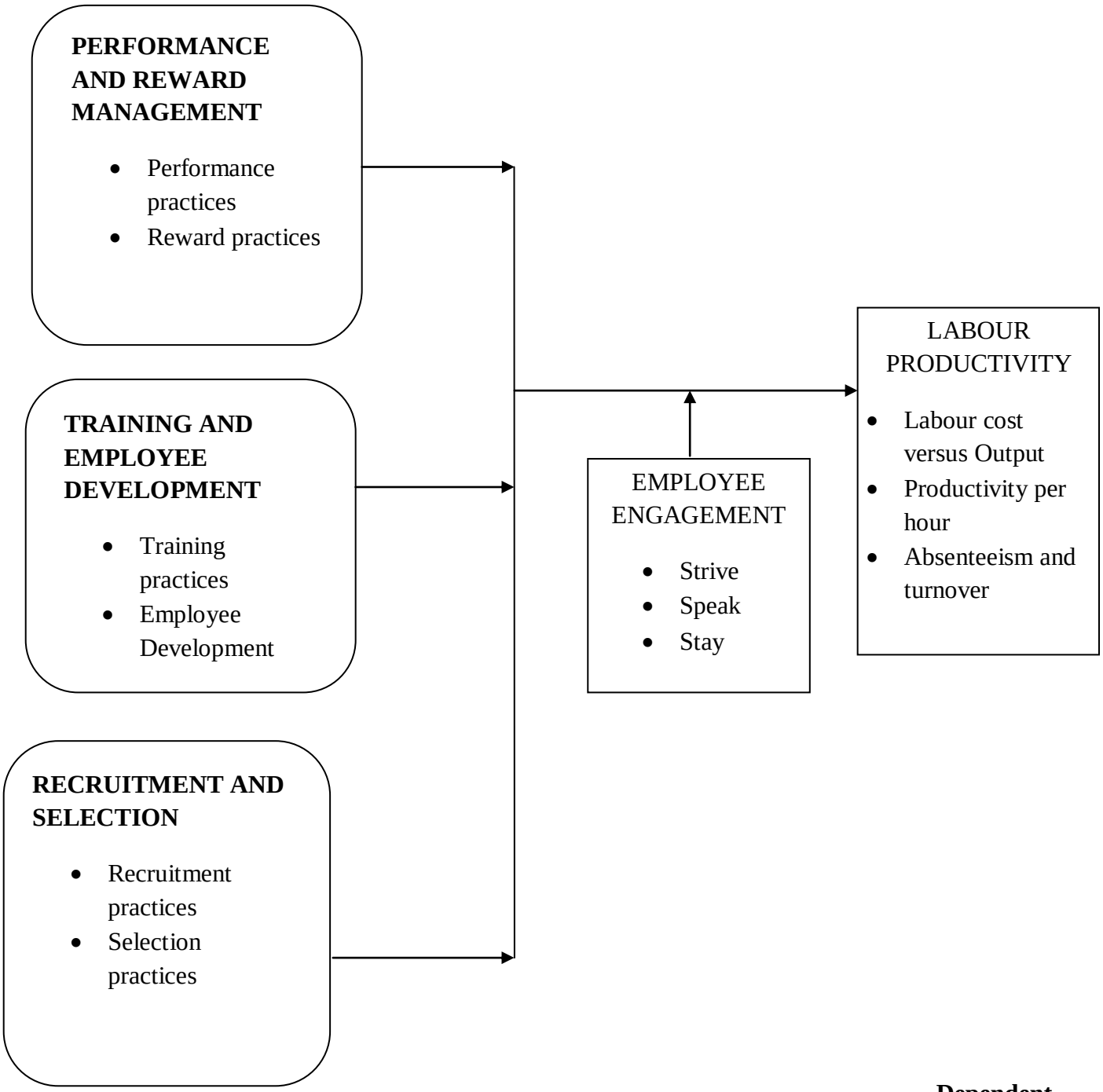

Fig 2.1: Conceptual framework

2.2.1 Operationalization of the variables

2.4 Empirical Review

2.4.1 Labour Productivity

Labour productivity is crucial in any organization; it indicates the extent to which a firm's Labour force is efficiently creating output. According to Navaratne (2010) Labour productivity can be written simply as: Labour Productivity=Total Output/Total labour input, where labour productivity can be measured by looking at productivity per hour, productivity per person, total production, labour turn over, absenteeism, number of industrial actions to mention a few.

Theorists of strategic human resource management have identified Labour productivity as the crucial indicator of workforce performance (Delery & Shaw, 2001). According to a study by Spring Singapore (2011), Productivity is critical for the long-term competitiveness and profitability of organizations. Productivity is the relationship between the quantity of output and the quantity of input used to generate that output. It is basically a measure of the effectiveness and efficiency of your organization in generating output with the resources available. Output could be in the form of goods produced or services rendered. Output may be expressed in: Physical quantity or financial value

Labour productivity is concerned with the amount (volume) of output that is obtained from each employee. Labour productivity measures the hourly productive output for a country's economy during a period of time. Labour Productivity = Total Output / Total Productive Hours, Labour productivity is also compared among different countries to determine which are more or less productive than others.

Labour refers to all categories of employees in an organization; whether paid or unpaid. Labour can be measured in three ways: *Number of hours worked* (This measure reflects the actual amount of input used. It excludes hours paid but not worked e.g. holidays, paid leave), may not be readily available. Part-timers are converted into their full-time equivalent. An average figure for a period is used, as the number of workers may fluctuate over time, *Cost of labour;* Labour costs include

salaries, bonuses, allowances and benefits paid to employees (Sauian, 2002 and Navaratne et al, 2008)

Labour productivity, defined as value added per worker, is the most common measure of productivity. It reflects the effectiveness and efficiency of labour in the production and sale of the output. According to Spring Singapore (2011), Value added is commonly used as a measure of output. It represents the wealth created through the organization's production process or provision of services, which will eventually lead to increased profits and service delivery. Value added is a better measure of output because it shows the net wealth created by the organization. It provides a customer-centric perspective and focuses on the real value created by the organization

Organizations commonly regard profits as a key measure of their success; this implies that the organization will benefit more if costs such as salaries and depreciation for capital reinvestment are reduced, minimizing capital investment often has a negative impact on the efficiency of operations, and eventually affects profits, the only viable way to improve on profits is to improve labour productivity by adopting effective HR practices. Labour productivity (or value added per worker) is often used as the overall measurement for productivity

There is a substantial and rapidly expanding body of evidence that speaks to the strong connection between how firms manage their human resources and the economic results achieved (Bloom and Reenen, 2010). Theory and evidence on the relationship between HR practices and organizational performance has expanded considerably in the last two decades, although questions remain unanswered. An exhaustive review of empirical studies concluded that, on average, high-involvement work systems are associated with significantly higher labour productivity and hence operational performance and some studies have linked HR practices specifically to better labour productivity .According to a study conducted on 702 firms, there are large economic benefits as a result of labour productivity derived from effective HR practices: A one standard deviation improvement in human resources practices was

associated with an increase in shareholder wealth of $41,000 per employee. Companies that place workers at the core of their strategies produce higher long-term economic returns to shareholders than their peers (Huselid and Becker, 1996)

Wan et al. (2002) tested six strategic HR variables' (training, staffing, empowerment, performance appraisal, job design, and performance-based pay) impact on firm performance and then examined how the combination or the bundle of such variables together affect this performance. Using a sample of 191 Singaporean companies, they found that effective implementation of the different strategic HR variables have a positive effect on organizational outcomes (especially to the firm HR performance-employee productivity, job satisfaction and commitment). They also found that performance appraisal and empowerment and training were very important issue to tackle by top management if they are interested to enhance their HR performance and hence the organization performance, (Mansour, 2010)

In his study of 194 Singaporean companies from different industries, Khatri (2000) found that there's a strong direct influence of HR practices on labour productivity and hence on the firm's profitability. According to a study by Spring Singapore (2011), Productivity is critical for the long-term competitiveness and profitability of organizations. Productivity is the relationship between the quantity of output and the quantity of input used to generate that output. It is basically a measure of the effectiveness and efficiency of your organization in generating output with the resources available.

Output could be in the form of goods produced or services rendered. Output may be expressed in: *Physical quantity* or *financial value*. Physical quantity; this is at the operational level, where products or services are homogeneous. Output can be measured in physical units (e.g. number of customers served, number of books printed). Such measures reflect the physical effectiveness and efficiency of a process, and are not affected by price fluctuations.

Financial Values at the organizational level can be measured by looking at the Sales, Production value (i.e. sales minus change in inventory level) or Value added Spring

Singapore (2011). *Input measures* on the other hand comprises of the resources used to produce output. The most common forms of input are labour and capital.

Some of the labour productivity indicators that this study looked at include; labour cost effectiveness, labour cost per employee, value added per employee, capability/flexibility of work force, product yield per employee, waiting time per customer/client served, compliment to complaints ratio, investment in training per employee, employee to client ratio, Labour turnover and absenteeism to mention a few. A study by Huselid (1995) found that HR effectiveness was associated with capabilities and attributes of HR staff and that there exists a relationship between HR management practices and labour productivity, cash flow, and market value. Wan et al. (2002) tested six strategic HR variables' (training, staffing, empowerment, performance appraisal, job design, and performance-based pay) impact on firm performance and then examined how the combination or the bundle of such variables together affect this performance. Using a sample of 191 Singaporean companies, they found that effective implementation of the different strategic HR variables have a positive effect on organizational outcomes (especially to the firm HR performance-employee productivity, job satisfaction and commitment)

In a research by Huselid, et al, (1997) statistically significant results were obtained between HRM practices and Labour productivity, that study found that HRM practices such as Training and Development, performance and Reward management had a positive effect on an organization's profitability and productivity.

In this research Labour productivity was defined in terms of productivity per employee versus the labour costs, the physical output or financial value created by each employee as well as absenteeism and labour turnover. Labour productivity was measured was measured using four items adopted from a research done by Navaratne (2010) by looking at the labour costs versus the output in terms of quantity (financial / physical output), and also in terms of quality in terms of compliments to complaints ratio, the waiting time per client, and the number of clients served or output produced

per employee. Productivity per hour, absenteeism and labour turnover were also used as measures of labour productivity.

2.4.2 Theories on Labour Productivity and HRM practices

Incentive contract Theory

This theory was promoted by behavioural psychologists, such as B.F. Skinner (Skinner, 1950). According to this theory, people are motivated to perform when there is a promise of a reward, these rewards act as incentives. Rewards can be tangible or intangible and are presented so as to reinforce a positive behaviour or action. Studies show that if the person receives the reward immediately, the effect of the incentive is greater however it decreases as delay lengthens. A reinforcer is anything that follows an action, with the intentions that the action will now occur more frequently, it can either be positive or negative. Incentive theory in psychology treats motivation and behaviour of the individual as they are influenced by the belief that engaging in certain activities or actions are expected to be profitable. It looks at how to motivate employees to work hard when their performance cannot be easily measured. This is because in large organizations the performance of an entire production unit may be easier to measure than that of an individual. In many work settings, the output of an entire production unit may be easier to measure than that of an individual worker. Organizations therefore need to develop incentives for valuable, yet difficult to measure aspects of employee performance, this can help to raise labour productivity.

This theory suggests that the use of rewards as incentives can be effective in increasing labour productivity when designing complementary Human Resource Management practices. This means those if these HRM practices produce actions that are positively received people are more likely to repeat similar actions or behaviour in future, or if negatively received people are less likely to repeat similar actions or behaviour in future. HRM practices that reinforce high labour productivity will have larger effect on productivity of each individual employee.

According to this theory when a set of complementary HR practices that develop a culture of high effort and an environment of positive peer pressure, subjective

incentive contracts complemented with objective incentive contracts are designed they can have a big effect on labour productivity. This theory posits that a combination of HRM practices that reinforce reward for productivity will have a bigger effect on productivity than the sum of component effects due to individual practices. That is, a combination of a bundle of HRM practices lead to greater labour productivity. This supports empirically-based literature that focuses on the effects of complementary practices, rather than the effect of individual stand alone practices (Laursen and Foss, 2014).

Expectancy Theory of motivation

This theory was developed by Vroom in 1964. It proposes that high performance and hence greater productivity at individual level is based on high motivation and the possession of necessary skills and abilities to ensure high performance. Expectancy theory is often used to predict job satisfaction, one's occupational choice, the likelihood of staying in a job, and the effort one might expend at work. Expectancy and instrumentality represent individual's subjective perceptions of the likelihood that effort will lead to performance and performance will lead to the desired outcomes.

There is need to structure the work environment in order to make jobs more interesting and thus more intrinsically rewarding and make extrinsic rewards clearly contingent upon effective performance. Based on this theory there is a link between HR practices that greatly affect intrinsic and extrinsic motivation of employees and labour productivity (Balgobind, 2007). Armstrong (2006) defines expectancy as a monetary belief concerning the likelihood that a particular act will be followed by a particular outcome. The strength of expectations may be based on past experiences for example the idea that employees who go beyond the call of duty are rewarded. In these circumstances motivation to perform will be increased. To maintain such employee performance at the workplace managers should reward their employees in accordance with their contribution.

Expectancy theory has some important implications for motivating employees. The model provides guidelines for enhancing employee motivation by altering the individual's effort-to-performance expectancy, performance-to-reward expectancy, and reward valences. Managers need to make the desired performance attainable by selecting people with the required skills and knowledge; providing the required training and clarifying job requirements; provide sufficient time and resources; assigning progressively more difficult tasks based on training; following employees' suggestions about ways to change their jobs; intervening and attempting to alleviate problems that may hinder effective performance among others. Managers should also ensure that Compensation systems reward people directly based on how well they perform their jobs that is pay-for-performance plans (Armstrong, 2007). Expectancy theory is often used to predict job satisfaction, one's occupational choice, the likelihood of staying in a job, and the effort one might expend at work. Therefore complementary HRM practices can be used to drive up labour productivity by ensuring that employees are motivated to expend more effort at work

The Normative Theory

According to this theory there exists sufficient knowledge to prescribe a set of best practices in Human Resource Management (Balgobind, 2007). This theory further states that if integrated are applied then greater labour productivity can be achieved. (Guest, 1997) . The normative approach assumes that appropriate HR practices tap into the commitment and motivation of employees leading to greater labour productivity.

According to this theory, appropriate HRM practices tap the motivation and commitment of employees. These appropriate HRM practices are derived from specific theories of Organizational commitment, goal setting and job design. According to this theory HRM provides a coherent integration of these behavioural theories so as to explain the link between HRM practices and performance.

It proposes that high performance at individual level depends on high motivation and possession of the necessary knowledge, skills, and abilities as well as an appropriate

role and complete understanding of what is required in the role. This theory advocates for high skills and knowledge, careful recruitment and selection, performance related pay to mention a few. According to these theories HRM practices are strongly related to productivity and use of appropriate HRM complementary practices can drive up labour productivity

Herzberg's two factor theory of motivation

According to this theory, two sets of factors influence work behaviour; dissatisfiers (hygiene factors) and satisfiers (motivators). Hygiene factors relate to the context of jobs and include pay, working conditions, supervision, Company policies, Technical supervision, Interpersonal relations with peers, Interpersonal relations with subordinates, Job security, Personal life, Status to list a few. These factors do not motivate. Motivators include sense of achievement, recognition, responsibility, advancement, growth and the work itself Achievement

According to Herzberg as quoted by Ivancevich (2006), motivators become operational only when dissatisfiers are removed. Therefore if pay is mismatched to employees needs, it can result in dissatisfaction. Based on these findings, Herzberg recommended that managers seeking to motivate employees should first make sure that hygiene factors are taken care of and that employees are not dissatisfied with pay, security and working conditions. Once a manager has eliminated employee dissatisfaction, Hertzberg recommends focusing on a different set of factors to increase motivation, by improving opportunities for advancement, recognition, advancement and growth. Specifically, he recommends job enrichment as a means of enhancing the availability of motivation factors

2.4.3 Human Resource Management Practices

HRM practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfilment of organizational goals, (Tiwari, 2012). According to Khatri (1999), people are one of the most important factors providing flexibility and adaptability to organizations, because they are the ones who convert all the other resources in to useful output. As such HR practices play a key role on the labour productivity of each individual employee. According to Chandler and McEvoy (2000) , one of the lingering

questions in HRM research is whether or not there is a single set of policies or practices that represents a 'universally superior approach' to managing people . According to Tiwari (2012) Theories on best practices or high commitment theories suggest that universally, certain HRM practices, either separately or in combination are associated with improved organizational performance. Researchers have also found workers who are paid well, are motivated and work in a supportive environment, generate higher productivity gains and lower unit costs.

Earlier researchers such as (Pfeffer, 1994).identified 7 HRM practices that were considered as best practice, these were; employment security, recruitment and selection, team working, reward management based on performance, extensive training, reduction in status differentials and sharing information. However in another study, Guthrie, Flood and MacCurtain (2008) identified an 'HRM bundle' of key practices which supports service organizations quality strategies. These bundle of HRM practices were; careful recruitment and selection, reward management based on performance appraisal, team working and flexible job design, training and learning and employee involvement. A more recent study by Saxena and Tiwari (2009) identified Training and Development, Employer-Employee Relations, Recognition through Rewards, Culture building, Career Development, Compensation and Benefits as being the most HRM Practices.

From the above empirical review it is clear that not all human resources practices have the same effect on organizational outcomes, some HRM practices have greater impact on labour productivity than others, hence the debate on whether there are a single set of universally superior HRM practices that contribute to labour productivity is far from being over. According to a research by Tiwari (2012), external and internal factors affect HR practices in organizations. Some of the external factors include; globalization, legislation, action of trade unions, action of competitors and industry/sector characteristics. Internal factors include; organization size, organization structure, business strategy, HR strategy, history and tradition, top management, power and politics to name a few.

Empirical studies have proved that HRM practices have a direct effect on employee's sense of commitment, trust, and effective utilization, organizational performance, financial performance and employee productivity (Khatri, 2000). He found that there are significant connections between HRM practices and firm performance. More recently, Wattanasupachoke (2009) had explored the relationship between HR strategies and the performance of 124 Thai companies and found that the extra pay and profit sharing is the only factor group that had a statistically important correlation with the companies' financial performances such as sales, profits and liquidities.. It is therefore safe to conclude that HRM practices greatly contribute to labour productivity.

Many researchers (Arthur, 1994; Huselid, 1995; Delaney and Huselid, 1996; Huselid et al., 1997; McMahan et al., 1999; Fey et al., 2000; Huang, 2001; Stavrou and Brewster, 2005; Christiansen and Higgs, 2008) have suggested that company's HRM practices contribute to increase its performance and thus help it to grow and gain sustainable competitive advantage. These studies attempted to answer the question of whether or not human resource management practices have a crucial role in the creating a high financial performance and sustaining a competitive advantage in a fast changing environment (Mansour,2009)

2.4.4 Performance and Reward Management

Performance Management

Armstrong (2010) notes that performance management is a means of getting better results from the whole organization, or teams and individuals within it, by understanding and managing within agreed framework of planned goals, standards and competence requirements. According to Martinez (2001) performance management is about measuring, monitoring and enhancing the performance of staff, as a contributor to overall organizational performance" In meta-analysis of 104 articles, Boselie et al., (2005) concluded that performance management is among the

top HRM practices. Strong evidence in literature highlight that performance management has positive link with business performance (Wright and Gardner, 2002) found that effective performance management system improves employee productivity, and quality. Comprehensive performance appraisal enhance employees' commitment, they argued that performance management system have a positive link with improved productivity of organizations. The effective process of monitoring and feedback between employees and supervisors strengthens their relationships (Armstrong, 2007).

Performance management is a vital means to offer promotion, recognition, and career development, Armstrong (2007) indicates that developmental purpose of performance management is more productive in influencing organizational performance. Researchers found positive and significant relationship between performance management and organizational performance (Wright et al, 2003). Measurement of employees' performance allows the company to provide compensation fairly to the deserving individuals according to certain predetermined criteria like employee competency, teamwork ability, initiative, soft skills and ethics. In addition to measuring progress of employee performance toward corporate goals, well-defined performance measurement systems help gauge employee reception, understanding and buy-in for reward systems. This critical feedback can help managers make adjustments necessary to drive improvements and avoid the unanticipated behaviours and actions that negatively impact corporate goals.

Performance management comprises all activities that guarantee that organizational objectives are constantly being attained in an efficient and effective manner (Homayounizadpanah, 2012). Performance measurement enables and organization to assess and compare performance against benchmarks and review how strategies and practices can be improved to increase efficiency in the organization.Performance management involves clear definition of goals and objectives for the team or individual and performance coaching. Some form of performance review and tracking to chart progress and record achievement are key stages leading to comprehensive performance and development plans. The major aim of performance management is to establish a culture in which individuals and groups take

responsibility for continuous improvement of business process and their own skills and contribution. From the foregoing it can therefore be inferred that the purpose of performance management is to improve performance by creating accountability to goals and objectives of the organization.

Performance management not only includes assessing how employees are performing in their jobs, but also aligning individual goals to overall organizational goals, and keeping employees satisfied so you can retain them. According to Taleo Business Report (2011), performance management ensures that everyone is performing their best so resources can be focused on growing the business, this is by making sure that make sure that everyone is working on the right goals. Performance management should lead to weighting a variety of performance factors in determining the amount of rewards an individual or team should receive. The link between team compensation and performance further aligns employees with high level corporate objectives because cycle time and quality (as measured through six-sigma standards or errors per million, customer complaints to mention a few) are performance measures and performance goals of all of the company's work,

According to a study by Martinez (2001), he found that earlier performance tools worked in isolation; however, modern performance management included an integrated approach to the system. Performance management is: "Essentially about measuring, monitoring and enhancing the performance of staff, as a contributor to overall organizational performance". Performance management and labour productivity have a very straightforward relationship. The very purpose of performance management is improvement in use of human resources which leads to labour productivity.

Performance measurement enables and organization to assess and compare performance against benchmarks and review how strategies and practices can be improved to increase efficient utilization of human resources in the organization. The main objective of human resources management is to utilize the human resources in a most optimal manner so that targets can be achieved very effectively and efficiently

(Armstrong, 2009), therefore Performance management should maintain, develop and motivate the people at work to give better results, this will enhance labour productivity. This can be achieved by enabling people to perform their work to the best of their ability, meeting and perhaps exceeding targets and standards. For successful performance management, a culture of collective and individual responsibility for the continuing improvement of business processes needs to be established, and individual skills and contributions need to be encouraged and nurtured (Levy and Williams, 2004)

Performance management should therefore enable people to perform their work to the best of their ability, meeting and perhaps exceeding targets and standards. For successful performance management, a culture of collective and individual responsibility for the continuing improvement of business processes needs to be established, and individual skills and contributions need to be encouraged and nurtured. Organizations exist to perform, If people do not perform organizations don't survive, therefore performance management is very important in any organization (Taleo Business Report, 2011), because it helps employees to understand how their job contributes to the success of the team, the department, and the company as a whole

Performance management involves creating motivation and commitment to achieve objectives; this is because the ultimate goal of performance management is increased performance. Kuvaas (2007) found that the relationship between developmental goal setting and feedback on the one hand, and self-reported performance on the other hand was mediated by intrinsic. Performance management should therefore help to create motivation and commitment to achieve organizational objectives. According to Macey, Schneider, Barbera, & Young (2009) employee engagement has been receiving increasing attention as a key determinant of performance.

Reward Management

Bratton and Gold (2007,) state that reward refers to 'all of the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform'. Motivating employees through a good reward system constitutes a difficult and challenging task for general managers as it can positively affect employees' behaviour toward their jobs and increase their commitment and thus their performance. Armstrong and Murlis (2007) states that reward strategies are an important part of an organization's HR strategy and should be bundled with other HR strategies so that they complement and reinforce one another. According to Dewhurst et al. (2010), there are other means to reward employees that do not just focus on financial compensation, this include the working environment, employee voice, Recognition and praise, empowerment, leadership, quality of working life, job design and work life balance to mention a few (Armstrong, 2010)

Therefore good reward systems lead to increased labour productivity, because it acts as a motivator. This is because well-rewarded employees feel that they are being valued by the organizations that they are working for. This encourages them to work harder and better because they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being honed and taken care of by their organization. Hence it is a constant and continuous challenge for organizations to really work on understanding what factors contribute to improved satisfaction levels of their employees, organizations need to constantly identify the motivators that boost the performance of their workforce, so to ensure their employees are adequately satisfied and hence motivated.

Reward Management draws on internal Labour market theory, according to which higher relative pay, benefits, internal promotion opportunities, and procedures for employment security provide long-term incentives that lead labour productivity in an organization (Navaratne, Silva, Wijayawardena ,2010). According to a study by Welbourne & Andrews, 1996, there is a clear link between reward and labour

productivity. A number of scholars (Armstrong, 2010, Pfeffer,1998 and Huselid,1995) have concluded that Reward management is among a number of HR practices that show a strong relationship on labour productivity and organizational outcomes such as improved economic returns.

According to La Belle (2005), different individuals have different perceptions of rewards. For instance, some individuals may consider cash as a sufficient and adequate reward for their efforts at work, while others may consider non-monetary benefits such as holidays and material incentives (such as a car), working environment, employee voice, Recognition and praise, empowerment, leadership, quality of working life, job design and work life balance as more rewarding in exchange for their work. According to Tsai (2004), It is commonly believed that if rewards are used effectively, they can motivate individuals to perform and thus can have a positive effect on labour productivity which in turn has a positive effect on organizational performance.

According to Herzberg's Theory on motivation, there are two factors (Two factor theory') which is subcategorized into 'hygiene factors' or 'motivators' which can either lead to satisfaction or dissatisfaction. One of the subcategories (the hygiene factors) include the following- 1) working conditions, 2) the level and the quality of supervision, 3) the company policy and administration, 4)interpersonal relations, 5) job security, and 6) salary. According to Herzberg, motivation factors are needed in order to motivate the employee to do his/her job to the best of his/her ability. On the other hand, hygiene factors are required to make sure that the employee is not dissatisfied. Based on Herzberg's theory, these hygiene factors do not necessarily motivate the employee to produce positive developments in work performance. However, when there is a lack of, or excess of any one of these factors, there is a highly likely chance that the employee may be dissatisfied. Therefore understanding the acceptable hygiene factors that prevent the employee from being dissatisfied is very important for any manager. Herzberg believes that such factors are the main driving force of satisfaction and that they help boost the employee to work harder

and better, due to the motivation that is brought about.Labour productivity is therefore likely to be limited if employees are not motivated to perform.

According to Herzberg's theory, there are a total of top six factors that lead to dissatisfaction. These are 1) the company policy, 2) the supervision received by the employee from his/her boss, 3) the relationship established between the employee and the boss, 4) the working conditions involved, 5) the salaries of the employee, and 6) the relationship that the individual established with his./her colleagues. On the other hand, the top six factors that lead to satisfaction include 1) the employee's achievement, 2) recognition, 3) the work itself, 4) the responsibility undertaken, 5) advancement and 6) growth.

A reward and compensation system is also based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive (Fey and Bjorkman, 2001; Guest, 2002; Mendonca, 2002). According to Schaufeli et al. (2002) reward management is important because it helps to combat burnout, which is typically experienced by most employees on the job. Individuals, who experience burnout in their work, typically do not feel fulfilled. They also tend to have negative outlooks, and they also approach the tasks at hand with less vigor and dedication

Based on the reward system employees can spell the difference in the perceptions that they hold with regards to their work and their relationship with their organization of choice. They are able to form a perception of how much their organization values them, and they are also able to assess their own self-worth. According to Armstrong (2007) managers should consider total rewards and first make sure to provide both salaries and benefits in order to make sure that the basic needs of the employee are met, however this may not necessarily make the employee happy with his/her job, there is also need to look at the non-monetary rewards.

When considering rewards it is important to consider aspects of internal and external equity, because employees are constantly involved in a social exchange process wherein they contribute efforts in exchange for rewards. They also compare the effort or contribution that they put in towards accomplishing a certain task and

acquiring rewards in exchange for the former. Employees should receive rewards that are also based on their personal needs, e.g employees with children should get different benefits from young people with no caring responsibilities, while people who have stayed in organization for long should also get different rewards for their loyalty. Therefore there is need for organizations to accommodate the needs of their employees, and reward them for their efforts (Tsai,2004)

The Effort-Reward Imbalance (ERI) Model (Siegrist, 1996), places high importance towards the provision of rewards instead of controlling the work systems and its structures within an organisation. The main concept of the model is that the amount of work that an employee puts towards work is a part of the 'socially organised exchange process' to which society feels obliged to repay. Such repayment comes in the form of 'occupational rewards. 'According to this model, the rewards are provided to the employees through the usage of 'three transmitter systems.' Such systems include 1) money, 2) esteem and 3) job security and opportunities for Employee Development. With regards to money, this model focuses on the provision of adequate salary to serve as an employee reward. Boosting the employee's self-esteem comes in the form of an increase in respect and support from the management. Security/ career opportunities may come in the form of promotions to higher positions, or the support of the company to sponsor the higher education of their employees. Managers can also invest in training sessions for their employees as their way of supporting the self development of their employees. The EMI Model would like to stress another point. Based on this model, if the management fails to reciprocate the efforts of their employees (despite the high efforts provided, low rewards are given), there is a highly likely chance that the employee may suffer from emotional distress, which in turn may lead low labour productivity.

In a study conducted by Probst & Brubaker (2001) it was concluded that the difference between job satisfaction and dissatisfaction lies in the amount and the type of rewards provided or given to the employees and the amount and type of rewards that the employee expects he/she deserves. Employees are likely to be satisfied and motivated when they perceive that they get fair pay with regards to the amount of

work that they do, In a study by Ahmad et al. (2010), the researchers stated that employees are particularly concerned about discrimination with regards to fair pay, and this may hamper their motivation levels to do their job well. In addition, employees are also driven to work for their chosen organization over a longer period of time if they are paid fairly. A study conducted by Tsai (2004) concluded that there exists a positive relationship between the rewards provided by the management of a company, and the job satisfaction felt by the workers, and the effectiveness of the work produced

Service quality orientation (or SQU) is something that is influenced by the work environment of an individual, the climate of the organization (which includes the organization's work practices, policies and operational procedures), and how the employee perceives both the environment and the climate. It has been suggested by Bartol & Srivastava (2002) that rewards are utilized by managers to show employees that their behaviors' are being observed by the organization that they work for, and if favorable, such behaviors shall be valued

Four commonly used variable pay schemes are profit-related payment, employee share- ownership plans (ESOP), profit-sharing schemes, and group performance-related schemes. An empirical study based on data from the US National Organizational Study found that profit sharing is positively correlated with product quality, product development, profit, customer satisfaction, and growth in sales, in other words labour productivity

2.4.5 Training and Employee Development

Training

According to Armstrong (2009), training is defined as planned and systematic modification of behaviour through learning events, programmes and instruction, which enable individuals to achieve the levels of knowledge, skill and competence needed to carry out their work effectively. Homayounizadpanah and Baqerkord (2012) examined the Effect of Implementing Performance Management on the Productivity, Efficiency and Effectiveness of Chabahar Municipal Employees. Their

result confirmed the hypotheses that employee skills, attitudes and behaviours play a mediating role between HR systems and firm outcomes. Companies intending to gain a sustained competitive advantage should help their employees raise their skills by receiving continuous training so that they can learn new things need to ensure quality improvement of the products and services of the company. Training therefore leads to an increase in productivity, since it involves developing and enhancing the capacity of the Human Capital in an organization. The more an organization recognizes the intrinsic value of each employee; the more it recognizes that this value can be enhanced through training.

Training enhances employee's skills, knowledge, attitude and competence and ultimately worker performance and productivity in organizations (Armstrong, 2009). Training is therefore a key element for improved labour productivity and hence organizational performance because it increases the level of individual and organizational competences. Scholars such as Haslinda (2009) and Scholz, (2007) suggest that human capital are the people in organizations whose assets are of value and can be enhanced through investment which involves the process of developing and retaining the existing knowledge, skills, abilities and competencies of employees. It helps to reconcile the gap between what should happen and what is happening – between desired targets or standards and actual levels of work performance and to improve the performance potential of employees. Although many employers continue to have reservations about the cost and extent of tangible business returns from training, training still remains a major capacity enhancing tool that can ensure continuous improvement.

According to Armstrong and Baron (2002) adoption of quality management practices as well as continuous improvement practices, has long been associated with an increase in provision of training. Employees require training so as to manage job enlargement and job enhancement. These helps to provide them with both technical and non-technical skills, to enable them be flexible to changing trends in the internal and external environment. According to researchers and scholars employee training is more effective when used in conjunction with other management practices so as to

raise individual and organizational performance, therefore human resource management practices combined with training reinforce each other. A study of the effect of training on financial performance done on 61 French firms by d'Arcimoles (1997), found that expenditure on training by firms was associated with immediate and permanent improvements in productivity and profitability. Training should therefore be strategically targeted at improving operational and performance priorities such as cost, quality, and timeliness to mention a few.

The responsibilities of employee training are influenced by top management, human resource development personnel, immediate supervisor and the employee themselves. There are few factors that contribute to training effectiveness, these include; trainer's capabilities, suitability of methods of delivery used by trainers, location of training, trainee's job characteristics, and appraisal and reward system .Before training is conducted, it is necessary for the organization to carry out training need analysis (TNA) to determine whether a deficiency can be corrected through training (Blanchard and Thacker, 2004).

According to Blanchard and Thacker (2004), a TNA provides a benchmark (pre-measure) of the skills trainee possess prior to training. This benchmark can be compared to a measure of the skills required in training (post-measure). With pre- and post- measures, it is possible to demonstrate the cost savings or value added as a result of training (Blanchard & Thacker, 2004). The TNA should help to identify what business functions or units need training and to determine if the company has the knowledge, skills, and abilities (KSAs) in the work force that are necessary to meet its strategy and be competitive in marketplace. Training needs analysis is therefore very important to Labour productivity since it ensures that training needs are based on employee training needs, organizational needs and the gaps identified that can help increase labour productivity by increasing the output per person.

According to Armstrong (2009), individuals and organizations need to meet the demands and challenges of change Technology and globalization has led for the need for change adapt to any new and emerging trends. Other factors such as government policies, competition and organizational reengineering can also influence change in

an organization. Through training, change can be managed and by imparting on the employees the knowledge, skills and attitude that will help them cope with the change, employee expertise itself can be expanded through effective programs of employee development. The development of employee expertise provides a potentially inexhaustible source of ideas for further innovation and increased productivity.

The general movement towards downsizing, flexible structures of organizations and the nature of management moving towards the devolution of power to the workforce give increasing emphasis to an environment of coaching and support. Training is necessary to ensure an adequate supply of staff that are technically and socially competent and capable of Employee Development into specialist departments or management positions. There is therefore a continual need for the process of staff development, and training fulfils an important part of this process. Training plays a vital role, improving performance as well as increasing productivity, and eventually putting companies in the best position to face competition and stay at the top. This means that there is a significant difference between the organizations that train their employees and organizations that do not (Cooke, 2000 and Benedicta, 2010).

Employee Development

Development is defined as the growth or realization of a person's ability and potential through the provision of learning and educational experiences. It's a long term process. Training and development therefore greatly influence labour productivity (Armstrong, 2009).

Training and development leads to learning. According to Armstrong (2009) Learning has also been defined as the process by which a person acquires new knowledge, skills and capabilities. Individuals learn for themselves and learn from other people. They learn as members of teams and by interaction with their managers, co-workers and people outside the organization. People learn by doing and by instruction.

Labour productivity is therefore enhanced through training and development which leads to human resource development. The benefits include the continued development of employees in competencies needed by the organization to succeed and increased employee engagement which is akey driver of productivity, retention and performance (Right Management, 2009). According to Swanson (1995), Human Resource Development (HRD) has been defined as the process of developing and unleashing human expertise through organizational development and personnel training and development for the purpose of improving performance. Training and development therefore plays a very key role in Developing employees' potential and competence; It helps individuals and organizations to meet the demands and challenges of change, and It support business objectives and increases the employee's capacity to contribute to the success of the organization. In return this encourages employees to work harder and better because they are aware that their well-being is taken seriously by their employers, since their career and self-development are being honed and taken care of by their organization.

Training and development, activities assist in the personal growth of employees; through exposure to educational experiences, promotions and transfers. There is a continual need for the process of staff development, and training fulfils an important part of this process, by ensuring an adequate supply of staff that are technically and socially competent and capable of Employee Development into specialist departments or management positions are available (Blanchard & Thacker, 2009). Training should be related to money, job promotion, and recognition to mention a few so as to also act as a motivator to employees. Training generates benefits for the employee as well as the organization by positively influencing employee performance through the development of employee knowledge, skills, ability, competencies and behaviour. According to Expectancy Theory, Employee motivation increases when meaningful rewards are given to those employees who effectively transfer training by showing improved performance.

According to Jensen (2010) there is need for review the staff member's development goals. This should consider their current roles and responsibilities and identify areas in which additional development will help them grow in their current job. It is

important to ask staff about their preferences for training and how they can develop their knowledge and skills further.

According to a comprehensive global research done by Right management (2009) covering 15 countries in different industries, it showed that training and career development positively impacts on employee engagement. This is because employees can continually develop the skills and competencies needed by the organization to succeed leading to increased engagement, which is a key factor in ensuring high levels of productivity, retention and performance.

2.4.6 Recruitment and Selection

Recruitment

Organizations exists to achieve goals therefore the human resource is seen as one of the most crucial factors, without which the goals are as good as dead (Gberevbie, 2010). A capable workforce is required, and such a workforce can only be obtained through correct recruitment and selection. According to Bratton and Gold (2007, page 239), recruitment is 'the process of generating a pool of capable people to apply to an organization for employment'. Recruitment and selection primarily aims at attracting maximum number of highly talented applicants and selecting the best to achieve competitiveness. The process entails concerted efforts by management to ensure implementation enduring success of organizational strategy (Khan, 2010). Companies using a good recruitment in the hiring process ensure getting the right skilled and qualified people for the right job (Pfeffer, 1994; Huselid, 1995). Therefore there exists a positive relationship between HR recruitment and selection and labour productivity.

According to Olowu and Adamolekun (2005), it is becoming more essential to secure and manage competent human resource as the most valuable resource of any organization, because of the need for effective and efficient delivery of goods and services by organizations, whether in public or private sector. Therefore, for an organization to realize its goals, appropriate strategies for employee recruitment and

selection can result to increased labour productivity. Researchers have agreed that one of the fundamental challenges facing organizations in the area of performance is their inability to put in place strategies capable of recruiting competent employees and retaining them to achieve organizational goals (Cascio, 2003; Heneman and Judge, 2003; Gberevbie, 2008)

Some of the strategies that can help with recruitment include attraction strategies. According to Armstrong (2010) some of the attraction strategies include employer branding and employer of choice plans, this helps the organization in attracting the kind of employees that can significantly contribute to its success. Other recruitment strategies include the current trends of use of e-recruitment; e-recruitment or online recruitment involves use of web based tools to help attracting, advertising, screening and tracking applicants, selecting, and offering jobs or rejecting candidates (Armstrong, 2010). Other recruitment strategies that can help organizations in targeted recruitment include use employee referral schemes, use of social sites and use of recruitment firms

According to Gberevbie (2010), recruitment should be on based on the on merit, appropriate educational qualifications, skills and experience even within the principal of equal regional and gender representation can act as a basis for enhanced labour productivity. In a study on organizational behaviour, McOliver (2005) established a relationship between strategy for employee recruitment and performance in an organization. The studies identified problems such as nepotism, favouritism, political consideration and national character principle in employee recruitment as basis for poor performance of State corporations workers in Nigeria. This is a similar challenge in Kenya where considering the multi-ethic, religious and cultural nature of the society, there is need for a national character principle in recruitment of employees into the Kenyan civil service. According to Ayoade (2000), subjecting recruitment/appointment and/or promotion to national character discriminates against merit and is therefore unfair to certain sections of the country to the advantage of others. The outcome is that of acquisition of incompetent workforce into the public service and the result is that of poor performance.

According to the study by Ayoade (2000), predicating employee recruitment on Federal/national character does not mean that such an employee cannot contribute meaningfully towards the enhancement of the goals of the organization. This is particularly so where appropriate recruitment strategies involving the screening of potential employees based on relevant skills, experience and educational qualifications are adopted. What is important therefore is the ability of the individual employed and his/her willingness to work for the enhancement of the organization. In addition, through proper staff training and development by organizations of their workforce, organizational productivity is enhanced even where incompetent employees would have been employed through inappropriate recruitment strategies (Gberevbie, 2008).

Selection

Selection is 'the process by which managers and others use specific instruments to choose from a pool of applicants the person(s) most likely to succeed in the job(s), given management goals and legal requirements. (Bratton and Gold, 2007). Recruitment and selection primarily aims at attracting maximum number of highly talented applicants and selecting the best to achieve competitiveness. The process entails concerted efforts by management to ensure implementation enduring success of organizational strategy (Khan, 2010)

In meta-analysis of 104 articles, Boselie et al., (2005) concluded that the top four HRM practices are efficient recruitment and selection, training and development, contingency and reward system, and performance management that have been extensively used by different researchers. Compatibility of individual and organizational value is an essential dimension during selection that should receive priority for sustained retention, therefore person-job fit yields sustainable results (Kristof's, 1996). Practicing an effective recruitment and selection process has positive relationship with organizational performance. Researchers have found a positive and statistically significant association between use of recruitment and selection procedure and profits (Terpstra & Rozell, 1993), and employee'

productivity (Huselid, 1995; Koch & McGrath, 1996; Smith, 2005). According to Sekiguchi (2004), people function at about half of their true capacity, possible causes of poor performance could be incorrect job placement, resulting in a poor job fit which wastes valuable human talent and increases the cost of doing business.

Job fit can be enhanced by closely matching a person's competence levels in various work and knowledge areas with specific job requirements. When individuals and groups are assigned to work tasks that each member is capable of doing, tasks can be focused and streamlined to make goals easier to attain (Sekiguchi, 2005). According to Georges (1995) If effective management means obtaining desirable organizational results through people, it would be prudent to follow the old adage: "place the right person in the right job". Some selection and staffing decisions turn out to be successful, but others do not. The problem arises because when a candidate is screened either for an entry-level position or a promotion, only some of the factors contributing to job performance may be checked and verified, this may lead to poor job fit or poor person fit. Effective recruitment and selection is therefore crucial in ensuring there is high labour productivity.

According to Armstrong (2010), one of the ways of improving the recruitment and selection process is through the use of assessment centres which incorporate a range of assessment techniques that can better forecast the future performance of potential candidates. Other current methods that can help in making better selection decisions include the use of selection tests such as psychometric tests which are able to provide an objective means of measuring candidate's abilities or characteristics. This can help to ensure correct person job fit and person organization fit, which are very crucial ingredients for labour productivity

According to Mansour, (2010) there exists a positive relationship between HR recruitment and selection and labour productivity, this is because organizations using a good selectivity in the hiring process ensure getting the right skilled and qualified people for the right job**.** According to Sekiguchi (2004), proper recruitment and selection should result in person-job fit and person-organization fit. This will help to

ensure that there is a match between the abilities of a person and the demands of a job as well as a match between the person and the organization. These two fits play a key role in ensuring there is labour productivity.

2.4.7 Employee Engagement

According to Scarlett Surveys, "Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, colleagues and organization that profoundly influences their willingness to learn and perform is at work" .Engaged employees usually have a strong emotional bond to the organization that employs them which usually results in higher productivity levels and lower absenteeism.

According to West and Dawson (2012), Engagement has been used to refer to a psychological state (e.g., involvement, commitment, attachment, mood), a performance construct (e.g., either effort or observable behavior, including pro-social and organizational citizenship behavior), a disposition (e.g., positive affect), or some combination of these. Schaufeli et al (2002, p 74) describes engagement as a positive, fulfilling, work-related state of mind characterized by vigor, dedication, and absorption. Job satisfaction and commitment to an organization are not the same as employee engagement. Employee engagement can therefore be a predictor of Labour productivity since it leads to positive behavior such as taking personal initiative, organizational citizenship behavior and employee effectiveness (Macey and Schneider 2008).

NHS National Workforce Projects, (2007) defines employee engagement as a measure of how people connect in their work and feel committed to their organization and its goals. People who are highly engaged in an activity feel excited and enthusiastic about their role, say time passes quickly at work, devote extra effort to the activity, identify with the task and describe themselves to others in the context of their task. This therefore means that engaged employees are interested in the success of an organization and also identify with this success.

However according to West and Dawson (2012), one consequence of poor engagement may be burnout, absenteeism, labour turnover, stress and poor physical health, indifference to work to mention a few. Employee engagement therefore plays a key role in Labour productivity.

According to a study done by the Gallup Management Journal has shown that only 29% of employees are actively engaged in their jobs. Those "engaged" employees work with passion and feel a strong connection to their company. Moreover, 54% of employees are not engaged meaning that they go through each workday putting time but no passion into their work. Gallup organization defines employee engagement as the involvement with and enthusiasm for work. Gallup as cited by (2008) likens employee engagement to a positive employee's emotional attachment and Employees commitment.

According to Farndale, Hailey, Kelliher and Veldhoven (2011), job engagement can be measured by looking at four aspects of job engagement, these are; Job state engagement, organization state engagement, Behavioral engagement and Organization behavioral engagement. Job engagement is about people loving their job, having great enthusiasm to get out of bed each morning and do their daily tasks. This can lead to individuals talking passionately about their job, but not necessarily having loyalty to the company they work for (although the two can be highly correlated). Organization state engagement on the other hand is about people loving the company: these people make great ambassadors for spreading the corporate brand. Behavioral engagement, on the other hand, is less focused on loving what you do or where you work, and is more about people going the extra mile and putting in the extra effort to complete the work. Job behavioral engagement is about people taking the initiative in their daily work, and looking for development opportunities. Organization behavioral engagement is about employees being proactive in highlighting problems and suggesting improvements. According to these authors engagement can be viewed as a two-way process, where employees are more willing to engage with the organization if they feel they receive something in return, such as extra pay in China or India, and work-life balance in the Netherlands. Organization engagement is more preferred to job engagement.

Engaged employees are therefore very positive towards their organization and are willing to exhibit organizational citizenship behaviour by going out of their way and exhibiting discretionary behaviour. Engaged employees are aware of the business context, and work with their colleagues to improve performance within the job for the benefit of the organization. This has a very high bearing on labour productivity. According to a report by Harvard Business Review (2013) highly engaged workforce can increase innovation, productivity, and bottom-line performance while reducing costs related to hiring and retention in highly competitive talent markets. A growing body of research has demonstrated that having a highly engaged workforce not only maximizes a company's investment in human capital and improves productivity, but it can also significantly reduce costs, such as turnover, that directly impact the bottom line. Employee engagement is therefore one of the important drivers of Labour productivity

Job resources, task variety and career development opportunities have been shown through research to have the strongest positive effect on job state engagement, while the organizational resources, employee welfare and the job resources as well as development opportunities have the strongest positive effect on organization state engagement (Farndale, Hailey Kelliher and Veldhoven, 2011). Therefore it can be concluded that career development is very important in enhancing and increasing both job and organizational commitment.

Aon Hewitt Global Research on Engagement (2012) Engagement is defined as the state of emotional and intellectual involvement that motivates employees to do their best work. Engaged employees deliver better performance, which is critical for business success. They understand their role in the business strategy, have a strong connection and commitment to the company, are more involved, and strive to go above and beyond in their jobs; this translates into higher labour productivity. Engaged employees speak positively about an organization, have a desire to be part of the success of the organization and therefore put in extra effort to ensure the success of the organizations

Since labour productivity is defined as total output divided by Labour inputs, then employee engagement plays a moderating role on labour productivity. Engaged employees demonstrate labour productivity that can measured in terms of lower absenteeism, lower labour turnover, greater sales and greater customer satisfaction and a decline in the number of industrial actions to mention a few.Some of the employee engagement drivers include; the work itself, quality of working life, total rewards, company practices, management/leadership, career opportunities and working relationship to mention a few.

Organizational culture plays a crucial role in employee engagement. Organization culture has been defined as the collection of traditions, values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in an organization (Mullins, 2005). According to Chandrakumara and Sparrow (2004), they found that culture has crucial importance in organizations preferences in developing appropriate structure and methods for HR practices affectivity.

Organizational culture involves looking at the values, traditions and basic underlying assumptions that influence how employees behave in an organization. The underlying individual employees' perception of the organization influences their subsequent behaviour which can either be productive as seen through organizational citizenship behaviour (OCB) or unproductive as seen in counterproductive destructive and hazardous behaviour (Mullins, 2005). According to Armstrong (2006), a good culture has a positive impact on organizational behaviour and can help create positive OCB which in turn can influence organizational performance and can help to produce a high level of business performance.

Business performance can be translated into high employee morale and productivity Morgan (2003) having common languages, a frame of reference and set of values, makes it easier to communicate and work together. According to Gawande (2003) corporate culture always assumes the nature of a 'flat tyre' or even 'fossilization,' this, notes Bates may be the reason why previously successful organizations often go

into decline, if there is no supportive culture, regardless of any good existing HR practices.

Performance and Reward management variable was operationalized by measuring employee involvement in goal setting, regular monitoring and feedback, regular and objective appraisals, culture of continuous improvement and alignment of goals to organizational goals and performance based reward initiatives.

The variable on Training and Development was operationalized by measuring the effect of training on employee's skills, knowledge, competencies and attitudes, and employee's career growth and development

The variable on Recruitment and Selection was measured by looking at recruitment and selection based on merit, fairness, job and person fit. Employee engagement was measured by looking at employee's enthusiasm and passion for work, absenteeism and stress, turnover and desire to say positive things about the organization

Labour productivity was measured was measured by four items adopted from Navaratne (2010) by looking at the labour costs versus the output in terms of productivity per employee. Other indicators for measuring Labour Productivity were; compliments to complaints ratio, the waiting time per client, and the number of clients served or output produced per employee.

According to Navaratne, Silva, Wijayawardena (2010), it is important for a firm to adopt Human Resources Management (HRM) practices that make best use of its employees. The practices of the HRM heavily affect productivity of the organization (Herath and Gajanayake, 2008). Although many studies have strived to explain employee performance, few have carried out an empirical study on the relationship between HR practices and labour productivity, the few empirical studies that have been conducted have mainly been done in the west. This research would therefore like to do an empirical study to establish the relationship between HR practices and labour productivity.

According to Batt and Colvin (2011) Employees quit when they are dissatisfied with HR practices and working conditions and their quitting raises labour costs and disrupts operations. It is therefore safe to say that employee productivity is affected by HR practices since these practices either help to nurture and foster performance or curtail performance. Some HR practices, such as performance monitoring, provide information that allows poor performers to be more accurately identified and means of improving performance identifies while, other HR practices create more demanding work, leading to low employee productivity.

A study of five-year survival rate of 136 non-financial companies that initiated their public offering in the U.S. stock market in 1988, showed that by 1993, only 60 percent of these companies were still in existence. The empirical analysis demonstrated that with other factors such as the company's size, industry, and even profits statistically controlled, both the value that a company placed on human resources and how it rewarded its employees was significantly related to the organizational performance and probability of survival, (Welbourne & Andrews, 1996). Tremendous gains come about because HR management practices provide a number of important sources that enhance organizational performance (Gibson & Birkinshaw, 2004).

Some researchers (Hagen, Hassan, and Maghrabi, 2002; Neal, West,& Patterson, 2005) concluded that not all human resources practices have the same effect on organizational outcomes. The authors attested that while some practices have a significant effect, others have a marginal effect. Saxena and Tiwari (2009) **e**xamined the HRM Practices implemented by leading IT Companies such as TATA, Infosys and Wipro in India. They developed the 3cTER Framework of HRM practices and identified Training and Development, Employer-Employee Relations, Recognition through Rewards, Culture building, Career Development, Compensation and Benefits as important HRM Practices (Tiwari, 2012)

Theory and evidence on the relationship between HR practices and organizational performance has expanded considerably in the last two decades, although questions

remain unanswered. An exhaustive review of empirical studies concluded that, on average, high-involvement work systems are associated with significantly higher labour productivity and hence operational performance (Combs, Liu, Hall, & Ketchen, 2006), and some studies have linked HR practices specifically to better labour productivity (Liao & Chuang, 2004). According to a study conducted on 702 firms (Huselid & Becker, 1997), it found large economic benefits as a result of labour productivity derived from effective HR practices: A one standard deviation improvement in human resources practices was associated with an increase in shareholder wealth of $41,000 per employee. Companies that place workers at the core of their strategies produce higher long-term economic returns to shareholders than their peers.

Wan et al. (2002) tested six strategic HR variables' (training, staffing, empowerment, performance appraisal, job design, and performance-based pay) impact on firm performance and then examined how the combination or the bundle of such variables together affect this performance. Using a sample of 191 Singaporean companies, they found that effective implementation of the different strategic HR variables have a positive effect on organizational outcomes (especially to the firm HR performance-employee productivity, job satisfaction and commitment). They also found that performance appraisal and empowerment and training were very important issue to tackle by top management if they are interested to enhance their HR performance and hence the organization performance, (Mansour, 2010)

In his study of 194 Singaporean companies from different industries, Khatri (2000) found that there's a strong direct influence of HR practices on labour productivity and hence on the firm's profitability. According to a study by Paul and Anantharaman (2003), an organizations performance in affected by the financial performance as well as the operating performance, however whereas financial performance has some effect on operating performance, the operating performance has a very significant impact on financial performance. The operating performance being mainly the HR practices that a firm chooses to employ.

According to Chandler and McEvoy (2000) , one of the lingering questions in HRM research is whether or not there is a single set of policies or practices that represents a 'universally superior approach' to managing people . According to Tiwari (2012) Theories on best practices or high commitment theories suggest that universally, certain HRM practices, either separately or in combination are associated with improved organizational performance. Researchers have also found workers who are paid well, are motivated and work in a supportive environment, generate higher productivity gains and lower unit costs (Boxall, 1996; Lowe and Oliver, 1991;Pfeffer, 1994).

Earlier researchers (Pfeffer, 1994).identified 7 HRM practices that were considered as best practice, these were; employment security, recruitment and selection, team working, reward management based on performance, extensive training, reduction in status differentials and sharing information. However in another study, Redman and Matthews (1998) identified an 'HRM bundle' of key practices which supports service organizations quality strategies. These bundle of HRM practices were; careful recruitment and selection, reward management based on performance appraisal, team working and flexible job design, training and learning and employee involvement. A more recent study by Saxena and Tiwari (2009) identified Training and Development, Employer-Employee Relations, Recognition through Rewards, Culture building, Career Development, Compensation and Benefits as being the most HRM Practices.

From the above empirical review it is clear that not all human resources practices have the same effect on organizational outcomes, some HRM practices have greater impact on labour productivity than others, hence the debate on whether there are a single set of universally superior HRM practices that contribute to labour productivity is far from being over.

Wang (2002) tested six strategic HR variables' (training, staffing, empowerment, performance appraisal, job design, and performance-based pay) impact on firm performance and then examined how the combination or the bundle of such variables together affect this performance. Using a sample of 191 Singaporean companies,

they found that effective implementation of the different strategic HR variables have a positive effect on organizational outcomes (especially to the firm HR performance-employee productivity, job satisfaction and commitment). They also found that performance appraisal and empowerment and training were very important issue to tackle by top management if they are interested to enhance their HR performance and hence the organization performance, (Mansour, 2010).

However the weakness of this review is over emphasizing on performance appraisals while neglecting other impact aspects of HR practices such as total reward and recruitment and selection.

Saxena and Tiwari (2009) **e**xamined the HRM Practices implemented by leading IT Companies such as TATA, Infosys and Wipro in India. They developed the 3cTER Framework of HRM practices and identified Training and Development, Employer-Employee Relations, Recognition through Rewards, Culture building, Career Development, Compensation and Benefits as important HRM Practices (Tiwari, 2012)

In this review, human resource practices have been described as a set of distinct but interrelated activities functions and processes that are directed at attracting developing and maintaining (or disposing of) a firms human resources. The HRM practices contribute significantly to the accomplishment of a firm's objectives and to creating and adding value for its customers and physical resources. The scholars in this review have shown the importance of HR practices on labour productivity. The studies have shown the importance of recruitment and selection, training and development, reward management and employee engagement on labour productivity.

According to Chandler and McEvoy (2000) , one of the lingering questions in HRM research is whether or not there is a single set of policies or practices that represents a 'universally superior approach' to managing people. However different authors have different bundles of HR practices as being very critical for labour productivity, however all the authors agree that HR practices play a significant role in labour productivity.

2.5 Research gaps

Some researchers (Hagen, Hassan, and Maghrabi, 2002; Neal, West,& Patterson, 2005) have concluded that not all human resources practices have the same effect on organizational outcomes. The authors attested that while some practices have a significant effect, others have a marginal effect. In fact the debate is still raging on, on whether there is a set of universally accepted bundle of HR practices that can guarantee labour productivity. Extensive research on HR practices has been done in the past but none of the researchers however have studied on the moderating effect of employee engagement on HRM practices and how this affects labour productivity. This research will strive to show the relationship between HR practices and labour productivity, with employee engagement acting as a moderating factor, which will add value to the existing literature available on this topic.

All the empirical studies that have been done so far have not managed to point out the most critical HR practices, which when bundled together have the greatest impact on employee productivity. This research aims to bridge this gap, by carrying out an empirical study that will help to identify the most critical HR practices that are crucial in ensuring labour productivity, with employee engagement as a moderating factor

Most of the research has been limited to the western and Eastern countries. This research aims at replicating these studies in the Kenyan context, in view of the fact that it is unique since it is a developing country which is in transition from personnel management to Human Resource Management, it has its own unique history and culture, power and political play as well as a unique vision (vision 2030), hence the studies done elsewhere cannot be completely replicated in Kenya, in helping to explain the relationship between HR practices and labour productivity in the State corporations in Kenya, which is responsible for the realization of vision 2030 and for transforming Kenya. According to an economic survey done by the G.O.K (2008), employment in 1997 stood at 4.707 million and it contributed 2.4% to GDP growth, while in 2008 employment stood at 9.946 million and it contributed 1.8% to GDP growth, this shows a decline in labour force productivity despite the increased in levels of employment, this is according to a report by Omolo (2010).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research design and methodology that this study used. It also highlights the target population, sampling design procedure, data collection instruments and administration, pilot testing and as well as data analysis methods that were used to analyze the data that was collected during this study.

3.2 Research Design

3.2.1 Research Philosophy

Research philosophy can be defined as the development of the research background, research knowledge and its nature (Saunders and Thornhill, 2007). Research philosophy can also be defined with the help of research paradigm. According to Cohen, Manion and Morrison (2000), research paradigm can be defined as the broad framework, which comprises perception, beliefs and understanding of several theories and practices that are used to conduct a research. It can also be characterized as a precise procedure, which involves various steps through which a researcher creates a relationship between the research objectives and questions.

There are mainly three type of paradigm to understand the reality, Positivism, Interpretivism and realism. This research used the positivism research paradigm, it utilised an empirical setting to investigate the theoretical relational paths drawn from literature and test them through hypotheses. The conceptual framework sought to quantify the data for the purposes of explaining the causal relationships. The concept of Positivism is directly associated with the idea of objectivism. In this kind of philosophical approach, scientists give their viewpoint to evaluate social world with the help of objectivity in place of subjectivity (Cooper and Schindler, 2006). The positivist position is derived from that of natural science and is characterized by the testing of hypothesis developed from existing theory (hence deductive or theory testing) through measurement of observable social realities,(Saunders, Lewis andThornhill,2007). Positivism is said to be in the realm of theory, where the data is

theory driven and design to test the accuracy of the theory (May 2001). Predictions can be made on the basis of the previously observed and explained realities and their inter-relationships.

3.2.2 Research Design

The research design constitutes the blue print for the collection measurement and analysis of data Kothari (2003). According to Mouton and Marais (1990), the aim of a research design is to plan and structure a given research in a manner that the eventual validity of the research is maximized.

Explanatory research design was used for this study. According to Kothari (2004), explanatory research design is suitable for those studies that seek to determine relationships between variables. According to Philips and Pugh (1987); Webb (1992); Ghauri *et al;* (1995), explanatory design focuses on the why questions and this involves developing causal explanations to explain the phenomenon under study when the problem is not very well understood and unstructured. Explanatory case studies examine the data closely both at a surface and deep level in order to explain the phenomena in the data and they have been used successfully in researches where theories are used as a basis for understanding and explaining practices or procedures

The hypotheses that were put forth by the researcher were tested through statistical outcomes, and the choice of statistical tests were based upon the level of measurement of the data; the validity of the instrument utilized for measuring the variables of interest; the power of the statistical test selected; and the methodological limitations of the research (Teddie & Tashakkori 2008,).

3.3 Target Population

The target population is defined as the entire set of units for which the survey data are to be used to make inferences. Thus, the target population defines those units for which the findings of the survey are meant to generalize (Lavrakas,2007). In this study the target population was the State Corporations in Kenya. The study population is defined as the total members of a defined class of people, objects or

events selected because they are relevant to your research, according to Kothari (2004), it is the same as the sampling frame or a subset of the target population. The study population comprised of the State Corporations in Kenya which are 202 in number (source: State Corporations Advisory Committee, 2014) while the target respondents were the 202 HR managers in the state corporations in Kenya.

HR managers were regarded as a suitable unit of observation since they are the policy makers, and are the implementers of HRM practices and are therefore better placed to give an opinion on the relationship between HR practices and labour productivity. A list that contained the random number of each HR manager was created and this was used as a sampling frame.

3.4 Sample and Sampling Technique

According to Kothari (2004), a census approach is a complete enumeration of all items in the population. It is presumed that in such an inquiry when all items are covered, no element of chance is left and the highest accuracy is obtained. This method is suitable when the study population is small or manageable and therefore there is no need of using a sampling survey. According to Gupta (1994), in the census method, we resort to 100% inspection of the population and enumerate each and every activity; therefore it provides more accurate and exact information as compared to the sample enumeration, which involves drawing a representative and adequate fraction of the population. A census approach therefore affords more extensive and detailed study.

Since the unit of observation were the HR managers and this was known, there were 202 HR managers across the State Corporations that were surveyed, these formed 202 respondents. 202 respondents were a manageable number and therefore there was no need for a representatives sample instead a census approach or complete enumeration was employed, where all the HR managers were sampled.The criteria for choosing HR managers was because they are regarded as a suitable unit of observation since they are the policy makers, and are the implementers of HRM

practices and are therefore better placed to give an opinion on the relationship between HR practices and labour productivity.

3.5 Instrumentation

According to Polit and Hungler (1999), data is defined as information obtained in the course of study. Data was collected through primary sources. Primary data was collected using questionnaires as the data collection instrument. The questionnaires were composed of semi structured and open ended question which were used as the response format for the variables. The questionnaires were administered to individuals with principal administrative responsibilities. They were asked to indicate the extent to which the three HRM practices affect on labour productivity in their organizations.

The semi structured questions provided a set of alternative solutions for the respondent to fill the one that best fits their opinion. The open ended questions on the other hand, were aimed at helping to capture the opinions of the respondents regarding the variables under investigation. This structure of the questionnaires therefore captured data in a way that made the analysis simpler.

The study employed the self administered survey approach, where the questionnaires were hand delivered to ensure fast return. The questionnaires were sent with a cover letter outlining the objectives of the research, accompanied with directions for filling out the survey, some questionnaires were completed in the presence of the researcher.

3.6 Pilot Study

A pilot study tries to maximize the reliability and validity of the data collected (Mugenda and Mugenda (2003). The rule of thumb is that at least 10% of the Sample should constitute a pilot test Creswell (2003). As such, in order to minimize the possible instrumentation error, internal consistency technique was used. This involved a pilot study being undertaken on 12 assistant HR managers drawn from a

few state corporations to test the reliability and validity of the questionnaire. This proposed pilot test was within the recommended size.

This was done by use of internal consistency technique for reliability and by determining the chronbach's alpha value for each item in each variable. A sample of 12 respondents from the unit of analysis was randomly selected and the questionnaire administered to them. The random sample ensured that all the respondents get an equal chance of participating in the pilot study. The instrument was reviewed based on the pre-test experience. The pilot study was conducted using a sample of 6% of the total respondents so as to check for possible errors that could arise from unclear instructions, this was done by using Cronbach Alpha method, which was used to check on the reliability and validity of the instruments used by determining the internal consistency of the scale used, and validated by component factor analysis. According to Sudman & Blair (1998) there is always a chance that some questions could cause problems and questionnaire piloting is needed to identify and eliminate such problems. The researcher made a deliberate effort to ensure that those who participated in the pilot study were excluded from the actual study so as to avoid bias.

3.7 Data Analysis and Presentation

The study expected to produce both quantitative and qualitative data. Therefore both descriptive and inferential statistics were used to analyze the data. Once the questionnaires were received they were coded and edited for completeness and consistency. The data obtained was cleared and coded then SPSS was used for data analysis using quantitative data analysis as well as qualitative data analysis.

Data collected was initially subjected to Factor analysis. Factor analysis is defined by Mugenda and Mugenda (2003) as a powerful statistical procedure often used to validate hypothetical constructs. It attempts to cluster those indicators or characteristics that seem to correlate highly with each other. Kothari (2005) has emphasised that it is customary for a loading of 0.33 to be the minimum for interpretation. To further assess the factorability of items, the researcher examined

two indicators; Kaiser Meyer-Olin Measure of Sampling Adequacy-KMO and Barlett‟s Test of Sphericity which helped to indicate that the data matrix had sufficient correlations to justify the application of the Factorial Analysis

The Normality of Labour productivity as a dependent variable was determined using a histogram and a Q-Q plot. This helped to check whether data provided by the dependent variable was normally distributed. A normal test is used to fit a multiple regression model and for the fit to be done, the dependent variable should be normally distributed (Hussey & Hussey, 1997)

Once data screening was completed, descriptive statistics for all variables were run. Initial descriptive analysis was performed using SPSS 20. The mean and standard deviation was used for descriptive analysis. This assisted with the generalisation of results. Qualitative data was analysed using content analysis, where the data was coded into theoretically derived categories for the identification of the critical aspects of HR practices and labour productivity. The quantitative data was analysed using descriptive statistics and inferential statistics using Statistical Package for Social Sciences (SPSS). Descriptive statistics such as the means and standard deviations were calculated to summarize the data. This technique gives simple summaries about the sample data and present quantitative descriptions in a manageable form Gupta (1996).

In order to assess Labour productivity in the context of Human Resource practices Confirmatory Factor Analysis (CFA) was conducted. Confirmatory factor analysis (CFA) is a statistical technique used to verify the factor structure of a set of observed variables and their relationship (Hurley et al, 1997, Field, 2009) and to analyse the reliability and validity of the research instrument by identifying and eliminating any items that do not strengthen the factors they represent

All independent and dependent latent variables were included in one single multi-factorial CFA model in AMOS 21.0 software. In this study, absolute indexes of goodness-of-fit such as chi-square, goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), and RMSEA (Root Mean Square Error of Approximation) were

used to evaluate goodness of fit, normal fit index (NFI), was used to compare models.

This study also used structural equation modeling (SEM). Structural equation modelling was used to validate the measurement model. Initially, confirmatory factor analysis (CFA) was used to validate the measurement scales. SEM is an approach for testing multivariate models with empirical data. SEM analysis was relevant for this research as it can handle multiple independent and dependent variable simultaneously (Bryne, 2001). SEM also allows relationships among constructs to be automatically corrected by measurement errors as the estimation of measurement and structural models are being performed simultaneously (Bryne, 2001). A first, second and subsequently third order CFA was performed to ascertain the convergence of independent variable dimensions, and further into one single construct of HRM.

Normality tests to were also carried out to check whether the data provided by the variables was normally distributed, this is because if variables are not normally distributed, there would be problems in subsequent statistical analysis (Child, 1990). A histogram and a Q-Q plot was used for this purpose.

A correlation analysis was conducted to establish the relationship between the independent and dependent variables; this helped to test the hypotheses of the study and show the degree of relationship between the independent and dependent variables. The purpose of doing correlations was to allow the study to make a prediction on how a variable deviates from the normal. Pearson **r** was used to determine if there was a significant, positive association between each independent variable and Labour productivity. Pearson **r** is a measure of the degree of association between two variables which are both measured in either the interval or ratio scale. Its value ranges from -1.0 to +1.0, with bigger absolute values indicating stronger relationship; the sign denotes the direction of association. A positive correlation indicates that as one variable increases, the other also goes up; meanwhile a negative correlation suggests that as one variable increases, the other correspondingly goes down (Reid1987).

$$r = \frac{Cov(X; Y)}{SXSY}$$

The following was used as a guide when interpreting data (Hussey & Hussey, 1997)

Table 3.1 Guideline on strength of Relationship

r Value	Interpretation
0.7 to 0.99	A high positive association
0.4 to 0.69	Moderate positive association
0.39 and below	Low positive association

The hypothesis testing was done at 5% level of significance and SPSS was used for this purpose. The data was then presented using frequency distribution tables, bar charts, and pie charts for easier understanding.

According to Kothari (2004), correlation and regression analysis are used to determine the relationship between variables, and it helps to measure the strength of association between two or more variables. Previous research on the relationship between HR practices and organizational performance or productivity have used bivariate correlational analysis or multiple regression (Neal et al , 2005) to see is there is a significant relationship between independent, dependent and intervening variables. It is on this basis that correlation and multiple regression analysis were used.

Multiple regression models attempt to determine whether a group of variables together predict a given dependent variable (James & Frank, 1985). A multiple regression model separates each individual variable from the rest allowing each to have its own coefficient describing its relationship to the dependent variable. This model was therefore adopted because the study had more than one variable.

Labour productivity in the State corporations was regressed against four variables of the HRM practices namely Performance and Reward management, Recruitment and selection, training and development as well as employee engagement. These variables were also regressed against employee engagement. The equation was expressed as follows:

$Y_S = \beta_0 + B_{1X1} + B_{2X2} + B_{3X3} + B_{4X4} + B_5M_1 + \varepsilon$**…… ……*Equation1***

Where

Ys = Labour productivity

β_0 = constant (coefficient of intercept)

X1 = Performance and Reward management, X2 = Recruitment and selection X3 = Training and Development, X4= Employee engagement

M_1 = Employee Engagement

B1.....B5 = regression coefficient of five variables

Analysis of Variance (ANOVA) was also done to establish whether the whole model was a significant fit of the data and therefore formed the tests of significance. ANOVA is a data analysis procedure that is used to determine whether there are significant differences between two or more groups of samples at a selected probability level (Mugenda & Mugenda, 2003).

The data was presented using distribution tables for easier understanding.

Moderated multiple regression (MMR) was used to test the moderating effect of Employee Engagement. Moderated multiple regression (MMR) analysis is defined as an inferential procedure which Consists of comparing two different least-squares regression equations (Aguinis, 2004; Aiken and West, 1991). MMR analysis was used to compare the moderating effect of the employee Engagement analyzed by interpreting the R^2 change in the models obtained from the model summaries so as to test the hypothesis that employee Engagement does not moderate the relationship between Human Resource practices and Labour productivity.A similar study by

Sazali et.al (2009), that involved analysis of a moderating effect also used moderated multiple regression (MMR)

CHAPTER THREE

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The results of data analysis on the relationship between Human Resource Management practices and Labour productivity in State Corporations in Kenya are presented and discussed in this chapter. The data that was obtained from the respondents was analysed using SPSS version 16.0. Findings of the analysis which was carried out using both descriptive and inferential statistics focusing on the research objectives and hypothesis are presented and discussed. All the hypotheses were tested at 0.05 significant levels.

4.2 Response Rate

A total of 202 questionnaires were issued out to respondents who were mainly the HR Managers or HR practitioners in state corporations. As shown in table 4.1 completed questionnaires that were received were 168 which represented 83% response rate while 34 questionnaires were not returned. According to Gall, Borg, and Gall (1996) response rate of 80 % is considered excellent in quantitative research in Social Sciences, and according to Fincham (2008), a response rate of 60% is considered appropriate in research, while according to Mangione (1995) a response rate of over 85% is considered excellent for self-filled questionnaires. The response rate was considered excellent for further analysis since it was over 80%.

Table 4.1 Response rate

Category	Frequency	Percentage
Response	168	83
Non Response	34	17
Total	**202**	**100**

4.3 Results of Pilot Study

Reliability is a measure that indicates the extent to which there is no biasness, therefore it ensures consistent measurement across the various items in the instrument, while validity is a measure of the degree of accuracy and meaningfulness of inference based on research results. In this study reliability study was done on all the items, which were also validated by component factor analysis. The Chronbach's Alpha is a reliability measure which shows how well the items in the instrument are correlated to each other, while Factor analysis was conducted in order to reduce the data to a meaningful and manageable set of factors (Sekaran,2006). According to Kothari (2005), it has become customary for loadings of 0.33 to be as values to be interpreted. Therefore items with a loading of above 0.33 were considered valid.

A pilot study was conducted using a sample of 12 respondents or 6% of the total respondents so as to check for possible errors that could arise from unclear instructions, this was done by using Cronbach Alpha method, which was used to check on the reliability and validity of the instruments used by determining the internal consistency of the scale used. According to Sekaran (2003), Chronbach Alpha is a reliable coefficient that indicates how well items are positively related to one another. Chronbach alpha values of 0.7 and above is considered adequate, the average Chronbach Alpha value was 0.793 as shown in table 4.2 below which is above the recommended threshold. The Cronbach's alpha reliability test results for the independent and moderating variables are shown in appendix 3.

Table 4.2 Chronbach Alpha of items related to Labour productivity in State Corporations

Variables	Chronbach's Alpha standardized item	Number of Items
Performance and Reward Management	0.923	10
Training and Development	0.744	7
Recruitment and Selection	0.797	7
Employee Engagement	0.766	4
Labour Productivity	0.763	4
Average Chronbach Alpha for All variables	**0.793**	32

4.4 Respondents Characteristics

The general objective of this quantitative study was to establish the relationship between HRM practices and Labour productivity. Labour productivity was the dependent variable in this research. A dependent variable is one which is a consequence of another variable and can be predicted by the independent variable (Hussey & Hussey, 1997; Kasomo, 2006). The HRM practices that were studied were Performance and Reward Management, Training and Employee Development

and Recruitment and Selection. This study therefore sought to establish whether Labour productivity in State Corporations was influenced by Performance and Reward Management, Training and Employee Development as well as Recruitment and Selection which were the independent variables, with Employee Engagement as a moderating variable.

The research sought to determine the direction, strength and significance of the relationships between Labour Productivity and HRM practices. Questionnaires were sent to all the State Corporations as provided by State Corporations Advisory Committee (2014). This section therefore covers descriptive statistics, factor analysis, and quantitative analysis of the relationship between Human Resource Management practices and Labour productivity with Employee Engagement as a moderator

4.4.1 Respondents Background Information

Majority of the HR practitioners (36.3%) in state corporations have a bachelor's degree and diploma level of education (35.7%) with 23.2% having a master's degree, only 2.4% have high school level of education, while 1.8% have Ph.D. level of education. According to a research by Thomas & Feldman (2009) education levels positively contribute to job performance, highly educated employees, contribute more to the organizational effectiveness than those who are less educated. These findings are also supported by Benson, Finegold, & Mohrman (2004), who assert that most organizations use education as an indicator of a person's skill levels or productivity. The implication of this is that since most HR practitioners in State corporations have Bachelor and Masters Level of education, they can be expected to effectively manage the HR function in their organizations.

Table 4.3: Level of Education

Level of Education	Frequency	Percentage (%)
Primary Education	0	0
High School	4	2.4
Diploma	60	35.7
Bachelor's Degree	61	36.3
Master Degree	40	23.8
Other	3	1.8
Total	**168**	100

Majority of the HR practitioners in state corporations have formal training in HR (66.1%) and are therefore aware of human resource management practices that should be employed so as to get high Labour productivity. This findings show that the HR professionals in state corporations have specific skills and knowledge to help them effectively handle the HR function in their organizations. This is supported by Armstrong (2009) who asserts that formal training help people to acquire the skills necessary for them to perform their jobs satisfactorily.

This is supported by Harris (2011), who suggests that proper execution of fundamental HR services is essential to demonstrating competence and building credibility in pursuing a strategic agenda, as strategic partners.

Table 4.4: Formal Training in HRM

	Frequency	Percentage (%)

Yes	111	**66.1**
No	57	**33.9**
Total	**168**	**100.0**

Most of the HR practitioners 43% have a working experience that ranges between 2-10 years in state corporations, with 36% having over 10 years working experience and 21% having working experience of less than 2 years. The implication of these findings is that majority of the HR professionals in State Corporations are experienced and have acquired skills that are adequate to make them efficient in managing the HR functions. According to Armstrong (2009), these roles can either be basic in service provision as generalists, or as specialists, and also as strategic and business partners. According to Harris (2011), most HR professionals have been in the field for some time and therefore have a generally good idea of how to manage the HR function

Table4.5 Work experience

Level of Education	**Frequency**	**Percentage (%)**
Less than 2 years	35	**21**
2-10 years	72	**43**
Above 10 years	61	**36**
Total	**168**	**100**

4.5 Descriptive Analysis of Variables

4.5.1 Descriptive Analysis of Variable Performance and Reward Management

Performance Management

Respondents were requested to provide information on a likert scale with values ranging from 1-5.The abbreviations SD, D, N, A and SA were used in this study to mean: SD (strongly disagree), D (Disagree), N (Neutral), A (Agree), SA (strongly Agree) on a likert scale. When asked whether in their opinion employee's meet their annual targets and get rewards based on their performance in your workplace, 51.8% of the respondents indicated yes while 48.2% disagreed.

Among the respondents 42.1 %agreed that employee involvement in setting agreed goals and targets based on organizational goals enhances individual employees performance, while 21.5% disagreed, 36.1% were neutral. 51.2 % of the respondents also agreed that regular monitoring and feedback from supervisors generates commitment, while 53.4% agreed that performance management helps in alignment of individual goals and organizational goals to generate commitment. When asked whether comprehensive and regular performance appraisals based on set targets and goals boosts individual motivation to perform, 53.1% agreed, while 32.1% remained neutral. Most of the respondents 59% agreed that performance management helps produce a culture of performance and continuous improvement, while 14.9% disagreed.

These findings are supported by empirical studies that were conducted by Brown and Hewood (2005) which showed that performance management system have a positive link with improved productivity of organizations. The effective process of monitoring and feedback between employees and supervisors strengthens their relationships (Cook & Crossman, 2004). Lee and Lee (2007) found that effective performance management system improves employee productivity. Other researchers also found positive and significant relationship between performance management and organizational performance (Ahmed & Schroeders, 2003; Chang & Chen, 2002; Kuo, 2004).

Table 4.6: Responses on Performance Management

	SD	D	N	A	SA	TOTAL
Employees involvement in setting agreed goals and targets	4.8%	16.7%	36.1%	34.9%	7.2%	100
Regular monitoring and feedback	4.2%	13.3%	31.3%	28.3%	22.9%	100
Alignment of goals	3.0%	16.9%	26.5%	31.9%	21.7%	100
Comprehensive and regular performance appraisals	5.4%	9.0%	32.3%	35.9%	17.4%	100
Culture of performance and continuous improvement	2.4%	12.5%	26.2%	41.1%	17.9%	100

Employee Reward

Respondents were asked to provide information on whether salaries and benefits based on performance acts as an incentive to encourage performance, 18.4% agreed, while 40.1% disagreed, 40.5% were neutral. 35.1% agreed that when employees pay and benefits are commensurate with their skills and experience there is increase in service delivery, while 37.5% remained neutral and 27.3% disagreed. From the results 41.1% agreed with the opinion that Pay and benefits can affect employee turnover or their intention to leave an organization, while 24.4% disagreed and 34.5% were neutral. On whether profit sharing, share options, and other group related motivation schemes make employees feel that their contribution is valued,

35.1% agreed, 32.1% were neutral and 32.7% disagreed. Lastly 47.5% agreed with the opinion that non-monetary rewards such as fair treatment, recognition, appreciation affect job satisfaction and combat burnout, while 27.5% were neutral and 2% disagreed

Similar empirical studies done by Tsai (2004), showed that if rewards are used effectively, they can motivate individuals to perform and thus can have a positive effect on Labour productivity which in turn has a positive effect on organizational performance. A study by Fey and Bjorkman, (2001), suggests that employees are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the reward they receive. However when rewards are not used effectively they may not impact on performance positively. In a study conducted by Latham & Ernst (2006), it has been suggested by the two researchers that managers should first make sure to provide both salaries and benefits in order to make sure that the basic needs of the employee are met, however this may not necessarily make the employee happy with his/her job, there is also need to look at the non-monetary rewards.

Table 4.7 Responses on Reward Management

	SD	D	N	A	SA	TOTAL
Salaries and benefits based on performance acts	12.5%	28.6%	40.5%	11.9%	6.5%	100
Pay and benefits commensurate with their skills and experience	6.5%	20.8%	37.5%	25.0%	10.1%	100
Affect employee turnover or their intention to leave an organization	8.3%	16.1%	34.5%	24.4%	16.7%	100
Motivation schemes	13.1%	19.6%	32.1%	25.0%	10.1%	100

Non-monetary rewards and job satisfaction	7.7%	17.3%	27.5%	29.2%	18.3%	100

4.5.2 Descriptive Analysis of Variable Training and Development

Employee Training

When asked whether training in their organizations helped to boost individual employee's performance by enhancing knowledge, skills and attitudes, 45.8% agreed, while 24.4% disagreed, 29.8% were neutral. 56.5% agreed that improving individual employee's capacity and competencies helped to reduce burnout and increase job fulfilment, while 16.1% disagreed and 27.4% were neutral. Majority (53.6%) agreed that training based on comprehensive training needs assessment helped to bridge the gap between the desired and the actual level of performance, while 52.9% agreed that continuous training and development can ensure improvement of products and services in their organizations, 15.5% however disagreed while 31.5% were neutral.

A longitudinal study by Birdi et.al (2008), on the impact of Human Resource Management practices on company productivity, use of training to increase productivity scored 63%, these findings are similar to the current study, and are also supported by a study on the effect of training on financial performance done on 61 French firms by d'Arcimoles (1997), which found that expenditure on training by firms was associated with immediate and permanent improvements in productivity and profitability.

Table 4.8 Responses on Training

Training	SD	D	N	A	SA	TOTAL
Training boosts employee's performance	6.5%	17.9%	29.8%	33.9%	11.9%	100

Training helps reduce burnout and increase job fulfillment	3.0%	13.1%	27.4%	33.9%	22.6%	100
Training based on comprehensive TNA	4.8%	10.7%	31.0%	28.6%	25.0%	100
Continuous TND can ensure quality improvement	6.0%	9.5%	31.5%	32.7%	20.2%	100

Employee Development

When asked whether employee's growth and Employee Development needs are always considered when developing training programs, 45.2% were neutral, while 22.1% disagreed and 32.8% agreed. 20.9% disagreed that awareness of long term organizational goals and their implication on employee's Employee Development plays a key role in developing employee's potential and competence, while 40.5% agreed. 49.4% agreed that considering employees current roles and responsibilities and undertaking competency/skills mapping can help identify areas for further development in their organizations, while 14.9% disagreed and 35.7% were neutral. When asked whether encouraging employees to take responsibility for their personal development ensures that employees take career and self-development seriously in their organizations 51.2% agreed while 14.9% disagreed.

These findings are supported by Jensen (2010) who suggests that there is need for reviewing employee's Employee Development goals so as to consider their current roles and responsibilities and identify areas in which additional development will help them grow in their current jobs. A similar research by Balgobind (2007), on the relationship between HRM practices and Organizational performance showed that 66.1% of the respondents agreed that Employee Development contributes to employee and therefore organizational performance.

Table 4.9 Responses on Employee Development

Employee Development	SD	D	N	A	SA	TOTAL
Employees Employee Development needs are always considered	6.0%	16.1%	45.2%	28.0%	4.8%	100
Awareness of long term organizational goals	2.4%	18.5%	38.7%	27.4%	13.1%	100
Competency/skills mapping	6.0%	8.9%	35.7%	30.4%	19.0%	100
Responsibility for self-development	4.8%	10.1%	33.9%	30.4%	20.8%	100

4.5.3 Descriptive Analysis of Variable Recruitment and Selection Recruitment

Respondents were requested to provide information on a likert scale with values ranging from 1-5. When asked whether in their opinion recruitment practices in their workplace ensured that a large number of highly qualified people were attracted to apply for jobs 31.1% agreed while 37.7% were neutral, however 31.2% disagreed. When asked whether recruitment in their organizations are based on merit even with the principle of equal regional and gender representation, 36.8% agreed, while 31.3% disagreed, 31.9% were neutral. Majority of the respondents 53.3% agreed that recruitment based on nepotism, favoritism and political consideration was a basis for poor performance in their organizations, while 19.8% disagreed, however 41.9% agreed that current recruitment practices in their organizations accurately identified potential employees and ensured that they were placed in the right jobs, while 11% disagreed, 37.1% were neutral.

This findings agree with a research conducted by Gberevbie (2010), which showed that recruitment based on merit, appropriate educational qualifications, skills and experience even within the principal of equal regional and gender representation can

act as a basis for enhanced Labour productivity. This findings are also supported by research done by Pfeffer(1994) which identified recruitment and selection as one of the 7 HRM practices that were considered as best practice, in driving organizational performance.

Table 4.10 Responses on Recruitment

Recruitment	SD	D	N	A	SA	TOTAL
Recruitment practices provide a large pool of qualified candidates	12.0%	19.2%	37.7%	25.1%	6.0%	100
Recruitment based on merit	10.8%	20.5%	31.9%	23.5%	13.3%	100
Recruitment based on discrimination	9.0%	10.8%	26.9%	29.3%	24.0%	100
Current recruitment practices ensure correct placement	7.2%	13.8%	37.1%	29.3%	12.6%	100

Selection

When asked whether the selection practices in their organizations were fair, transparent and based on merit, 37.1% were neutral while 30.6% agreed, however 32.3% while 37.1% were neutral. 39.5% agreed that the selection process and techniques accurately identify and place potential employees with the correct person job fit to ensure right first time recruitment and selection while 16.8% disagreed. When asked whether the selection committee in their organizations used during the selection process were well trained on selection techniques to ensure correct person-job fit, Majority (42.5%) agreed while 16.2% disagreed, however 41.3% were neutral

This findings are supported by research done by Pfeffer(1994) which identified recruitment and selection as one of the 7 HRM practices that were considered as best practice, in driving organizational performance. A study by Sekiguchi (2004) also showed that, proper recruitment and selection should result in person-job fit and

person-organization fit so as to ensure there is labour productivity, even with the principle of equal regional and gender representation (Ayoade, 2000).

Table 4.11 Responses on Selection

Selection	SD	D	N	A	SA	TOTAL
Selection practices are fair	9.0%	23.3%	37.1%	24.6%	6.0	100%
Accurate selection process and techniques	6.0%	10.8%	43.7%	30.5%	9.0%	100
Use of Trained selection committee	2.4%	13.8%	41.3%	31.7%	10.8%	100

4.5.4 Descriptive Analysis for Moderating Variable

When asked whether employee engagement produces a strong emotional bond between the employees and their organization 41.9% were neutral, 27.9% agreed while 30.6% disagreed. On whether engaged employees show enthusiasm and passion for work and are willing to go above and beyond to put in extra effort in their organization, 32.3% agreed while 43.7 were neutral and 24% disagreed. Majority of the respondents (51.2%) agreed that engaged employees speak positively about their organization and have a desire to be part of the success of the organization, while 31.1% were neutral and 17.7% disagreed. On whether poor engagement leads to burnout, stress, absenteeism and other negative impacts in their organizations, 36.6% agreed, while 28.8% disagreed and 34.7% remained neutral.

This findings are supported by a study done by the Gallup Management Journal which showed that only 29% of employees are normally actively engaged in their jobs, while 54% of employees are not engaged.Employee engagement can therefore be a predictor of Labour productivity since it leads to positive behavior such as taking personal initiative, organizational citizenship behavior and employee effectiveness (Macey and Schneider 2008).

Table 4.12 Responses on Employee Engagement

	SD	D	N	A	SA	TOTAL
Employee engagement produces a strong emotional bond	7.8%	22.8%	41.9%	24.9%	3.0%	100
Engaged employees show enthusiasm and passion for work	7.8%	16.2%	43.7%	25.7%	6.6%	100
Engaged employees are positive about their organization	3.7%	14.0%	31.1%	36.0%	15.2%	100
Poor engagement leads to burnout and other negative impacts	7.2%	21.6%	34.7%	22.8%	13.8%	100

4.5.5 Descriptive Analysis of the Dependent variable-Labour productivity

When asked whether the cost of Labour is higher than the physical output and financial value created by the employees in their organization 51.5% disagreed while 36.5% were neutral and 12.0% agreed. 41.9% were neutral when asked whether the waiting time per client served and number of clients served/products produced were within the acceptable standards, however 39.8% agreed that there is low turnover and absenteeism in the State corporations while 31.9% disagreed and 28.3% were neutral. When asked whether the productivity per hour form employees in the State corporations is lower compared to those in the private sector, 56.9% agreed, while 17.4% disagreed,25.7% were neutral.

This findings are supported by a study by Spring Singapore (2011),which showed that productivity is critical for the long-term competitiveness and profitability of organizations. Labour productivity is the relationship between the quantity of output and the quantity of input used to generate that output. It is basically a measure of the effectiveness and efficiency of the organization in generating output with the resources available. According to Kimuyu (2005), changes in labour productivity,

have shaped changes in economic growth so that, where these have been declining, the growth performance has also suffered.

Table 4.13 Responses on Labour productivity

	SD	D	N	A	SA	TOTAL
The cost of Labour is higher than the physical output and financial value	16.8%	34.7%	36.5%	9.6%	2.4%	100
The service level is within the acceptable standards	7.2%	18.0%	41.9%	29.9%	3.0%	100
Low absenteeism and Labour turnover	7.8%	24.1%	28.3%	26.5%	13.3%	100
The productivity per hour is lower compared to the private sector	2.4%	15.0%	25.7%	40.7%	16.2%	100

4.6 Requisite Tests

4.6.1 Test of Sampling Adequacy

To further assess the factorability of items, researchers can examine two indicators; Kaiser Meyer-Olin Measure of Sampling Adequacy-KMO and Barlett‟s Test of Sphericity. The Kaiser Meyer-Olin Measure of Sampling Adequacy-KMO is a test of sample adequacy, Kaiser (1974) recommends a bare minimum of 0.5 with values between 0.7-0.8 being good while those between 0.8 and above 0.9 being great (Hutcheson & Sofronniou, 1999) it is used for samples sizes that are greater than 50. Barlett‟s Test of Sphericity is another indication of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix. An identity matrix is a matrix in which all of the diagonal elements are 1and all off diagonal elements are 0. It is used to show if the factors are significant where the p values for Barlett‟s test of Sphericity (Barlett, 1954) should

be below 0.05, it is used for samples sizes that are greater than 50 (Habing, 2003). It was found that manifest variables have KMO Measures of Sampling Adequacy above 0.829, which is above the threshold of 0.5 (Kaiser, 1974), as well as p values for Barlett‟s test of Sphericity (Barlett, 1954) below 0.05.

Table 4.14: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.829
Bartlett's Test of Sphericity	Approx. Chi-Square	3422.674
	df	496
	Sig.	.000

4.6.2 Confirmatory Factor Analysis

Factor analysis is a powerful statistical procedure that is often used to validate hypothetical constructs (Mugenda & Mugenda, 2003). It establishes factor thresholds of variables to be considered for interpretation. Factor analysis was conducted in order to reduce the data to a meaningful and manageable set of factors (Sekaran, 2006). According to Kothari (2005), it has become customary for loadings of 0.33 to be as values to be interpreted. Results of factor analysis for the dependent variable is shown in table 4.17 below, while that of the other independent and moderating variable are shown in appendix 1.

In order to assess Labour productivity in the context of Human Resource practices Confirmatory Factor Analysis (CFA) was conducted. Confirmatory factor analysis (CFA) is a statistical technique used to verify the factor structure of a set of observed variables and their relationship (Hurley et al, 1997, Field, 2009) and to analyse the reliability and validity of the research instrument by identifying and eliminating any items that do not strengthen the factors they represent.

The potential relationship between the six (6) sub-variables of Performance management, Reward Management, Training, Employee Development, Recruitment

and Selection were explored. The research adopted a 33 item scale to analysis the relationship between HRM practices and Labour productivity. The initial CFA was premised upon 33 items and 3 factor structure.

Confirmatory factor analysis helps to reduce data to a smaller set of summary variables. In this research the aim was to measure the relationship between Human Resource Management practices and Labour Productivity. This was by measuring several constructs in Human Resource management practices, each HRM practice construct was measured using multiple items, which were combined to a smaller number of factor scores the goal was to reduce the set of variables down to a smaller number of factors and to create composite scores for these factors for use in subsequent analysis.

Confirmatory factor Analysis is used to test or generate hypotheses about how the various constructs are related. Structural equation analysis is used when the researcher has theoretical or empirical knowledge of the underlying latent variable structure. The researcher postulates relations between the observed measures and the underlying factors a priori and then tests the hypothesized structure statistically. CFA and SEM (Structural equation modelling) was used. Structural equation modelling (SEM) is a statistical technique that applies a confirmatory approach to the structural analysis of a theory. The theory represents causal processes which generate observations on multiple variables (Bentler, 2006).The hypothesized model is tested statistically in a simultaneous analysis of the whole system of variables to determine the extent to which it fits with the collected data. The model supports the plausibility of postulated relations among variables if goodness-of-fit is adequate.

All independent and dependent latent variables were included in one single multi-factorial CFA model in AMOS 21.0 software. In this study, absolute indexes of goodness-of-fit such as chi-square, goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), and RMSEA (Root Mean Square Error of Approximation) were used to evaluate goodness of fit, normal fit index (NFI), was used to compare models.

GFI and AGFI range from 0 to I with higher values indicating better fit (Joreskog and Sorbom 1989). Many researchers interpret GFI or AGFI scores above 0.7 as representing reasonable fit; scores of 0.80 or higher are considered evidence of good

fit. The closer the GFI and AGFI is to 1.00, the better is the fit of the model to the data.The RMSEA -Root Mean Square Error of Approximation (Steiger, 1990) is a measure of the estimated discrepancy between the population and model implied population covariance matrices per degree of freedom. Browne and Cudeck (1993) suggested that values of the RMSEA of .05 or less indicate a close fit, and .08 or less indicate adequate fit. The chi square tests the hypothesis that the model is consistent with the pattern of covariation among the observed variables. In the case of the chi-square statistic, smaller rather than larger values indicate a good fit.

The researcher used competing models, based on theory or existing data that were hypothesized to fit the data. The models specify things such as predetermination of the degree of correlation, if any, between each pair of common factors, predetermination of the degree of correlation between individual variables and one or more factors, and specification as to which particular pairs of unique factors are correlated. The completed analysis yields several different statistics for determining how well the competing models fit the data, or explain the covariation among the variables. These statistics are referred to as "fit statistics"

These fit statistics are evaluated to determine which predetermined model(s) best explain the relationships between the observed and latent variables. This process was described by Bentler (1980):" The primary statistical problem is one of optimally estimating the parameters of the model and determining the goodness-of-fit of the model to sample data on measured variables". The table below provides a guide line of recommended thresholds for these tests statistics according to Hair et al (2010).

Table 4.15: Thresh hold for fit statistics

Measure	Thresh hold

Chi square/df	Less than 3 –good, less than 5 –permissible
GFI (Goodness of fit index	Greater than 0.7
AGFI (Adjusted Goodness of fit Index)	Greater than 0.7
RMSEA (Root Mean Square Error of Approximation)	Less than 0.05-good, 0.05-0.10-moderate/acceptable fit
NFI (Normed fit index)	Greater than 0.7

CFA 1st Order test

The purpose of confirmatory factor analysis (CFA) of first order factor measurement model is to test how well measured variables represent in a small construct, Hinkin (1995) suggests that CFA approach is able to examine the stability of the factor structure in scale construction. It is the most basic level of measurement invariance (Horn,McArdle, & Mason, 1983). The central requirement is that the same item must be an indicator of the same latent factor in each group. Confirmatory factor analysis approach to access uni-dimensionality was adopted because of the existence of single construct underlying a set of measures and as a set of items forming an instrument that in all measure one thing in common (Hafiz and Shaari, 2013) .

The magnitude of the direct structural relationship between the item and latent construct (or factor) should be statistically different from zero (Holmes- Smith et al., 2006). In other words, the final items (not including deleted items) should be loaded highly on one factor (Anderson and Gerbing, 1988), with a factor loading of 0.50 or

greater (Hair et al., 1995). Construct validity in this thesis was enhanced by assuring that the model (through goodness-of-fit results obtained from CFA) fits to the data adequately (Hsieh and Hiang, 2004).

The model was subjected to first order confirmatory factor analysis using AMOS 21.0. This approach was applied to examine the dimensionality of each variable or factor and also to test the model fit of the six dimensions or factor of HRM practices which were, Performance, Reward, Training, Employee Development, Recruitment and Selection. The 33 items of HRM practices were examined using confirmatory factor analysis (CFA). Figures 4.1 and table 4.16 present the results of the measurement model fit of the six dimensions or factor of HRM Practices. In the identification of the "best fit" model, structural equation modelling (SEM) was conducted as a measure of fit that provided information about how well the model fits the data. Model 1 which was the first-order model showed a good fit with factor loadings of greater than the threshold of 0.50. Table 4.15 shows the thresh hold for model fitness with Chi square/df being 1.508 which is within the acceptable threshold of less than 3 and therefore showed a good fit. NFI (872), GFI (.850) and AGFI (.810) were greater than 0.7, and the RMSEA was 0.055 which is evidence of a good model fit.

These results show that the six factors represent a model fit with good linear relations between each factor and its associated items, therefore all the factors and items were retained except for Recruitment where one item R4 was removed since it had a factor loading of less than 0.5. Therefore the six factors are fit and the items converge to represent each of the six factors

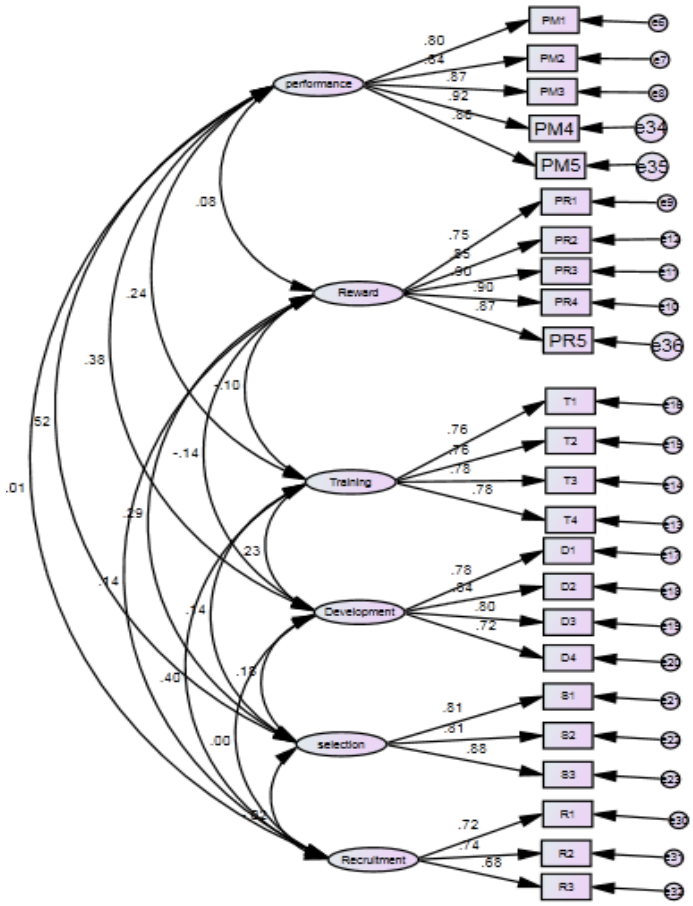

Figure 4.1: 1st Order CFA Analysis

Table 4.16: Model Fit statistics for 1st Order CFA

Model	Chi-square(df)	Chi-square/(df)	NFI	GFI	AGFI	RMSEA
1	357.289	1.508	.872	.850	.810	.055

CFA 2nd Order Test

The second-order model represents the hypothesis that these seemingly distinct, but related constructs can be accounted for by one or more common underlying higher order constructs. Second-order models are potentially applicable when (a) the lower order factors are substantially correlated with each other, and (b) there is a higher order factor that is hypothesized to account for the relations among the lower order

factors (Chen, Sousa and West, 2005). Second-order factor models can provide a more parsimonious (simple) and interpretable model when researchers hypothesize that higher order factors underlie their data. Statistical tests of the fit of a hypothesized second-order factor normally require that four or more first-order factors are included in the dataset. (Lawrence, 2005)

Second- order models are most typically applicable in research contexts in which measurement instruments assess several related constructs, each of which is measured by multiple items. The second-order model represents the hypothesis that these seemingly distinct, but related constructs can be accounted for by one or more common underlying higher order constructs. A second-order factor model has several potential advantages over a first-order factor model. First, the second-order model can test whether the hypothesized higher order factor actually accounts for the pattern of relations between the first-order factors. Second, a second-order model puts a structure on the pattern of covariance between the first-order factors, explaining the covariance in a more parsimonious way with fewer parameters (Gustafsson & Balke, 1993; Rindskopf & Rose, 1988).
The second order factor model had 3 factors of Performance and Reward management, Training and Development and Recruitment Selection. According to Wallace (1999) the goodness of fit measures can never be better for the second order factor model than they were in the first order factor model because it is a constrained version of the measurement model. The adequacy of the second order model can be determined by examining the fit statistics

Model 2 was a second-order model consisting of three super ordinate dimensions of Performance and Reward management, Training and Employee Development and Recruitment and Selection is shown in figure 4.2 and the 4.17 present the results of the measurement model fit of the three dimensions. The results show an acceptable model fit with Chi square/df being 1.951 which is within the acceptable threshold of less than 3 and therefore showed a good fit. NFI (.755), GFI (.821) and AGFI (.776) were greater than 0.7, and the RMSEA was .075which is evidence of an acceptable model fit

These results show that the three factors represent a model fit with good linear relations between each factor and its associated items where the first order factors of are indicators of the second order factors of Performance and Reward Management, Training and Selection and Recruitment and Selection. Therefore Performance and Reward converge to represent the factor Performance and Reward Management, Training and Development converge to form the factor Training and Employee Development, while Recruitment and Selection converge to the factor Recruitment and Selection. This implies that the relationship among the first order factors is sufficiently captured by the second order factor (Marsh and Hocevar, 1985) since the measures of fit were close to the values of the first order model, and they measure the second order factors. The second order factor therefore be accepted over the first order model as a better representation of model structure

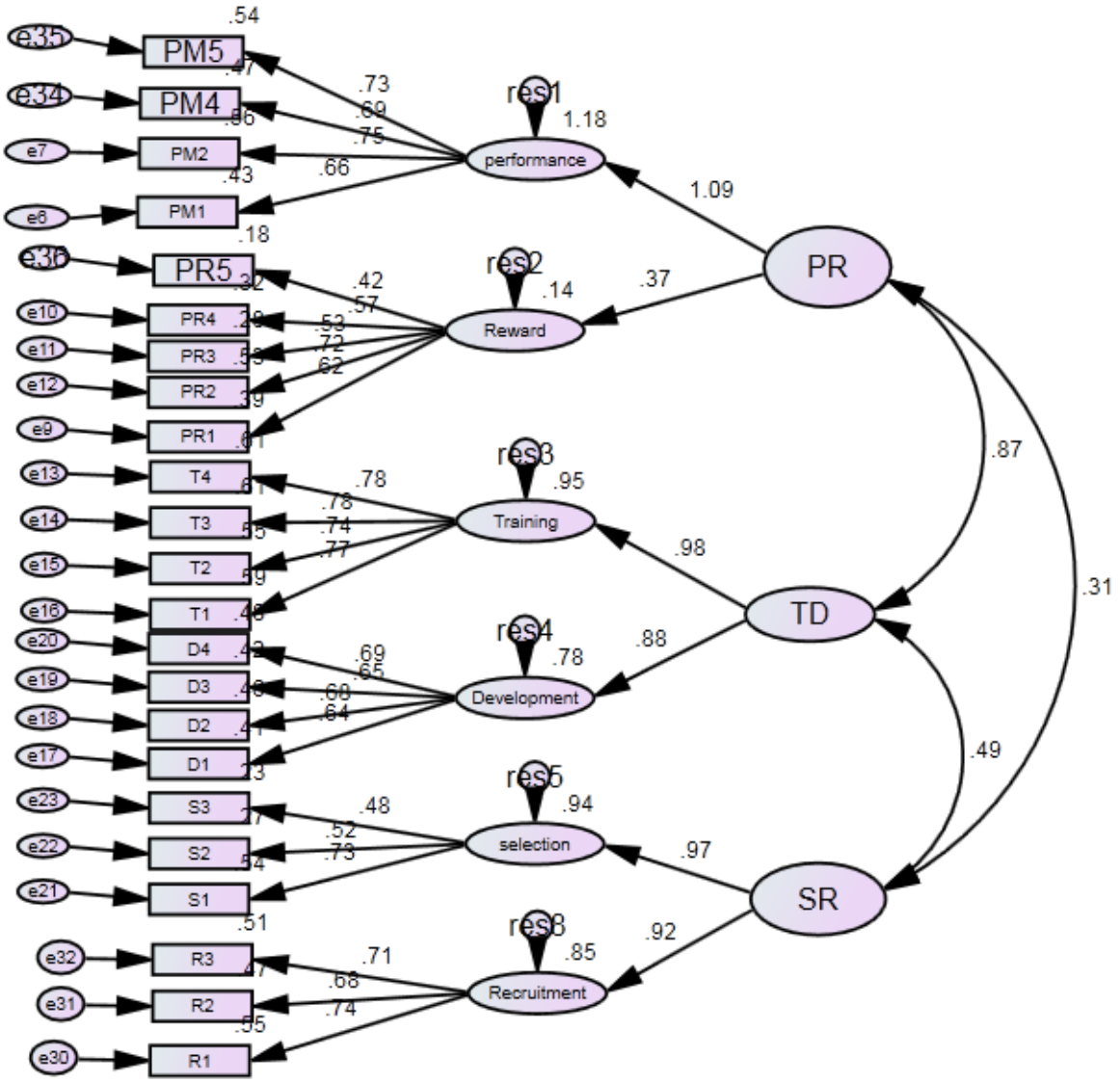

Figure 4.2: 2nd Order CFA Analysis (model 2)

Table 4.17: Fit statistics for 2nd Order model

Model	Chi-square(df)	Chi-square/(df)	NFI	GFI	AGFI	RMSEA
2	431.216	1.951	.755	.821	.776	.075

CFA 3rd Order Test

According to Yung, Thissen, and McLeod (1999), conventional higher-order model implies that the association between a higher-order factor and the observed variables is mediated fully by the lower-order factors. This involves a step-by-step approach which may be: first fit the first-order factors model to the data; then fit second-order factors to the first-order factor correlation matrix; and finally, fit 1 third-order factor to the second-order factor correlation matrix. Higher-order factor models require the specification of an additional matrix containing loadings of the first-order factors on the higher-order factors (Gupta, et al, 1995). Using several goodness-of-fit indexes, confirmatory factor analysis was used to compare data-model fit and examine evidence for a higher-order construct.

Model 3 was a third –Order model consisting of the HRM construct, which hypothesizes six first-order factors and three second-order factors that can be interpreted as HRM practices, which are operating as independent variables. According to Bentler (2006), higher order CFA are carried out when the theory argues that the higher level factors are accountable for lower order factors. A combination of Chi-square tests and other fit statistics is recommended to give a thorough assessment on the model fit (Hu & Bentler, 1999). Figure 4.3 and table 4.17 presents the SEM model and fit statistics. Several fit indices were examined to evaluate the overall fit of each model.

All independent and dependent latent variables were included in one single multi-factorial CFA model in AMOS 21.0 software. The model demonstrated a moderate goodness-of-fit. The Chi-square/df (cmin/df) value was 1.980 which is within the thresh-hold of a good fit, the NFI index value was 0.738, the adjusted goodness-of-fit index (AGFI) value was 0.769, the Goodness of fit index (GFI) was 0.813, and the root mean square error of approximation (RMSEA) value was 0.077. All the given values reached the permitted threshold accepted in literature and therefore the 3rd order model was retained, because it is shows that the six first-order factors and three second-order factors that can be interpreted as HRM practices

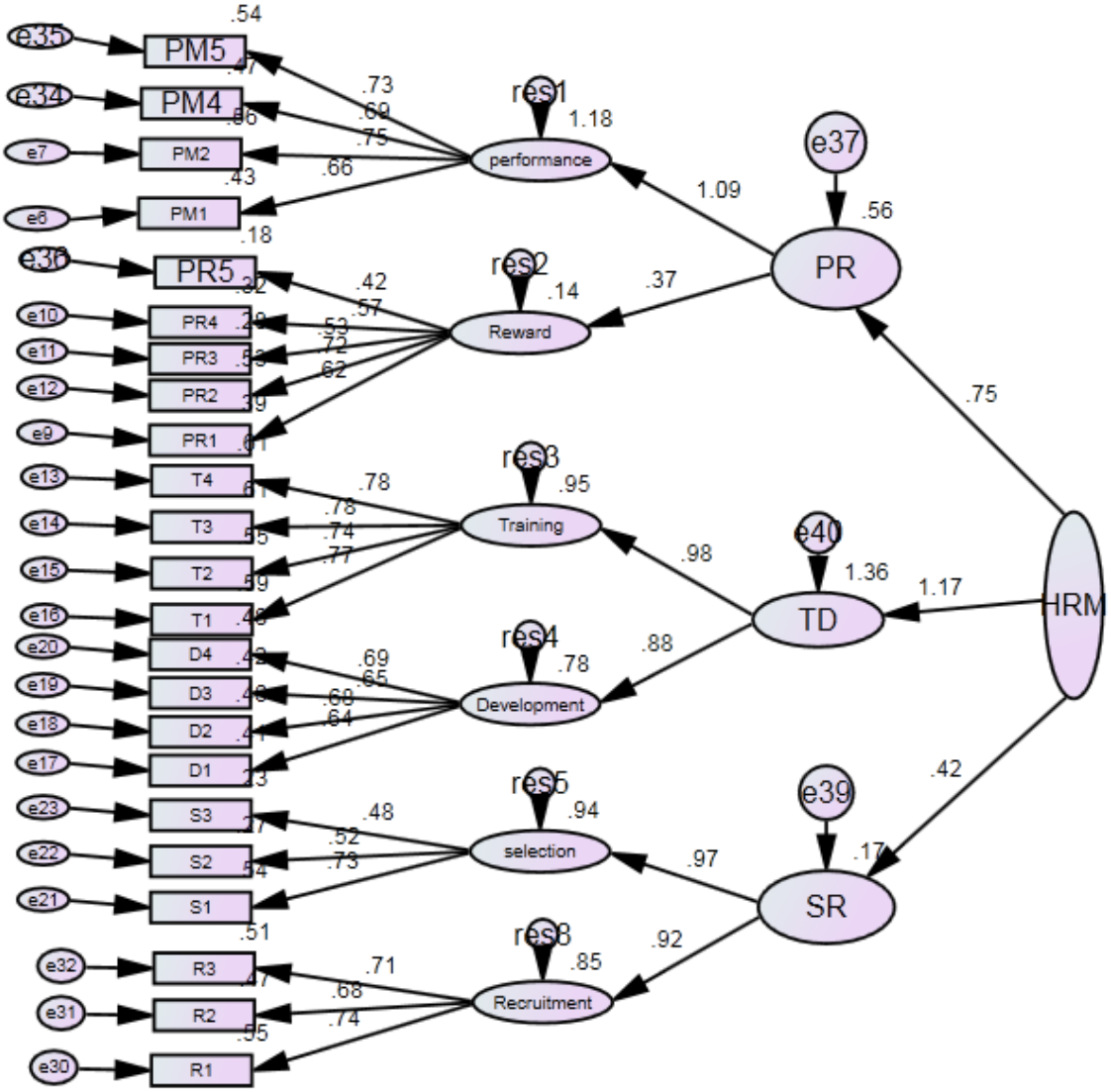

Figure 4.3: 3rd Order CFA Analysis (model 3)

Table 4.18: Fit statistics for 3rd Order-model 3

Model	Chi-square(df)	Chi-square/(df)	NFI	GFI	AGFI	RMSEA
3	481.05	1.980	0.738	0.813	0.769	0.077

4.6.3 Normality Test

Normal test of the items of Labour productivity in state corporations as a dependent variable was carried out by the use of a normal Q-Q plot and a histogram. The variables were subjected to normality tests to check whether the data provided by the dependent variable (Y) was normally distributed, this is because if variables are not normally distributed, there would be problems in subsequent statistical analysis (Child, 1990). A histogram and a Q-Q plot are shown in figure 4.1 and figure 4.2. The results of the histogram and Q-Q plot, indicate t (Muenchen & Hilbe, 2010), therefore a multiple regression model can be fitted since the dependent variable is normally distributed.

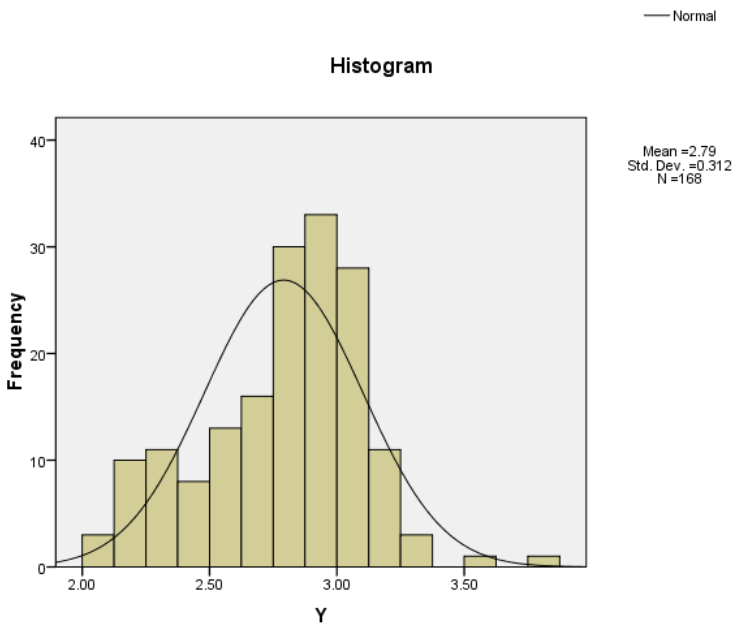

Figure 4.4 Histogram for the dependent variable

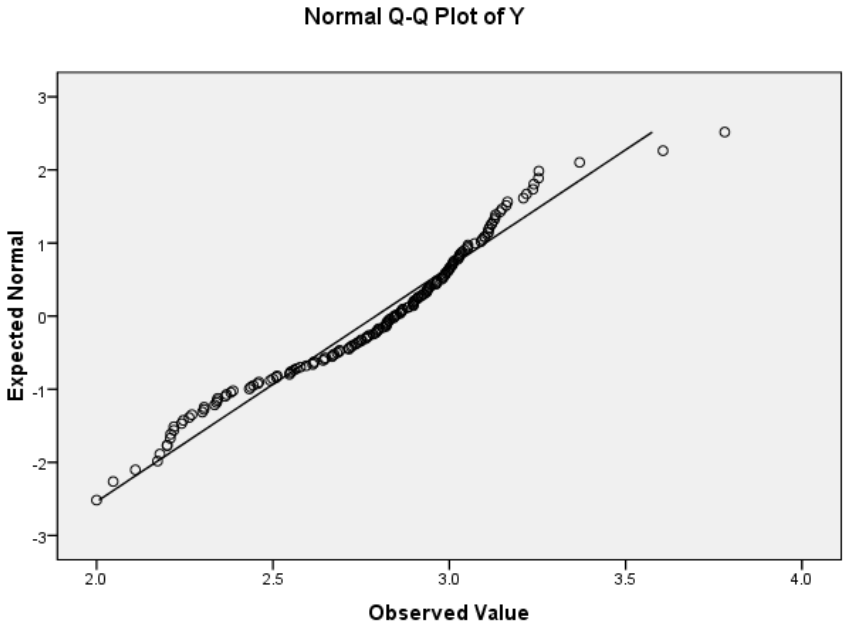

Figure 4.5 Q-Q plot for dependent Y

4.6.4 Multicollinearity

Multicollinearity is a statistical phenomenon in which two or more independent variables in a multiple regression model are highly correlated Kothari (2004), meaning that one can be linearly predicted from the others with a non-trivial degree of accuracy. It is an undesirable situation where the correlations among the independent variables are strong, and this increases the standard errors of the coefficients. To help assess multicollinearity, Variance Inflation Factor (VIF) in SPSS was used, which measures multicollinearity in the regression model. The general rule of thumb is that VIFs exceeding 4 warrant further investigations, if there are two or more variables that will have a VIF around or greater than 5, one of these variables must be removed from the regression model. The VIF values found in the table below show that, there was no multicollinearity among the independent variables, since all the values are below 5. This implies that the results of the multiple regression equation will not be misleading, since the independent variables in the multiple regression equation are not highly correlated among themselves Chatterjee, Hadi and Price (2000)

Table 4.19: Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
Performance & Reward Management	.491	2.037
Training & Development	.485	2.060
Recruitment & Selection	.742	1.348
Employee Engagement	.745	1.342

a. Dependent Variable: Y

4.7 Correlation Analysis

Correlation is used to analyze the degree of relationship between the variables of Performance Management, Reward management, Training, Employee Development, Recruitment, Selection, Employee Engagement and Labour Productivity. For this study the Pearson moment correlation (r) was used as well as the P- values of significance showing the degree and significance of the relationship. The Pearson correlation coefficient (r) informs a researcher the magnitude and direction of the relationship between two variables, the bigger the coefficient, the stronger the association (Mugenda & Mugenda, 2003).

4.7.1 Correlation Analysis for Variable Performance Management

Correlation was used to analyze the degree of relationship between performance management and the other variables of Reward management, Training, Employee Development, Recruitment, Selection, Employee Engagement and Labour

Productivity. Pearson (r) was used to determine if there is a significant relationship. Table 4.20 gives the Pearson (r) correlation coefficient values as well as the P- values of significance showing the degree and significance of the relationship between performance management and the other variables of Reward management, Training, Employee Development, Recruitment, Selection, Employee Engagement and Labour Productivity.

Table 4.20 shows a positive and significant correlation between Performance management and Reward Management, this is because it has a Pearson correlation coefficient (r) of 0.346 and a p- value of 0.000. This means that as performance management increases reward management also increases in the same direction. These findings are also supported by a research by Homayounizadpanah and Baqerkord. (2012) who found that effective performance management system improves employee productivity, and quality. Measurement of employees' performance allows the company to provide compensation fairly to the deserving individuals according to certain predetermined criteria like employee competency, teamwork ability, initiative, soft skills and ethics. This finding is supported by a study by Mansour (2008), whose research findings obtained a Pearson correlation coefficient of .470 and showed a significant relationship between performance and reward this is because people tend to associate performance with reward.

The Pearson (r) correlation coefficient also showed a positive, strong and significant relationship between performance management and training because it had a Pearson correlation coefficient (r) of 0.788 and a p- value of 0.000. This means that as training increases performance also increases. This finding is supported by a study by Ahmad & Schroeder, (2003), which showed a positive and significant relationship between training and operational performance since training improves on operational performance by improving employee's skills and competencies.

The Pearson (r) correlation coefficient also showed a positive, strong and significant relationship between performance management and employee development because it had a Pearson correlation coefficient (r) of 0.636 and a p- value of 0.000. This means that as Employee Development increases performance also increases in the

same direction. This finding supported by a research by Right Management (2009), which showed that training and Employee Development helps to Increase employee's performance since it increases their effectiveness as well as act as a motivating factor in terms of Employee Development.

The Pearson (r) correlation coefficient also showed a moderate but positive and significant relationship between performance management and Recruitment because it had a Pearson correlation coefficient (r) of 0.353 and a p- value of 0.000. This means that there is a positive correlation between performance management and Recruitment. This finding is supported by a research by McOliver (2005) which established a relationship between strategy for employee recruitment and performance this is because recruitment helps to ensure that the organization hires employees with the right skills and competence

The Pearson (r) correlation coefficient also showed a weak but positive and significant relationship between performance management and Selection because it had a Pearson correlation coefficient (r) of 0.203 and a p- value of 0.008 which is less than 0.05. This means as selection increases there is an increase in performance. This findings are supported by a research by Researchers which found a positive and statistically significant association between use of recruitment and selection procedure and profits (Terpstra & Rozell, 1993), as well as Labour productivity (Huselid, 1995; and Koch & McGrath, 1996; According to Sekiguchi (2004), people function at about half of their true capacity, possible causes of poor performance could be incorrect job placement, resulting in a poor job fit which wastes valuable human talent and increases the cost of doing business.

The Pearson (r) correlation coefficient also showed a moderate positive and significant relationship between performance management and Employee Engagement because it had a Pearson correlation coefficient (r) of 0.360 and a p-value of 0.000. This means that as Employee Engagement increases it leads to an increase in performance .This finding supported by a research done by West and

Dawson (2012), among Health sector workers which confirmed that employee engagement leads to improved individual employee performance

The Pearson (r) correlation coefficient also showed a moderate positive and significant relationship between performance management and Labour Productivity because it had a Pearson correlation coefficient (r) of 0.512 and a p- value of 0.000. This means that as Employee's Performance increases it leads to an increase in Labour Productivity .This finding supported by a research by Wright and Gardner, (2002) who found that effective performance management system improves employee productivity, and quality. Measurement of employees' performance allows the company to provide compensation fairly to the deserving individuals according to certain predetermined criteria like employee competency, teamwork ability, initiative, soft skills and ethics.

Table 4.20 Correlations for Performance Management

		PM	RM	T	ED	R	S	EE	Y
PM	Pearson Correlation	1	.346**	.788**	.636**	.353**	.203**	.360**	.512**
	Sig. (2-tailed)		.000	.000	.000	.000	.008	.000	.000
	N	168	168	168	168	168	168	168	168

Key

PM Performance Management

RM Reward Management

T Training

ED Employee Development

R Recruitment

S Selection

EE Employee Engagement

Y Labour Productivity

4.7.2 Correlation Analysis for Variable Reward Management

Correlation was used to analyze the degree of relationship between Reward management and the other variables of Training, Employee Development, Recruitment, Selection, Employee Engagement and Labour Productivity. Pearson (r) was used to determine if there is a significant relationship. Table 4.21 gives the Pearson (r) correlation coefficient values as well as the P- values of significance showing the degree and significance of the relationship between Reward management and the other variables of Training, Employee Development, Recruitment, Selection, Employee Engagement and Labour Productivity.

The Pearson (r) correlation coefficient showed a weak but positive and significant relationship between Reward management and Training because it had a Pearson correlation coefficient (r) of 0.246 and a p- value of 0.000. This means that as Training increases Reward also increases. According to researchers and scholars (Cooney, Terziovski and Samson, 2002), employee training is more effective when used in conjunction with other management practices such as reward management so as to raise individual and organizational performance, therefore Training combined with reward reinforce each other.

The Pearson (r) correlation coefficient showed a positive and significant relationship between Reward management and Employee Development because it had a Pearson correlation coefficient (r) of 0.372 and a p- value of 0.000. This means that as Employee Development increases Rewards also increase in the same direction. This finding is supported by a research by Right Management (2009), which showed that training and Employee Development helps to Increase employee's productivity, because employees value Employee Development and view it as a form of non financial reward.

The Pearson (r) correlation coefficient showed a positive and significant relationship between Reward management and Recruitment because it had a Pearson correlation coefficient (r) of 0.316 and a p- value of 0.000. This means that as Recruitment increase, Reward Management increase in the same direction. This finding is supported by a research by Wright et al. (2003) whose findings showed that when firms invest in recruiting and selecting the most highly skilled people employees, then this contributes greatly to labour productivity since it ensures there is person - job fit. Proper recruitment and selection should ensure that there is a proper match between the abilities of a person and the demands of the job as well as ensure there is compatibility between the person and the organization (Edward, 1991), this helps in ensuring employees are rewarded fairly according to their contribution

The Pearson (r) correlation coefficient showed a moderate but positive and significant relationship between Reward management and Selection because it had a Pearson correlation coefficient (r) of 0.392 and a p- value of 0.000. This means that as proper selection practices increase, there is an increase in rewards. This finding is supported by a research by earlier researchers (Pfeffer, 1994) which identified 7 HRM practices that were considered as best practice, these were; employment security, recruitment and selection, team working, reward management based on performance, extensive training, reduction in status differentials and sharing information. Selection therefore contributes positively to reward management since it ensures that there is a proper match between the abilities of a person and the demands of the job as well as ensure there is compatibility between the person and the organization (Edward, 1991)

The Pearson (r) correlation coefficient showed a positive and significant relationship between Reward management and Employee Engagement because it had a Pearson correlation coefficient (r) of 0.358 and a p- value of 0.000. This means that as reward management increases there is an increase in Employee Engagement. This finding is supported by a research by Schaufeli *et al* (2002) which concludes that Employee engagement is a positive, fulfilling, work-related state of mind characterized by

vigor, dedication, and absorption which leads to increase in intrinsic motivation, since the work is viewed as a reward in its self.

The Pearson (r) correlation coefficient showed a moderate but positive and significant relationship between Reward management and Labour Productivity because it had a Pearson correlation coefficient (r) of 0.415 and a p- value of 0.000. This means that as Reward management increases Labour Productivity increases in the same direction. This findings are supported by studies by Mansour (2008), whose research findings obtained a Pearson correlation coefficient of .470 and showed a significant relationship between reward management and organizational as well as employee productivity.

Table 4.21 Correlations for Reward Management

		RM	T	ED	R	S	EE	Y
RM	Pearson Correlation	1	.246**	.372**	.316**	.392**	.358**	.415**
	Sig. (2-tailed)		.000	.000	.000	.008	.000	.000
	N	168	168	168	168	168	168	168

4.7.3 Correlation Analysis for Variable Training

Correlation was used to analyze the degree of relationship between Training and the other variables of Employee Development, Recruitment, Selection, Employee Engagement and Labour Productivity. Pearson (r) was used to determine if there is a significant relationship. Table 4.22 gives the Pearson (r) correlation coefficient values as well as the P- values of significance showing the degree and significance of the relationship between Training and the other variables of Employee Development, Recruitment, Selection, Employee Engagement and Labour Productivity.

The Pearson (r) correlation coefficient showed a strong positive and significant relationship between Training and Employee Development because it had a Pearson correlation coefficient (r) of 0.697 and a p- value of 0.000. This means that as training increases employee Development also increases in the same direction. These findings are supported by a research by Schuler & Jackson (1997), which showed statistically significant results between HRM practices such as Training and Employee Development which have a positive effect on an organization's profitability and productivity.

The Pearson (r) correlation coefficient showed a positive and significant relationship between Training and Recruitment because it had a Pearson correlation coefficient (r) of 0.360 and a p- value of 0.000. This means that as Recruitment increases training also increases in the same direction. Researchers have agreed that one of the fundamental challenges facing organizations in the area of performance is their inability to put in place strategies capable of recruiting competent employees and retaining them to achieve organizational goals (Cascio, 2003; Heneman and Judge, 2003; Gberevbie, 2008). However through proper staff training and development by organizations of their workforce, organizational productivity is enhanced even where incompetent employees would have been employed through inappropriate recruitment strategies (Gberevbie, 2008).

The Pearson (r) correlation coefficient showed a positive and significant relationship between Training and Selection because it had a Pearson correlation coefficient (r) of 0.302 and a p- value of 0.000. This means that as Training increases Selection also increase in the same direction. A meta-analysis of 104 articles by Boselie et al., (2005) concluded that recruitment and Selection is one of the top HRM practices that enhance organizational performance. Through proper staff training by organizations of their workforce, organizational productivity is enhanced even where incompetent employees would have been employed through inappropriate recruitment and selection strategies (Gberevbie, 2008).

The Pearson (r) correlation coefficient showed a positive and significant relationship between Training and Employee Engagement because it had a Pearson correlation coefficient (r) of 0.374 and a p- value of 0.000. This means that as training increases employee Engagement also increases in the same direction. This finding can be supported by a research done by Farndale, Hailey Kelliher and Veldhoven (2011) which showed that training and Employee Development opportunities have been shown through research to have the strongest positive effect on job state engagement, by increasing the skills and competencies required for successful performance.

The Pearson (r) correlation coefficient showed a positive and significant relationship between Training and Labour Productivity because it had a Pearson correlation coefficient (r) of 0.577 and a p- value of 0.000. This means that as training increases Labour productivity also increases in the same direction. This finding also agree with a research by Right Management (2009), which showed that training and Employee Development helps to Increase employee's productivity and therefore labour productivity in general by improving on the employees effectiveness of employees, line managers and leaders in general

Table 4.22 Correlations for Training

		T	ED	R	S	EE	Y
T	Pearson Correlation	1	.697**	.360**	.302**	.374**	.577**
	Sig. (2-tailed)		.000	.000	.008	.000	.000
	N	168	168	168	168	168	168

4.7.4 Correlation Analysis for Variable Employee Development

Correlation was used to analyze the degree of relationship between Employee Development and the other variables of Recruitment, Selection, Employee

Engagement and Labour Productivity. Pearson (r) was used to determine if there is a significant relationship. Table 4.23 gives the Pearson (r) correlation coefficient values as well as the P- values of significance showing the degree and significance of the relationship between Employee Development and the other variables of Recruitment, Selection, Employee Engagement and Labour Productivity. The Correlations between Employee Development and Performance management, Reward management and training have already been discussed

The Pearson (r) correlation coefficient showed a moderate positive and significant relationship between Employee Development and Recruitment because it had a Pearson correlation coefficient (r) of 0.425 and a p- value of 0.000. This means that as Recruitment increases Employee Development increases in the same direction. While Employee Development and Selection had a Pearson correlation coefficient (r) of 0.394 and a p- value of 0.000. This means that as Selection increases Employee Development also increases in the same direction. Researchers have agreed that one of the fundamental challenges facing organizations in the area of performance is their inability to put in place strategies capable of recruiting competent employees and retaining them to achieve organizational goals (Cascio, 2003; Heneman and Judge, 2003; Gberevbie, 2008). However through proper staff training and development by organizations of their workforce, organizational productivity is enhanced even where poor recruitment and selection has been done.

The Pearson (r) correlation coefficient showed a moderate but positive and significant relationship between Employee Development and Employee Engagement because it had a Pearson correlation coefficient (r) of 0.424 and a p- value of 0.000. This means that as employee development increases Employee Engagement also increases in the same direction. This finding can be supported by a research done by Farndale, Hailey Kelliher and Veldhoven (2011), which showed that training and employee development opportunities have been shown through research to have the strongest positive effect on job state engagement, by increasing the skills and competencies required for successful performance.

The Pearson (r) correlation coefficient showed a strong positive and significant relationship between Employee Development and Labour Productivity because it had a Pearson correlation coefficient (r) of 0.618 and a p- value of 0.000. This means that as Employee development increases Labour Productivity also increases in the same direction. This finding also agree with a research by Right Management (2009), which showed that training and Employee Development helps to Increase employee's productivity and therefore labour productivity in general by improving on the employees effectiveness of employees, line managers and leaders in general

Table 4.23 Correlations for Employee Development

		ED	R	S	EE	Y
ED	Pearson Correlation	1*	.425**	.394**	.424**	.618**
	Sig. (2-tailed)		.000	.008	.000	.000
	N	168	168	168	168	168

4.7.5 Correlation Analysis for Variable Recruitment

Correlation was used to analyze the degree of relationship between Recruitment and the other variables of Selection, Employee Engagement and Labour Productivity. Pearson coefficient (r) and P- was used to determine if there is a significant relationship. Table 4.24 gives the Pearson (r) correlation coefficient values as well as the P- values of significance showing the degree and significance of the relationship between Recruitment and the other variables of Selection, Employee Engagement and Labour Productivity. The Correlations between Recruitment and Performance management, Reward management and training and Employee development have already been discussed.

The Pearson (r) correlation coefficient showed a positive and significant relationship between Recruitment and Selection because it had a Pearson correlation coefficient (r) of 0.605 and a p- value of 0.000. This means that as Recruitment increases Selection also increase in the same direction. These findings are supported by a research done by Bratton and Gold (2007) which established that recruitment helps to generate a pool of capable people to apply to an organization for employment and it primarily aims at attracting maximum number of highly talented applicants so as to select the best to achieve competitiveness.

The Pearson (r) correlation coefficient showed a positive and significant relationship between Recruitment and Employee Engagement because it had a Pearson correlation coefficient (r) of 0.317 and a p- value of 0.000. This means that as Recruitment increases Employee Engagement also increases in the same direction. This finding can be supported by a research done by NHS National Workforce Projects, (2007) which defines employee engagement as a measure of how people connect in their work and feel committed to their organization and its goals, therefore proper recruitment results in person – job fit, by ensuring people are put in jobs that match their skills and talents there playing a role in employee engagement.

The Pearson (r) correlation coefficient showed a moderate but positive and significant relationship between Recruitment and Labour Productivity because it had a Pearson correlation coefficient (r) of 0.548 and a p- value of 0.000. This means that as Recruitment increases Labour Productivity also increases in the same direction. This finding can be supported by a research done by McOliver (2005) which established a relationship between strategy for employee recruitment and performance or Labour productivity in an organization.

Table 4.24 Correlations for Recruitment

		R	S	EE	Y
R	Pearson Correlation	1	.605**	.317**	.548**
	Sig. (2-tailed)		.008	.000	.000
	N	168	168	168	168

4.7.6 Correlation Analysis for Variable Selection

Correlation was used to analyze the degree of relationship between Selection and the other variables of Employee Engagement and Labour Productivity. Pearson coefficient (r) and P- was used to determine if there is a significant relationship. Table 4.25 gives the Pearson (r) correlation coefficient values as well as the P- values of significance showing the degree and significance of the relationship between Selection and the other variables of Employee Engagement and Labour Productivity. The Correlations between Selection and Performance management, Reward management, training, Employee development and Recruitment have already been discussed

The Pearson (r) correlation coefficient showed a moderate but positive and significant relationship between Selection and Employee Engagement because it had a Pearson correlation coefficient (r) of 0.367 and a p- value of 0.000. This means that as selection increases, Employee Engagement increases in the same direction. This finding can be supported by a research done by Sekiguchi (2004) which showed that proper recruitment and selection should result in person-job fit and person-organization fit, which can result in Employee Engagement which according to

Schaufeli et al (2002,) is a positive, fulfilling, work-related state of mind characterized by vigor, dedication, and absorption.

The Pearson (r) correlation coefficient showed a positive and significant relationship between Selection and Labour Productivity because it had a Pearson correlation coefficient (r) of 0.520 and a p- value of 0.000. This means that as selection increases Labour Productivity increases in the same direction. Similar studies by Balgobind, (2007) also showed a strong correlation between Recruitment and Selection and organizational performance due to improved Labour productivity. This is because it ensures correct person-job fit and person-organization fit, thus enhancing Labour productivity.

Table 4.25 Correlations for Selection

		Selection	Employee Engagement	Labour Productivity
Selection	Pearson Correlation	1	.367**	.520**
	Sig. (2-tailed)		.000	.000
	N	168	168	168

4.7.7 Correlation Analysis for Moderating Variable Employee Engagement

Correlation was used to analyze the degree of relationship between Employee Engagement and the variable of Labour Productivity. Pearson coefficient (r) and P- was used to determine if there is a significant relationship. Table 4.26 gives the Pearson (r) correlation coefficient values as well as the P- values of significance showing the degree and significance of the relationship between Employee Engagement and Labour Productivity. The Correlations between Employee Engagement and Performance management, Reward management, training, Employee development, Recruitment and Selection have already been discussed.

The Pearson (r) correlation coefficient showed a strong positive and significant relationship between Employee Engagement and Labour Productivity because it had a Pearson correlation coefficient (r) of 0.727 and a p- value of 0.000. This means that as Employee Engagement increases Labour Productivity also increases in the same direction. This finding can be supported by a research done by research done by West and Dawson (2012), among Health sector workers confirmed that employee engagement leads to improved individual employee performance, reduced absenteeism and turnover as well as reduced patient mortality.

Table 4.26 Correlations for Employee Engagement

		Employee Engagement	Labour Productivity
Employee Engagement	Pearson Correlation	1*	.727**
	Sig. (2-tailed)		.000
	N	168	168

4.7.8 Overall Correlation Analysis

A summary of the correlations between all the variables as shown in table 4.27 indicates that there is a positive and significant linear relationship between all the variables with Training showing a strong, positive and significant correlation with performance management at 0.788 followed by Employee Engagement which shows a strong, positive and significant correlation with Labour productivity at 0.727. This indicates that as training increases it in high performance because employees get the relevant skills, while increase in Employee Engagement results in an increase in labour productivity because it ensures that people are committed to their jobs and to the success of the organization. However selection indicates the lowest positive

significant Pearson correlation coefficient of 0.203 with performance management followed by selection with reward management at 0.316. This indicates that employees only perform and get rewards after selection and correct placement.

When the variables were combined and correlated to show the relationship between Performance and Reward management, Training and Development, Recruitment and Selection as well as Employee Engagement and Labour Productivity, they indicated positive significant correlations as indicated in table 4.28. Employee Engagement had the highest Pearson correlation coefficient of 0.727 and a p- value of 0.000 and hence a strong correlation with Labour productivity, while Performance and Reward management shows the lowest Pearson correlation coefficient of 0.568 and a p- value of 0.000 and hence a moderate correlation with Labour Productivity. The results indicate that there is a positive relationship between performance and reward management, Training and development, as well as recruitment and selection with Labour productivity, these results agree with studies done by Khatri (2000), Balgobind (2007 and Wright (2003).which have shown that there is a clear relationship between HR practices and an organizations performance as well as productivity, (Khatri, 2000), Balgobind (2007.This is because training and employee development ensures that employees skills and competence are developed to ensure greater productivity, while recruitment and selection ensures that people are placed in jobs which are best suited for their capacity.

A similar study conducted by Navaratne et.al (2008), on the Effects of HRM practices on Labour productivity in selected firms in Sri Lanka, dealing with the HRM practices comprising of human resource planning, job design, recruitment and selection, orientation, training, compensation and welfare, performance appraisal, industrial relation, discipline handling. 6 of the independent variables were significantly correlated while 3 showed weaker correlations. Recruitment and selection had a correlation of 0.69, training and development 0.71 and performance management 0.67. This results support the findings of the current study.

Table 4.27: Correlations for all the variables

Correlations								
		PM	RM	T	ED	R	S	EE	Y
PM	Pearson Correlation	1	.346**	.788**	.636**	.353**	.203**	.360**	.512**
	Sig. (2-tailed)		.000	.000	.000	.000	.008	.000	.000
	N		168	168	168	168	168	168	168
RM	Pearson Correlation		1	.246**	.372**	.316**	.392**	.358**	.415**
	Sig. (2-tailed)			.001	.000	.000	.000	.000	.000
	N			168	168	168	168	168	168
T	Pearson Correlation			1	.697**	.360**	.302**	.374**	.577**
	Sig. (2-tailed)				.000	.000	.000	.000	.000
	N				168	168	168	168	168
ED	Pearson Correlation		.		1	.425**	.394**	.424**	.618**
	Sig. (2-tailed)					.000	.000	.000	.000
	N					168	168	168	168
R	Pearson Correlation					1	.605**	.317**	.548**
	Sig. (2-tailed)						.000	.000	.000
	N						168	168	168
S	Pearson Correlation						1	.367**	.520**
	Sig. (2-tailed)							.000	.000
	N							168	168
EE	Pearson Correlation							1	.727**
	Sig. (2-tailed)								.000
	N								168
Y	Pearson Correlation								1
	Sig. (2-tailed)								
	N								

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

Table 4.28: Overall correlation of the combined effect

		P & R	T & ED	R & S	EE	Y
P &R	Pearson Correlation	1	.689**	.429**	.437**	.568**
	Sig. (2-tailed)		.000	.000	.000	.000
	N		168	168	168	168
T & ED	Pearson Correlation		1	.447**	.431**	.646**
	Sig. (2-tailed)			.000	.000	.000
	N			168	168	168
R & S	Pearson Correlation			1	.379**	.597**
	Sig. (2-tailed)				.000	.000
	N				168	168
EE	Pearson Correlation				1	.727**
	Sig. (2-tailed)					.000
	N					168
Y	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

Table 4.28: Overall correlation of the combined effect

		P & R	T & ED	R & S	EE	Y
P &R	Pearson Correlation	1	.689**	.429**	.437**	.568**
	Sig. (2-tailed)		.000	.000	.000	.000
	N		168	168	168	168
T & ED	Pearson Correlation		1	.447**	.431**	.646**
	Sig. (2-tailed)			.000	.000	.000
	N			168	168	168
R & S	Pearson Correlation			1	.379**	.597**
	Sig. (2-tailed)				.000	.000
	N				168	168
EE	Pearson Correlation				1	.727**
	Sig. (2-tailed)					.000
	N					168
Y	Pearson Correlation					1
	Sig. (2-tailed)					
	N					

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

Key

P & R : Performance and Reward Management

T & ED : Training and Development

R & S: Recruitment and Selection

EE : Employee Engagement

Y: Labour Productivity

4.8 Regression Analysis

Regression analysis was used to evaluate the contribution of each independent variable in explaining the dependent variable, when the other variables are controlled; the R Square value was obtained for each variable.

4.8.1 Regression analysis between Performance and Reward Management and Labour productivity

Performance Management and Labour productivity

Regression analysis was used to find out if there is a relationship between Performance Management and the Labour Productivity by evaluating the contribution of the Performance Management in explaining the Labour Productivity, when the other variables are controlled; the R Square value was obtained in this case.

From the results in table 4.29, Performance management were found to have an R Square value of 0.262 or to contribute to 26.2% Labour productivity. The R square value is an important indicator of the predictive accuracy of the equation. The remaining 73.8% can be explained by other factors. The implication of these finding is that performance management plays a significant role enhancing Labour productivity.

Table 4.29: Regression Analysis between Labour Productivity and Performance Management

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.512[a]	.262	.258	.26850

a. Predictors: (Constant), Performance Management

Further tests as shown on table 4.30 gave a P- value of 0.000 which is less than the level of significance of 0.05 and which show a significant linear relationship between Labour productivity and Performance management.

Table 4.30: ANOVA for regression of Performance management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.258	1	4.258	59.060	.000[a]
	Residual	11.967	166	.072		
	Total	16.225	167			

a. Predictors: (Constant), Performance Management

b. Dependent Variable: Labour Productivity

Regression analysis between Reward management and Labour productivity

Regression analysis was used to find out if there is a relationship between Reward Management and the Labour Productivity by evaluating the contribution of the Reward Management in explaining the Labour Productivity, when the other variables are controlled; the R Square value was obtained in this case.

From the results in table 4.31, Reward management were found to have an R Square value of 0.173 or to contribute to 17.3% Labour productivity. The R square value is an important indicator of the predictive accuracy of the equation. The remaining 82.7% can be explained by other factors. The implication of these finding is that Reward management plays a significant role enhancing Labour productivity.

Table 4.31: Regression Analysis between Labour Productivity and Reward Management

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.415[a]	.173	.168	.28437

a. Predictors: (Constant), Reward Management

Further tests as shown on table 4.32 gave a P- value of 0.000 which is less than the level of significance of 0.05 and which show a significant linear relationship between Labour productivity and Reward management.

Table 4.32: ANOVA for Labour Productivity and Reward Management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.801	1	2.801	34.635	.000[a]
	Residual	13.424	166	.081		
	Total	16.225	167			

a. Predictors: (Constant), Reward Management

b. Dependent Variable: Y

Regression analysis between Performance and Reward management with Labour productivity

Regression analysis was used to find out if there is a relationship between Performance and Reward Management and the dependent variable by evaluating the contribution of the independent variable in explaining the dependent variable, when the other variables are controlled; the R Square value was obtained in this case.

From the results in table 4.33, Performance and Reward management were found to have an R Square value of 0.323 or to contribute to 32.3% Labour productivity. The R square value is an important indicator of the predictive accuracy of the equation. The remaining 67.7% can be explained by other factors. The implication of these finding is that performance and Reward management plays a significant role enhancing Labour productivity. This results are supported by a research by Navaratne et.al (2008), which showed that performance and reward management significantly affect Labour productivity.This findings are similar to studies by Mansour (2008), whose research findings obtained a Pearson correlation coefficient of .470 and showed a significant relationship between performance based reward and organizational as well as employee productivity hence Labour productivity.

Table 4.33: Regression analysis between Labour productivity and Performance & Reward management

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.568[a]	.323	.319	.25731

a. Predictors: (Constant), Performance & Reward management

A research by Homayounizadpanah and Baqerkord (2012), obtained a R Square value of 0.776, which showed a strong positive correlation between performance management and Labour productivity. These findings show that there is a positive relationship between performance management and Labour productivity. The implication of this is that change in performance management will have positive impact on productivity. It suggests that an increase in performance management, leads to an increase in Labour productivity while a decrease in performance management, will lead to a decrease on Labour productivity.

Further tests as shown on table 4.34 gave a P- value of 0.000 which is less than the level of significance of 0.05 and which show a significant linear relationship between Labour productivity and Performance and Reward management. This findings are similar to studies by Mansour (2008), whose research findings showed a significant relationship between performance based reward and organizational as well as employee productivity hence Labour productivity.

From the hypothesis

H_0: Performance and Reward Management is not significantly related to Labour productivity

Since the p- value which is 0.000 is less than 0.05 (0.000 < 0.05) then the H_0 was rejected because there is a significant relationship between performance based reward and Labour productivity.

Table 4.34: ANOVA for regression of Performance and Reward management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.234	1	5.234	79.058	.000[a]
	Residual	10.991	166	.066		
	Total	16.225	167			

a. Predictors: (Constant), Performance & Reward management

a. Labour Productivity: Y

When the following model was fitted to find out whether the independent variable of performance and Reward management predicts the dependent variable Labour productivity, it was found to have goodness of fit and therefore the model was significant as shown by table 4.35. From this table B_0 is 1.889 units, this can be interpreted as meaning that when there is no Performance and Reward management, the model predicts that Labour productivity will have 1.889 units. From these data,

Performance and Reward management had a positive *B*-value (0.277) indicating positive relationship and therefore, as Performance and Reward management increases, Labour productivity improves.

Additionally, the *b*-value also tells to what degree each predictor affects the outcome. The value B_1 = 0.277, indicates that as performance and Reward management increases by one unit, Labour Productivity improves by 0.277 units. If the *b*-values are substituted in the equation below, the model can be defined as follows: -

Labour productivity= 1.889+ 0.277(Performance & Reward Management) + e

$$Y_S = \beta_0 + B_{1X1} + e$$

Where

Ys = Labour productivity

β_0 = *constant (coefficient of intercept)*

X1 = Performance and Reward management

e = error

This findings agree with a research by Tsai (2004),which showed that if rewards are used effectively, they can motivate individuals to perform and thus can have a positive effect on Labour productivity which in turn has a positive effect on organizational performance.

Table 4.35: Coefficients for performance and reward management

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.889	.103		18.283	.000
	Performance & Reward management	.277	.031	.568	8.891	.000

a. Dependent Variable: Y

4.8.2 Regression analysis between Labour productivity and Recruitment and Selection

Regression Analysis between Labour Productivity and Recruitment

Regression analysis was used to find out if there is a relationship between Recruitment and Labour Productivity by evaluating the contribution of the Recruitment in explaining the Labour Productivity, when the other variables are controlled; the R Square value was obtained in this case.

From the results in table 4.36, Recruitment was found to have an R Square value of 0.301 or to contribute to 30.1% to Labour productivity. The R square value is an important indicator of the predictive accuracy of the equation. The remaining 69.9 % can be explained by other factors. The implication of these finding is that Recruitment plays a significant role enhancing Labour productivity.

Table 4.36: Regression Analysis between Labour Productivity and Recruitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.548[a]	.301	.296	.26146

a. Predictors: (Constant), Recruitment

Further tests as shown on table 4.37 gave a P- value of 0.000 which is less than the level of significance of 0.05 and which show a significant linear relationship between Labour productivity and Recruitment.

Table 4.37: Coefficients for Recruitment Practices

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.877	1	4.877	71.337	.000[a]
	Residual	11.348	166	.068		
	Total	16.225	167			

a. Predictors: (Constant), Recruitment

b. Dependent Variable: Labour Productivity

Regression analysis between Labour productivity and Selection Practices

Regression analysis was used to find out if there is a relationship between Selection Practices and Labour Productivity by evaluating the contribution of the Selection in explaining the Labour Productivity, when the other variables are controlled; the R Square value was obtained in this case.

Table 4.38: Regression Analysis between Labour Productivity and Selection

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.520[a]	.271	.266	.26700

a. Predictors: (Constant), Selection

From the results in table 4.38, Selection was found to have an R Square value of 0.271 or to contribute to 27.1 % to Labour productivity. The R square value is an important indicator of the predictive accuracy of the equation. The remaining 72.9 % can be explained by other factors. The implication of these finding is that Selection plays a significant role enhancing Labour productivity. Further tests as shown on table 4.39 gave a P- value of 0.000 which is less than the level of significance of 0.05

and which show a significant linear relationship between Labour productivity and Selection.

Table 4.39: Coefficients for Selection Practices

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.391	1	4.391	61.588	.000[a]
	Residual	11.834	166	.071		
	Total	16.225	167			

a. Predictors: (Constant),Selection

b. Dependent Variable: Labour Productivity

Regression analysis between Labour productivity and Recruitment and Selection

Regression analysis was used to find out if the independent variable (Recruitment and Selection) predicts the given dependent variable (Labour productivity). Linear regression yields a statistic called coefficient of determination (R^2), which was used to evaluate the contribution of each independent variable in explaining the dependent variable.

Table 4.40 shows that recruitment and selection has an R square value of 0.353 or it contributes 35.3% to Labour productivity while 64.7% can be explained by other factors. This implies that Recruitment and selections plays a role in explaining labour productivity and when used appropriately to ensure correct match between the employee and the job as well as organization, this ensures that people are placed in jobs which are best suited for their capacity therefore contributing to labour productivity.

Table 4.40: Regression analysis with Recruitment and Selection

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.597[a]	.357	.353	.25079

a. Predictors: (Constant), Recruitment & Selection

As shown on table 4.41 on the test of significance, the p- value was 0.000 which is less than the level of significance 0f 0.05 and it shows a significant linear relationship between Labour productivity and Recruitment and Selection. The implication of this is that Recruitment and selection significantly affects Labour productivity. These findings agree with a research by McOliver (2005) which established a positive significant relationship between strategy for employee recruitment and performance or Labour productivity in an organization

From the hypothesis

H_0: Recruitment and selection is not significantly related to Labour productivity

Since the p- value which is 0.000 is less than 0.05 (0.000 < 0.05) then H_0 was rejected because there is a significant relationship between Recruitment and selection, and Labour productivity.

Table 4.41: ANOVA Results for Recruitment and Selection

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.784	1	5.234	79.058	.000[a]
	Residual	10.441	166	.066		
	Total	16.225	167			

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.784	1	5.234	79.058	.000[a]
	Residual	10.441	166	.066		
	Total	16.225	167			

a. Predictors: (Constant), Recruitment & Selection
b. Labour Productivity: Y

When the following model was fitted to find out whether the independent variable of Recruitment and selection predicts the dependent variable Labour productivity, it was found to have goodness of fit and therefore the model was significant as shown by table 4.42

From this table B_0 is 1.944 units, this can be interpreted as meaning that when there is no Recruitment and selection, the model predicts that Labour productivity will have 1.944 units. From these data, Recruitment and Selection had a positive *B*-value (0.265) indicating positive relationship and therefore, as Recruitment and selection increases, Labour productivity improves.

Additionally, the *b*-value also tells to what degree each predictor affects the outcome. The value B_1 = 0.265, indicates that as Recruitment and Selection increases by one unit, Labour Productivity improves by 0.265 units. If the *b*-values are substituted in the equation below, the model can be defined as follows: -

$$Y_S = 1.944 + 0.265(\text{Recruitment and selection}) + e$$

Where

$Y_S = \beta_0 + B_{1X1} + e$

Ys = *Labour productivity*

β_0 = *constant (coefficient of intercept)*

X1 = Recruitment and Selection

e = error

These findings agree with other researchers who have found a positive and statistically significant association between use of recruitment and selection

procedure and profits (Terpstra & Rozell, 1993), and employee' productivity (Huselid, 1995; Koch & McGrath, 1996; Sekiguchi, 2004)

Table 4.42: Coefficients for Recruitment and Selection

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.944	.090		21.483	.000
	Recruitment & Selection	.265	.028	.597	9.590	.000

a. Dependent Variable: Labour Productivity

4.8.3 Regression analysis between Labour productivity and Training and Development

Regression Analysis between Labour Productivity and Training

Regression analysis was used to find out if there is a relationship between Training and Labour Productivity by evaluating the contribution of Training in explaining Labour Productivity, when the other variables are controlled; the R Square value was obtained in this case.

From the results in table 4.43, Training was found to have an R Square value of 0.332 or to contribute to 33.2 % to Labour productivity. The R square value is an important indicator of the predictive accuracy of the equation. The remaining 66.8 % can be explained by other factors. The implication of these finding is that Training plays a significant role enhancing Labour productivity.

Table 4.43: Regression Analysis for Training

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.577[a]	.332	.328	.25543

a. Predictors: (Constant), Training

Further tests as shown on table 4.44 gave a P- value of 0.000 which is less than the level of significance of 0.05 and which show a significant linear relationship between Labour productivity and Training.

Table 4.44: ANOVA for Trainin

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.394	1	5.394	82.680	.000[a]
	Residual	10.831	166	.065		
	Total	16.225	167			

a. Predictors: (Constant), Training

b. Dependent Variable: Labour Productivity

Regression analysis between Labour productivity and Employee Development

Regression analysis was used to find out if there is a relationship between Employee Development and Labour Productivity by evaluating the contribution of Employee Development in explaining Labour Productivity, when the other variables are controlled; the R Square value was obtained in this case.

From the results in table 4.45, Employee Development was found to have an R Square value of 0.382 or to contribute to 38.2 % to Labour productivity. The R square value is an important indicator of the predictive accuracy of the equation. The remaining 61.8 % can be explained by other factors. The implication of these finding is that Employee Development plays a significant role enhancing Labour productivity.

Table 4.45: Regression Analysis for Employee Development

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.618[a]	.382	.378	.24577

Further tests as shown on table 4.46 gave a P- value of 0.000 which is less than the level of significance of 0.05 and which show a significant linear relationship between Labour productivity and Employee Development.

Table 4.46: ANOVA for Employee Development

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.198	1	6.198	102.605	.000[a]
	Residual	10.027	166	.060		
	Total	16.225	167			

a. Predictors: (Constant), Employee Development

b. Dependent Variable: Labour Productivity

4.8.4 Regression analysis between Labour productivity and Training and Employee Development

Regression analysis was used to find out if the independent variable of Training and Development predicts the given dependent variable (Labour productivity). Linear regression yielded a statistic called coefficient of determination (R^2), which was used to evaluate the contribution of each independent variable in explaining the dependent variable.

Training and development has an R square value of 0.418 or it contributes 41.8% to Labour productivity while 58.2% can be explained by other factors as shown by table 4.47. This implies that training plays a significant role in ensuring that there is labour productivity, this is because according to Blanchard and Thacker (2009), Training and Development is a key element for improved labour productivity.

Table 4.47: Regression with Training and Development

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.646[a]	.418	.414	.23856

a. Predictors: (Constant), Training & Development

As shown on table 4.48 on the test of significance, the p- value was 0.000 and it shows a significant linear relationship between Labour productivity and training and Employee Development. The implication of this is that training and Employee Development are very important in ensuring labour productivity by improving employee's levels of competence. According to Blanchard & Thacker, (2009) there is a continual need for the process of staff development, and training fulfils an important part of this process, by ensuring an adequate supply of staff that are technically and socially competent and capable of Employee Development into specialist departments or management positions are available.

Since the p- value which is 0.000 is less than 0.05 ($0.000 < 0.05$) then H_0 was rejected because there is a significant relationship between Training and Development, with Labour productivity, from the hypothesis;

> H_0: Training and Employee Development is not significantly related to Labour productivity

Table 4.48: ANOVA for Training and Development

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.778	1	6.778	119.101	.000[a]
	Residual	9.447	166	.057		
	Total	16.225	167			

a. Predictors: (Constant), Training & Development

b. Labour Productivity: Y

When the following model was fitted to find out whether the independent variable of Training and Development predicts the dependent variable Labour productivity, it was found to have goodness of fit and therefore the model was significant as shown by table 4.49.

From this table B_0 is 1.906 units, this can be interpreted as meaning that when there is no Training and Development, the model predicts that Labour productivity will have 1.906 units. From these data, Training and Development had a positive *B*-value (0.259) indicating positive relationship and therefore, as Training and Development management increases, Labour productivity improves.

Additionally, the *b*-value also tells to what degree each predictor affects the outcome. The value B_1 = 0.259, indicates that as Training and Development increases by one unit, Labour Productivity improves by 0.259 units. If the *b*-values are substituted in the equation below, the model can be defined as follows: -

$Y_S = 1.906 + 0.259(Training\ \&\ Development) + e$

$Y_S = \beta_0 + B_{1X1} + e$

Ys = Labour productivity

β_0 = *constant (coefficient of intercept)*

X1 = Training and Development

e = error

Table 4.49: Coefficients for Training and Development

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.906	.083		22.933	.000
	Training & Development	.259	.024	.646	10.913	.000

a. Dependent Variable: Labour Productivity

4.8.4 Regression Analysis between Labour productivity and HRM Practices

Regression analysis was used to find out if there is a relationship between HRM Practices and Labour Productivity by evaluating the contribution of HRM Practices in explaining Labour Productivity, when the other variables are controlled; the R Square value was obtained in this case.

From the results in table 4.60, HRM Practices were found to have an R Square value of 0.539 or to contribute to 53.9 % to Labour productivity. The R square value is an important indicator of the predictive accuracy of the equation. The remaining 46.1 % can be explained by other factors. The implication of these finding is that HRM Practices plays a significant role enhancing Labour productivity.

Table 4.50: Regression between Labour Productivity and HRM Practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734[a]	.539	.536	.21231

a. Predictors: (Constant), HRM Practices

Further tests as shown on table 4.51 gave a P- value of 0.000 which is less than the level of significance of 0.05 and which show a significant linear relationship between Labour productivity and HRM Practices.

Table 4.51: ANOVA for HRM Practices

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.742	1	8.742	193.938	.000[a]
	Residual	7.483	166	.045		
	Total	16.225	167			

a. Predictors: (Constant), HRM practices

a. Dependent Variable: Labour Productivity

When the following model was fitted to find out whether the independent variables of HRM practices predicts the dependent variable Labour productivity, it was found to have goodness of fit and therefore the model was significant as shown by table 4.52. From this table B_0 is 1.501 units, this can be interpreted as meaning that when

there is no HRM Practices, the model predicts that Labour productivity will have 1.501 units. From these data, HRM Practices had a positive *B*-value (0.392) indicating positive relationship and therefore, as HRM Practices increases, Labour productivity improves.

Additionally, the *b*-value also tells to what degree each predictor affects the outcome. The value B_1 = 0.392, indicates that as HRM Practices increases by one unit, Labour Productivity improves by 0.392 units.

Table 4.52: Coefficients for HRM Practices

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.501	.094		15.962	.000
	HRM	.392	.028	.734	13.926	.000

a. Dependent Variable: Labour Productivity

4.8.5 Regression Analysis between Labour productivity and Employee Engagement

Regression analysis was used to find out if Employee Engagement predicts the given dependent variable (Labour productivity). Linear regression yielded a statistic called coefficient of determination (R^2), of 0.53, or it contributes 53% to Labour productivity as shown on table 4.53. This implies that employee engagement plays a significant role in ensuring that there is Labour productivity. This is supported by research by Gallup (2008), which showed that engaged employees are emotionally attached to their organizations, are committed and therefore are more productive.

Table 4.53: Regression Analysis for Employee Engagement

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728[a]	.530	.527	.21477

As shown on table 4.54 on the test of significance, the p- value was 0.000 and it shows a significant linear relationship between Labour productivity and Employee Engagement. The implication of this is that Employee Engagement plays a key role in ensuring labour productivity, the higher the employee engagement the higher the Labour productivity. This is because it leads to positive behavior in employees such as taking personal initiative, organizational citizenship behavior and employee effectiveness (Macey and Schneider 2008).

Since the p- value which is 0.000 is less than 0.05 (0.000 < 0.05) then H_0 is rejected because there is a significant relationship between Employee Engagement and Labour productivity

H_0: Employee Engagement is not significantly related to Labour productivity

Table 4.54: ANOVA Results for Employee Engagement

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.573	1	8.573	185.964	.000[a]
	Residual	7.652	166	.046		
	Total	16.255	167			

a. Predictors: (Constant), Employee Engagement

b. Labour Productivity: Y

When the following model was fitted to find out whether the independent variable of Employee Engagement predicts the dependent variable Labour productivity, it was found to have goodness of fit and therefore the model was significant as shown by table 4.55.

From this table B_0 is 1.843 units, this can be interpreted as meaning that when there is no Employee Engagement, the model predicts that Labour productivity will have 1.843 units. From these data, Employee Engagement had a positive *B*-value (0.301) indicating positive relationship and therefore, as Employee Engagement increases, Labour productivity improves, for every unit increase in Employee Engagement there is a corresponding increase in Labour productivity. These results show that Employee Engagement is important for increasing Labour productivity among employees, because engaged employees are more productive.

Additionally, the *b*-value also tells to what degree each predictor affects the outcome. The value B_1 = 0.301, indicates that as Employee Engagement increases by one unit, Labour Productivity improves by 0.301 units. If the *b*-values are substituted in the equation below, the model can be defined as follows: -

$$Y_S = 1.843 + 0.301(\text{Employee Engagement}) + e$$

Where

$Y_S = \beta_0 + B_{1X1} + e$

Ys = Labour productivity

β_0 = *constant (coefficient of intercept)*

X1 = Employee Engagement

e = error

Table 4.55: Coefficients for Employee Engagement

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.843	.071		22.844	.000
	Employee Engagement	.301	.022	.728	13.646	.000

a. Dependent Variable: Labour Productivity

4.9 The moderating influence of Employee Engagement on Labour Productivity

A moderator is a variable that changes the relationship between an Independent Variable and a Dependent Variable. It has an interaction effect on the two variables by enhancing, buffering or being antagonistic. Moderated multiple regression (MMR) was used to test the moderating effect of Employee Engagement. Moderated multiple regression (MMR) analysis is defined as an inferential procedure which Consists of comparing two different least-squares regression equations (Aguinis, 2004; Aiken and West, 1991). MMR analysis was used to compare the moderating effect of the employee Engagement analyzed by interpreting the R^2 change in the models obtained from the model summaries so as to test the hypothesis that employee Engagement does not moderate the relationship between Human Resource practices and Labour productivity.A similar study by Sazali et.al (2009), that involved analysis of a moderating effect also used moderated multiple regression (MMR)

4.9.1 The moderating influence of Employee Engagement on Performance and Reward management

Table 4.56 shows the model summary from the hypothesis that employee Engagement does not moderate the relationship between Human Resource practices and Labour productivity. Table 4.57 shows that in model 1 without the interaction effect of Employee Engagement on performance and Reward management the R

square value is 0.606 and p- =0.000. This implies that 60.6% of Labour productivity is explained by performance and reward management as well as employee engagement. However model 2 shows the results after the moderation effect /interaction term of (Employee engagement *Performance and Reward management) is added to the equation. The R square value is 0.618 and p- =0.022 in model 2. This shows an R square change (ΔR^2) of 0.013 and p- =0.023 indicating a significant moderation effect of Employee Engagement on Labour productivity. The results show a significant presence of moderating effect, where the moderating effect of employee engagement explains 1.3% variance on Labour productivity, above and beyond the variance of performance and reward management as well as employee engagement. This implies that Employee Engagement moderates the relationship between Labour productivity and Performance and Reward Management and has an enhancing effect, where increasing Employee Engagement increases the effect of performance and Reward management on Labour productivity.

Therefore the null hypothesis was rejected since employee engagement moderates the relationship between labour productivity and Performance and Reward management. These findings are similar with a research by conducted by West and Dawson (2012) on health workers, which showed that effective performance management leads to increased employee engagement, which in turn translates to improved employee performance and labour productivity.

Table 4.56: Variation in the Moderated Regression Model for Performance & Reward management

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df 1	df 2	Sig. F Change
1	0.778(a)	0.606	0.601	.19690	0.606	126.743	2	165	0.000
2	0.786(b)	0.618	0.611	.19430	0.013	5.455	1	16	0.022

(a) Predictors: (Constant), Performance & Reward Management,

Employee Engagement

(b) Predictors: (Constant), Training & Development, Employee Engagement, (Training & Development *Employee Engagement

The following model was fitted to show the moderation effect of Employee Engagement on Labour productivity and Performance and Reward Management as shown in table 4.57 model 2 after the inclusion of the interaction term (Performance & Reward management *Employee Engagement)

Labour Productivity=0.944 + 0.338 (Performance & Reward Management) +0.425Employee Engagement-0.57 (Performance & Reward management *Employee Engagement)

Table 4.57: Moderated Regression Model Coefficients for Performance and Reward management

Model		Coefficients			
		B	**Std. Error**	**t**	**Sig.**
1	(Constant)	1.531	0.86	17.848	0.000
	Performance & Reward management	0.150	0.027	5.647	0.000
	Employee Engagement	0.245	0.022	10.894	0.000
2	(Constant)	0.944	0.268	3.521	0.000
	Performance & Reward management	0.338	0.086	3.939	0.000
	Employee Engagement	0.425	0.081	5.223	0.000
	Performance & Reward management	-0.057	0.025	-2.303	0.023

*Employee Engagement

4.9.2 The moderating influence of Employee Engagement on Training and Development

Table 4.58 shows that in model 1 without the interaction effect of Employee Engagement on Training and Development the R square value is 0.664 and p- =0.000, this implies that 66.4% of labour productivity can be attributed to training and development along with employee engagement. However after the moderation effect of (Training and development * Employee engagement) in model 2 the R square value is 0.673 and p- =0.042. This shows an R square change (ΔR^2) of 0.008 and p- =0.042 indicating a significant moderation effect of Employee Engagement on Labour productivity. The results show a significant presence of moderating effect. The moderating effect of employee engagement explains 0.8% variance in Labour productivity, above and beyond variance by training and development, along with employee engagement.

Table 4.58: Variation in the Moderated Regression Model for Training and Employee Development

					Change Statistics				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**R Square Change**	**F Change**	**df 1**	**df 2**	**Sig. F Change**
1	0.815(a)	0.664	0.660	.18164	0.664	163.378	2	165	0.000
2	0.820(b)	0.673	0.667	.17990	0.008	4.215	1	164	0.042

(a) Predictors: (Constant), Training & Development, Employee Engagement

(b) Predictors: (Constant), Training & Development, Employee Engagement, (Training & Development *Employee Engagement

Therefore Employee Engagement moderates the relationship between Labour productivity and Training and Employee development and has an enhancing effect, where increasing Employee Engagement increases the effect of Training and Development on Labour productivity. Therefore the null hypothesis is rejected since employee engagement moderates the relationship between labour productivity and training and Employee Development

These findings are supported by a comprehensive global research done by Right management (2009), which showed that training and Employee Development positively impacts on employee engagement. This is because employees can continually develop the skills and competencies needed by the organization to succeed leading to increased engagement, which is a key factor in ensuring high levels of productivity, retention and performance.

Table 4.59 depicts the results of coefficients of the regression in model 1 and 2. The following model was fitted to show the moderation effect of Employee Engagement on Labour productivity and Training and Development

*Labour Productivity=1.103 + 0.291 (Training & Development) +0.361 (Employee Engagement)-0.040 (Training & Development *Employee Engagement)*

Table 4.59: Moderated Regression Model Coefficients for Training & Development

Model		**Coefficients**			
		B	**Std. Error**	**t**	**Sig.**
1	(Constant)	1.515	0.73	20.882	0.000
	Employee Engagement	0.227	0.021	11.015	0.000
	Training & Development	0.164	0.020	8.181	0.000

2	(Constant)	1.103	0.213	5.168	0.000
	Employee Engagement	0.361	0.068	5.299	0.000
	Training & Development	0.291	0.065	4.465	0.000
	Training & Development *Employee Engagement	-0.040	0.020	-2.053	0.042

4.9.3 The moderating influence of Employee Engagement on Recruitment and Selection

Table 4.60 shows that in model 1 without the interaction effect of Employee Engagement on Recruitment and Selection the R square value is 0.649 and p- =0.000. This implies that 64.9% of the variance in Labour productivity can be explained by employee engagement and Recruitment and selection. However after the moderation effect/interaction term of (employee engagement * Recruitment and selection) in model 2, the R square value is 0.655 and p- =0.014. This shows an R square change (ΔR^2) of 0.013 and p- =0.014 indicating a significant moderation effect of Employee Engagement on Labour productivity. The moderating effect of employee engagement explains 1.3% variance in Labour productivity above and beyond the variance by recruitment and selection and employee engagement. Therefore, increasing Employee Engagement increases the effect of Recruitment and selection on Labour productivity. The null hypothesis is therefore rejected since Employee Engagement moderates the relationship between Labour productivity and Recruitment and Selection and has an enhancing effect.

Table 4.60: Variation in the Moderated Regression Model for Recruitment and selection

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.806(a)	0.649	0.645	.18579	0.649	152.522	2	165	0.000

2	0.813(b)	0.662	0.655	.18295	0.013	6.156	1	164	0.014

(a) Predictors: (Constant), Recruitment & selection, Employee Engagement

(b) Predictors: (Constant), Recruitment & selection, Employee Engagement Recruitment & selection*Employee Engagement

These findings are supported by a research conducted by West and Dawson (2012) on health workers, which showed that engagement, can be influence by recruitment and selection. Table 4.61 depicts the results of coefficients of the regression. The following model was fitted to show the moderation effect of Employee Engagement on Labour productivity and Recruitment and Selection

*Labour Productivity =0.917 + 0.352 (Recruitment & Selection) +0.435 (Employee Engagement)-0.061 (Recruitment & Selection *Employee Engagement)*

Table 4.61: Moderated Regression Model Coefficients Recruitment & Selection

Model		**Coefficients**			
		B	**Std. Error**	**t**	**Sig.**
1	(Constant)	1.498	0.77	19.447	0.000
	Employee Engagement	0.241	0.021	11.725	0.000
	Recruitment & Selection	0.167	0.022	7.529	0.000
2	(Constant)	0.917	0.246	3.722	0.000
	Employee Engagement	0.435	0.081	5.390	0.000
	Recruitment & Selection	0.352	0.078	4.523	0.000
	Recruitment & Selection *Employee Engagement	-0.061	0.024	-2.481	0.014

4..4 The moderating influence of Employee Engagement on HRM Practices

Table 4.62 shows that in model 1 without the interaction effect of Employee Engagement on Human Resource Management practices the R square value is 0.539 and p- =0.000. This implies that 53.9% of the variance in Labour productivity can be

explained by employee engagement and HRM Practices. However after the moderation effect/interaction term of (employee engagement * HRM Practices) in model 2, the R square value is 0.710 and p- =0.014. This shows an R square change (ΔR^2) of 0.171 and p- =0.000 indicating a strong significant moderation effect of HRM practices on Labour productivity with Employee Engagement as a moderator. The moderating effect of employee engagement explains 17.1% variance in Labour productivity above and beyond the variance by HRM Practices. Therefore, increasing Employee Engagement increases the effect of HRM Practices on Labour productivity. The null hypothesis is therefore rejected since Employee Engagement moderates the relationship between Labour productivity and Recruitment and Selection and has an enhancing effect.

Table 4.62: Variation in the Moderated Regression Model for HRM Practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734[a]	.539	.536	.21231
2	.843[b]	.710	.706	.16891

a. Predictors: (Constant), HRM

b. Predictors: (Constant), HRM, EE

4.10 Optimal Model Fitness

4.10.1 Overall Regression Model

Two multiple regression models were adopted for the study, one with the effect of Employee Engagement as a moderating variable and the other without the moderating variable. Multiple regression models attempt to determine whether a group of variables together predict a given dependent variable (James & Frank, 1985).

Multiple regression analysis with Labour productivity as the dependent variable, while performance and reward management, Training and Employee Development and recruitment and selection were the independent variables and Employee

Engagement as the moderator were obtained as shown in the table 4.63. For model 2 the overall R square value was 0.722. This shows that 72.2% of Labour productivity is affected by the independent variables of Performance and Reward, Training and Development as well as Recruitment and Selection, when Employee Engagement is acting as a moderator.

Table 4.63: Overall Regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.740(a)	.548	.539	.21206
2	.850 (b)	.722	.715	.16680

(a) Predictors: (Constant), Recruitment & Selection, Performance & Reward Management, Training & Development

(b)Predictors: (Constant), Recruitment & Selection, Performance & Reward Management, Training & Development, Employee Engagement

However when Employee engagement was not used as a moderator, as shown in model 1 in table 4.64, an overall R square value of 0.548 was obtained, this shows that 54% of Labour productivity is affected by the independent variables of performance and Reward, Training and Development, as well as Recruitment and selection when Employee Engagement is not acting as a moderator and is therefore controlled. This shows a of difference of 0.174 or 17.4% as the overall moderating effect of Employee Engagement on Labour productivity when Performance and Reward, Training and Development and Recruitment and selection are used as the independent variables. The moderating effect of employee engagement explains 17.4% variance in Labour productivity above and beyond the variance by performance and reward management, training and development as well as recruitment and selection. Therefore the null hypothesis is rejected since employee engagement moderates the relationship between Human resource management practices and labour productivity.

These findings are supported by research done by Odiyo (2012) which tested the relationship between integrated HR practices and employee productivity got an R square value of 0.652, meaning that 65% of the variations in employee productivity

are caused by HR practices. The findings are also in line with normative theory, which assumes that appropriate HR practices tap into the commitment and motivation of employees leading to greater labour productivity. According to this theory, appropriate HRM practices tap into the motivation and commitment of employees. This theory advocates for high skills and knowledge, careful recruitment and selection pay based on performance among others

Table 4.64 shows that there is a significant relationship between the independent variables and Labour productivity without the moderating variable and with the presence of the moderating variable. Model 1 has a p- value of 0.000 which shows a significant relationship between labour productivity and Performance & Reward management, Training & Development and Recruitment & Selection. Model 2 with a p- value of 0.000, shows that there is still a significant relationship between Labour productivity and these variables after the moderating variable (Employee Engagement) is introduced.

The overall hypothesis

H_o: There is no significant relationship between independent variables and dependent variables

H_0: $\beta_1=\beta_2=\beta_3=\beta_4=0$

Since the p- value which is 0.000 is less than 0.05 ($0.000 < 0.05$) then we reject H_0 and agree that there is a significant relationship between the independent, and dependent variables adopted by organizations.

Table 4.63 depicts the results of coefficients of the overall regression. When all the HRM practices are bundled together as shown in the table 4.63, Model 1 indicates that Performance and Reward Management shows a very weak significant relationship with a p- value of 0.045 when the moderating variable is not included in model 1, while recruitment and selection as well as training and Development have a positive and significant effect on Labour productivity. However once the moderating variable is introduced in model 2 Performance and reward management has a value of p- =0.476, which shows that there is a positive insignificant relationship between Labour productivity and Performance and Reward Management. This shows that

once the HR practices are bundled together with Employee Engagement as a moderator, Performance and Reward management plays an insignificant role on Labour productivity. This means that Engaged employees do not need any inducements in the form of rewards to perform since they already have intrinsic motivation. This has been referred to as the "crowding out effect" which is a phenomenon that occurs when intrinsic motivation is the response to extrinsic incentives, therefore making extrinsic motivators insignificant. This is according to Irlenbusch and Sliwka (2005) whose research showed that the introduction of incentives scheme may raise the probability that an employee will adopts "individual maximization frame " rather than a "cooperative frame" as behavior is guided to focus on the individual short-term returns of his actions. However, with the introduction of engagement an employee's attention is guided away from short-term returns since the employee receives no share of the surplus generated by his effort and their attention is focused on a more cooperative or reciprocal behavior which may even lead to higher surpluses.

This is also in line with the normative approach which assumes that appropriate HR practices tap into the commitment and motivation of employees leading to greater labour productivity. Therefore employees who are intrinsically motivated will require no further extrinsic motivation.

Performance and Reward management can therefore only effectively affect Labour productivity when Rewards based on performance are well implemented.This has been supported by Nelson and Spitzer (2002) who advises against resorting to cash rewards to try and motivate employees. Bowen (2000) likewise stresses the importance of awareness of "non-rewards' which are very important in enhancing employee productivity, this is because the non-rewards increase Employee Engagement, which plays a stronger role that performance and reward management in Labour productivity.

The overall regression model was as shown below

$$Y_S = \beta_0 + B_1X_1 + B_{2X2} + B_{3X3} + B_4M_1 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \textbf{\textit{Equation1}}$$

Labour Productivity= 1.322+0.21 (Performance and Reward Management) + 0.116 (Training& Development) +0.117(Recruitment & Selection) +0.200 (Employee Engagement)**……*Equation1***

Where

Ys = Labour productivity

β_0 = *constant (coefficient of intercept)*

X1 = Performance and Reward management, X2 = Training and Development and X3= Recruitment and selection

M_1 = Employee Engagement

The results and findings indicate that Training and Development and Recruitment and selection have a significant combined effect on Labour productivity, with Employee Engagement playing a significant moderating role. However performance and reward management does not play a significant role when bundled together with training and Employee Development, and recruitment and selection with employee engagement as a moderator. Though Performance and Reward management is not a significant predictor of Labour productivity (model 2, p- value = 0.476, β= 0.021), it still plays a very important role as supported by a research by Tsai (2004), which showed that if rewards are used effectively, they can motivate individuals to perform and thus can have a positive effect on Labour productivity. However performance based pay can create more dissatisfaction than satisfaction if they are perceived to be unfair, inadequate or badly managed (Armstrong, 2009). According to Cox and Purcell (1998), the real benefit in reward strategies lies in complex linkages with other human resource management policies and practices.' Overall these variables contribute 72.2% to Labour productivity while 27.8% can be explained by other factors.

Table 4.64: Overall regression coefficients

Model		Coefficients		t	Sig.
		B	Std.Error		
1	(Constant)	1.517	.096	15.805	.000
	Performance & Reward Management	.073	.036	2.022	.045
	Training & Development	.153	.030	5.109	.000
	Recruitment & Selection	.161	.027	6.035	.000
2	(Constant)	1.322	.078	16.950	.000
	Performance & Reward Management	.021	.029	.715	.476
	Training & Development	.116	.024	4.885	.000
	Recruitment & Selection	.117	.021	5.496	.000
	Employee Engagement	.200	.020	10.073	.000

a. Dependent Variable: Labour Productivity

4.10.2 Optimal Model

From the research findings above, the model is retained as shown in figure 4.6. This is because from the results of the study once the HR practices are bundled together with Employee Engagement as a moderator, Training and Development as well as Recruitment and selection, play a positive and significant role on Labour Productivity. Performance and Reward management plays a positive but insignificant

role on Labour productivity (p-= 0.045 and p-= 0.476) when Employee Engagement acts as a moderator. This means that Engaged employees do not need any inducements in the form of rewards to perform since they already have intrinsic motivation; however Performance and Reward management still plays a significant role on Labour Productivity.

These results are in line with the work of Nelson and Spitzer (2002) who advises against resorting to cash rewards to try and motivate employees. Bowen (2000) likewise stresses the importance of awareness of "non-rewards' which are very important in enhancing employee productivity, this is because the non-rewards increase Employee Engagement, which plays a stronger role that performance and reward management in Labour productivity. This is because they are self driven, and identify with the success of the organization. According to Herzberg two factor theory, employees are motivated by the work itself, a sense of achievement, responsibility and advancement opportunities, where as pay is mainly a hygiene or maintenance factor, hence engaged employees have intrinsic motivation. According to Taleo Business Report, (2011), once eemployees' understand how their job contributes to the success of the team, the department, and the company as a whole they become focused and engaged to deliver on organizational goals and hence according to Schaufeli and Bakker (2006) they are emotional committed to their jobs.With or without reward engaged employees will strive to perform their best to ensure the success of the organization. However there is need for further research to explain this phenomenon.

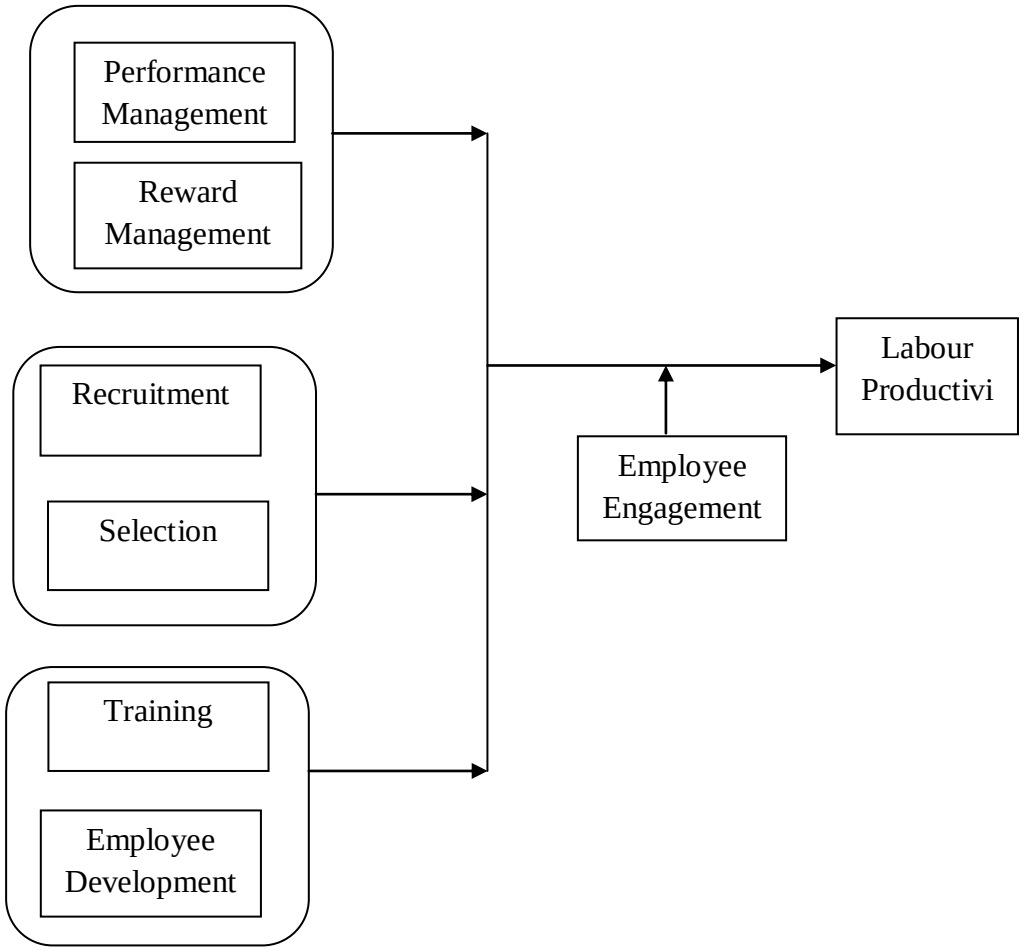

Figure 4.6: Optimal model on the Relationship between HRM Practices and Labour Productivity

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter has presented the summary of the findings, the conclusion and the recommendation of what need to be done to enhance labour productivity in State Corporations in Kenya, finally the suggestion for further research has been given in order to shed light on the key areas which need more research to be conducted. The purpose of the study was establish the relationship between Human Resource Management practices and Labour productivity in State Corporations in Kenya, where it wanted to establish the relationship between performance and reward management, training and development, recruitment and selection and Labour productivity with Employee Engagement as a moderating variable

5.2 Summary of the Major findings

The purpose of the study was to establish the relationship between Human Resource Management Practices and Labour Productivity with Employee Engagement as the moderating variable. This was useful because Kenya aims to achieve a high and sustained economic growth with an annual GDP of 10% per annum and this can only be achieved by having a productive workforce since labour productivity is one of the drivers of economic growth and development. State corporations play a central role in any country's socio-economic development. The Main aim of the State corporations is to provide a service to the public, by providing an infra-structure for businesses to use and to contribute significantly to the G.D.P.

This research was useful because it set out to demonstrate that people management is very crucial and that sound HRM practices contribute to labour productivity. Various authors have put forward a link between specific HRM practices and Labour productivity. Descriptive and inferential statistics were used to help in drawing conclusions, reliability tests were also done to ensure the research instrument used was both reliable and valid in measuring what the research set out to establish

5.2.1 Effect of Performance and Reward management on Labour productivity

The study sought to establish the effect of performance and reward management on Labour productivity and to test the hypothesis that performance and Reward management is not significantly related to Labour productivity. Descriptive analysis showed that majority of the respondents agreed that employees who meet their targets were rewarded; they also indicated that performance management was helping in the alignment of individual goals to organizational goals in the State corporations. Majority agreed that performance management was helping in creating a performance culture in the civil service. The study also established that 47.5% of the respondents agreed with the opinion that non-monetary rewards such as fair treatment, recognition, appreciation affect job satisfaction and combat burnout, while performance based reward can act as an incentive to increase Labour productivity.

The computed Chronbach's Alpha of the items of Performance and Reward management was 0.923; this meant a high reliability of the study instrument and data. The inferential analysis and findings showed that there is a positive significant linear relationship between performance and reward management and Labour productivity, with a Pearson correlation coefficient of 0.568 and a p- value of 0.000 and an R Square value of 0.323. This means that Performance and Reward Management contributes to 32.3% of Labour productivity and is significantly positively correlated to Labour productivity.

This implies that when employees associate rewards based on their performance, this acts like an incentive, which encourages better performance and finally enhances a performance driven culture. This is because it helps to align individual goals to organizational goals as well as make the employees feel that their contribution is valued, this is in line with the expectancy theory of motivation. Therefore the study concludes that performance and reward management, plays a significant role in determining Labour productivity, and rejects the null hypothesis since the p- value for the Pearson correlation coefficient was less than 0.05.

These findings are supported by empirical studies that were conducted by Brown and Hewood (2005) which showed that performance management system have a positive

link with improved productivity of organizations. The effective process of monitoring and feedback between employees and supervisors strengthens their relationships (Cook & Crossman, 2004). Lee and Lee (2007) found that effective performance management system improves employee productivity. Other researchers also found positive and significant relationship between performance management and organizational performance (Ahmed & Schroeders, 2003; Chang & Chen, 2002; Kuo, 2004).

5.2.2 Effect of Recruitment and selection on labour productivity

The study sought to find out the effect of recruitment and selection on Labour productivity and to test the hypothesis that recruitment and selection does not significantly affect Labour productivity. From the descriptive analysis majority of the respondents felt that recruitment practices in their organizations accurately identify potential employees, while 36.8% agreed that recruitment in their organization was based on merit even with the principle of equal regional and gender representation. Majority agreed that recruitment based on nepotism, favouritism and political consideration was a basis for poor performance in their organization

The computed Chronbach's Alpha of the items of Recruitment and Selection was 0.797; this meant a high reliability of the study instrument and data. The inferential analysis and findings showed that there is a positive significant linear relationship between Recruitment and Selection and Labour productivity, with a Pearson correlation coefficient of 0.597 and a p- value of 0.000 and an R Square value of 0.353. This means that Recruitment and Selection contributes to 35.3% to Labour productivity and is significantly positively correlated to Labour productivity. This implies that an improvement in Recruitment and Selection practices leads to an increase in Labour productivity

These findings indicate that recruitment based on merit, even with the principle of equal regional and gender representation and where large pool of talented people are encouraged to apply and correctly selected and well placed, ensures high labour

productivity. This can be enhanced further by ensuring that the selection committee used during selection is well trained on selection techniques to ensure correct person to job fit and person to organization fit. The study therefore concludes that recruitment and selection plays a significant role in ensuring labour productivity, and rejects the null hypothesis.

These findings show that Recruitment and selection significantly affects Labour productivity in State Corporations. These findings are supported by a research by McOliver (2005) which established a relationship between strategy for employee recruitment and performance or Labour productivity in an organization. A meta-analysis of 104 articles by Boselie et al., (2005) concluded that recruitment and Selection is one of the top HRM practices that enhance organizational performance by improving Labour productivity. Similar studies by Balgobind, (2007) also show a strong correlation between Recruitment and Selection and organizational performance due to improved Labour productivity. This is because it ensures correct person-job fit and person-organization fit, thus enhancing Labour productivity.

5.2.3 Establish the relationship between Training and Employee Development with labour productivity

The study sought to investigate if there is a relationship between training and Employee Development and Labour productivity. From the descriptive analysis majority of the respondents felt that Training and Development training in their organizations helps to boost performance by individual employees and a majority (52.9%) agreed that continuous training and development can ensure improvement of products and services in state corporations.

The computed Chronbach's Alpha of the items of Training and Development was 0.744; this meant a high reliability of the study instrument and data. The inferential analysis and findings showed that there is a positive significant linear relationship between Training and Employee Development and Labour productivity with a Pearson correlation coefficient of 0.646 and a p- value of 0.000 and an R square value of 0.418 which means that it contributes 41.8% to Labour productivity.

This study concludes that increasing employee's competencies by increasing their knowledge, skills, abilities and enhancing their behaviours leads to an increase in Labour productivity. This is because it helps to bridge the gap between the desired and actual levels of performance by enhancing their capacity. When this is followed by Employee Development opportunities it plays a role in ensuring labour productivity. Therefore the null hypothesis was rejected.

This results are similar with a research by Navaratne et.al (2008), on the Effects of HRM practices on Labour productivity in selected firms in Sri Lanka, obtained a Pearson correlation of 0.71, also showing a strong and significant positive correlation. Another study on the effect of training on financial performance done on 61 French firms by d'Arcimoles (1997), also found that expenditure on training by firms was associated with immediate and permanent improvements in productivity and profitability. The results also agree with a research by Right Management (2009), which showed that training and Employee Development helps to Increase employee's productivity and therefore labour productivity in general by improving on the employees effectiveness of employees, line managers and leaders in general (Stacy, 2011). It also supports a study by Ahmad & Schroeder, (2003), which showed a positive and significant relationship between training and operational performance and hence Labour productivity.

5.2.4 The moderating Effect of Employee Engagement on Labour productivity

The study sought to investigate the moderating role of employee Engagement on Labour productivity. From the descriptive analysis majority of the respondents agreed that engaged employees have a desire to be part of the success of their organization, however a minority (32.3%) agreed that the employees in their organization were engaged or showed enthusiasm.

The computed Chronbach's Alpha of the items of Employee Engagement was 0.766; this meant a high reliability of the study instrument and data. The inferential analysis and findings showed that there is a positive significant linear relationship between Employee engagement and Labour productivity, with a Pearson correlation

coefficient of 0.728 and a p- value of 0.000 and an R^2, of 0.53, which means that it contributes 53% to Labour productivity.

Employee Engagement had 1.3% as the moderating effect on performance and Reward management, 0.8% as the moderating effect on Training and development and 1.3% as the moderating effect on Recruitment and Selection; this shows that the introduction on employee engagement to these Human Resource Management practices leads to improved Labour productivity. Employee Engagement had 17.1% as the overall moderating effect of Employee Engagement on Labour productivity. Therefore Employee Engagement significantly moderates the relationship between the HR practices and Labour productivity, since increasing employee engagement leads to an increase in the effects of the performance and reward management, training and development, and recruitment and selection on Labour productivity. Therefore the null hypothesis was rejected.

These findings are supported by a research by Gallup (2008), which showed that engaged employees are emotionally attached to their organizations, are committed and therefore are more productive. This is because according to Schaufeli *et al* (2002) engagement is a positive, fulfilling, work-related state of mind characterized by vigor, dedication, and absorption. A research done by West and Dawson (2012), among Health sector workers confirms that employee engagement leads to improved individual employee performance, reduced absenteeism and turnover as well as reduced patient mortality.

5.3 Conclusion

The overall findings show that when these selected HRM practices of Training and Development, Recruitment and Selection, Employee Engagement as well as performance and Reward Management are bundled together, they have a synergistic link so that the impact of each on organizational performance is enhanced when the others are present (Becker and Huselid, 2006). Therefore HR personnel in state corporations should consider implementing these bundles of HRM practices, so as to

realise an increase in Labour productivity. The following were the conclusions derived from the study:

This study concludes that when performance and reward management are used effectively, they can motivate individuals to perform and thus can have a positive effect on Labour productivity. Therefore HR personnel in State corporations should implement performance based pay with caution when bundled with other HR practices if it is to have a positive and significant effect on Labour productivity. Clear guidelines and policies should be followed to ensure that performance based pay is implemented in a fair manner, this is because according to Ivancevich (2006), political and interpersonal processes can influence performance based pay

The findings also show that training and Employee development, positively affect labour productivity, where training and development has the highest effect on Labour productivity. HR personnel in state corporations should therefore exploit, training and Employee Development, because once employee's knowledge, skills, competencies and abilities are enhanced, coupled with opportunities for Employee Development their labour productivity increases

The findings also show that Recruitment and Selection, positively affect labour productivity. State Corporations should ensure that fair recruitment and selection practices are employed based on merit even with the principle of equal regional and gender representation. Labour productivity should not be compromised by the need for national character during recruitment and selection

Employee engagement is also seen to play a moderating role by enhancing the effect of the independent variables on Labour productivity when present and reducing the effect of the independent variables when absent. HR personnel in state corporations should therefore consider how to increase engagement levels among staff, by incorporating engagement practices and conducting regular engagement surveys. Some employee engagement drivers that can drive up employee engagement levels include; employee development opportunities, strong management – employee relations, employee recognition and empowerment as well as team work and collaboration

The results also show that when the HR practices of Performance and reward management, Training and development. Recruitment and Selection are bundled together and Employee Engagement used as a moderator, performance and reward management play an insignificant role on Labour productivity, while Training and Employee Development and Recruitment and Selection play a significant role on Labour productivity. This means that engaged employees will be productive whether Performance and Reward management is present or not, since they are self driven, and identify with the success of the organization. According to Herzberg two factor theory, employees are motivated by the work itself, a sense of achievement, responsibility and advancement opportunities, where as pay is mainly a hygiene or maintenance factor, hence engaged employees have intrinsic motivation. Policy makers should therefore consider placing an emphasis on engagement of workers and adoption of Human resource management practices as opposed to personnel management.

5.4 Recommendations

The following recommendations were made based on the findings and conclusions of the study:

HR management practices play a key role in affecting Labour productivity, it is therefore crucial for State Corporation in Kenya to adopt HR Management practices and move away from personnel management. This is by ensuring that all HR personnel in the State corporations are trained on HR Management skills and the HR department plays a strategic role as opposed to mainly a transactional or operational role.

These selected HRM practices should be bundled together, because they have a synergistic link so that the impact of each on organizational performance is enhanced when the others are present than when used individually with Employee engagement playing a significant moderating role

Less emphasis should be paid by policy makers on job creation at the expense of Labour productivity. Instead more emphasis should be laid on how to increase productivity per employee in the state corporations. This can be done by re-training

HR personnel in state corporations to ensure they are equipped with Human Resource Management skills

Engagement drivers need to be incorporated in HR practices if HR Management is to have a positive impact on Labour productivity in Kenya. HR personnel in state corporations and the public sector at large should consider how to increase engagement levels among staff, by incorporating engagement practices and conducting regular engagement surveys.

5.5 Suggestions for Further Research

The following suggestions were made after research findings and discussions:

There is need for further research on a comparative study of the HR Management practices in successful private sector organizations as well as multinationals, so as to establish the most effective HR Management practices in Kenya and world-wide that can drive up Labour productivity in Kenya and therefore the GDP of the country, as well as give Kenya a human capital Advantage as a developing country.

The study also recommends further research on the role of employee engagement on Labour productivity by conducting a longitudinal research, so as to clearly determine its impact on the organizational performance within the Kenyan and African context. The Longitudinal research can also help to show the extent to which the effect of performance and reward management, training and Employee Development, recruitment and selection are enhanced by incorporating employee engagement practices

The study also recommends further research to test the model on the informal sector which employs over 80% of Kenyan workforce

The study also recommends the need for further research as a major line of inquiry on the reason why performance and reward management plays an insignificant role when bundled with other HRM practices with Employee Engagement acting as a moderator.

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APPENDICES

Appendix 1: Letter of Introduction

HELLEN SANG

JKUAT

NAIROBI KENYA

Dear Respondent

RE: DATA COLLECTION

I am a student at Jomo Kenyatta University of Agriculture and Technology pursuing a Doctorate Degree in Human Resource Management. I am currently conducting a research on the RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT PRACTICES AND LABOUR PRODUCTIVITY IN THE STATE CORPORATIONS IN KENYA

You have been selected to participate in this study and I would highly appreciate if you assist me by responding to the questions completely, correctly and honestly as possible. Your response will be treated with utmost confidentiality and will be used only for research purposes of this study.

Thank you for your cooperation

Yours Faithfully

Hellen Sang

Appendix 2: Questionnaire

Kindly fill the questionnaire as appropriately as possible. Be assured that the information you give will be treated with utmost confidentiality and will be used only for research purpose.

SECTION A: BACKGROUND INFORMATION

Gender:

Gender	Male	Female

Age (years): (tick appropriately)

<30 :( )	31-40 :( )	41-50 :( )	>50 :( )

Level of education: What is your level education (Tick where appropriate)

Primary Education	High School	Diploma	Bachelor's degree	Master's degree	Other (specify)

Do you have formal training in Human Resource Management?

Yes ☐ No ☐

If the answer is yes to the question above, please state your qualification……

Work experience:

Less than 2 years ☐ - 10 years ☐ e 10 years ☐

SECTION B:

PART 1: PERFORMANCE AND REWARD MANAGEMENT

In your opinion do employee's always meet their annual targets and get rewards based on their performance in your workplace

Yes n☐ ☐

If your answer is yes to the question above
explain……

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5 (5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree) concerning your organization.

Item	**1**	**2**	**3**	**4**	**5**
Employee involvement in setting agreed goals and targets based on organizational goals enhances employee's individual performance, to what extent is this true in your organization?					
Regular monitoring and feedback from supervisors generates staff's commitment to achieve their annual goals and organizational goals, to what extent is this the practice in your organization?					
In your organization comprehensive and objective performance appraisals based on set targets and goals helps to boosts individual's motivation to perform					
Performance management in your organization has helped to produce a culture of performance and continuous improvement.					
Performance management in your organization has helped to generate commitment by aligning individual goals and organizational goals					
In your opinion is there any other way that performance management has affected labour productivity in your organization?					

	1	2	3	4	5
Salaries and benefits based on performance has acted as an incentive to encourage employees to perform at their best in your organization					
When employees pay and benefits are commensurate with their skills and experience, there is an increase in service delivery, to what extent is this true in your organization					
In your organization non-monetary rewards such as fair treatment, recognition, appreciation to name a few affect's job satisfaction and helps combat burnout					
Profit sharing, Employee share options plans and other group related motivation schemes make employee's feel that their contribution is valued by the employer, is this the practice in your organization?					
Pay and benefits has affected employees turnover or their intention to leave, in your organization leading to a decreased motivation to be part of success of the organization					
In your opinion is there any other way that Reward management affects labour productivity in your organization?					

PART II: TRAINING AND DEVELOPMENT

In your work place, do you have adequate training and opportunities for career growth and advancement?

Yes ☐ No ☐

If your answer is yes to the question above, please explain……..

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5 (5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree) concerning your organization.

	1	2	3	4	5
Improving individual employees knowledge, skills and competencies helps to reduce burnout and increase job fulfilment, to what extent is this the practice in your organization?					

Continuous training and learning can ensure quality improvement of products and services by ensuring that employee's learn new skills and acts as a capacity enhancing tool, to what extent is this true concerning your organization					
Training for employees in your organization is based on comprehensive training needs analysis and it helps bridge the gap between the desired and actual level of performance, it also reinforces management support for individual employee's performance					
In your opinion is there any other way that training affects labour productivity in your organization?					
	1	**2**	**3**	**4**	**5**
Employees growth and Employee Development needs are always considered when training programs are developed in this organization					
Awareness of the long term goals of the organization and their implication on employee's Employee Development plays a key role in developing employee's potential and competence. To what extent is this practiced in your organization?					
In this organization employees are encouraged to take responsibility for their personal development so as to ensures that employee's take career and self-development seriously					
In this organization employees current roles and responsibilities are considered when undertaking competency/skills mapping so as to help identify areas for further development					
In your opinion is there any other way that growth and development affects labour productivity in your organization?					

PART III: RECRUITMENT AND SELECTION

In your work place, do the recruitment and selection practices ensure that the right employees are recruited and placed in the right jobs for optimum performance?

Yes No ☐ ☐

If your answer is yes to the question above, please explain……

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5 (5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree) concerning your organization.

	1	**2**	**3**	**4**	**5**
Recruitment practices in your organization ensures that a large number of highly qualified and talented people are attracted to apply for jobs					
Recruitment in your organization is based on merit, even with the principle of equal regional balance and gender representation					
Current recruitment practices in your organization accurately identify potential employees and ensure they are placed in the right job					
Recruitment based on nepotism, favouritism and political consideration has been a basis for poor performance in your organization					
In your opinion is there any other way that recruitment affects labour productivity in your organization?					
	1	**2**	**3**	**4**	**5**
Selection practices in your organization are fair, transparent and based on merit and help select the person most suited to succeed in a position					
The selection process and techniques in your organization accurately identify and place potential employees with the correct person job fit to ensure right first time recruitment and selection					
The selection committee used during the selection process is well trained on selection techniques to ensure correct person-job fit, to what extent is this the practice in your organization					
In your opinion is there any other way that selection affects labour productivity in your					

organization?

PART 2: EMPLOYEE ENGAGEMENT

In your work place do you have policies and practices that ensure employees are willing to be part of the success of the organization

Yes ☐ No ☐

If your answer is yes to the question above, please explain……

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5 (5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree)

	1	**2**	**3**	**4**	**5**
1.Engaged employees in your organization show enthusiasm and passion for work and are willing to go above and beyond to put in extra effort					
2. Engaged employees in your organization speak positively about the organization and have a desire to be part of the success of the organization.					
3.Engagement drivers that enhance individual employee performance are part of management practices in your organization					
In your opinion is there any other way that employee engagement affects labour productivity in your organization?					

PART 3: LABOUR PRODUCTIVITY

In your opinion is the labour force in your organization utilized in an efficent and effective manner for optimum productivity?

Yes ☐ No ☐

If your answer is yes to the question above, please explain……

Please indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5 (5 for strongly agree, 4 for agree, 3 for neutral, 2 for disagree and 1 for strongly disagree)

	1	**2**	**3**	**4**	**5**
1.The cost of labour in your organization is higher than the physical output or financial value created by the employees					
2.The productivity per hour for employees in your organization is lower compared to those in the private sector					
3.There is low absenteeism and labour turnover in your organization					
In your opinion is there any other employee related factor that affects labour productivity in your organization?					

In your opinion how does this organization evaluate the contribution of the HR function to organisational value adding process? Is the HR function transactional (payroll, benefits administration, record keeping), or is it strategic (HR aligned to organizations vision and strategy)

In your opinion how can Human Resource Management practices be improved to enhance labour productivity in your organization?

……
……
……

Thank you for your participation!

Appendix 3: Reliability test

Below is the summary of factor analysis and Chronbach Alpha values for each variable

Performance and Reward Management

Performance management

Component Matrix[a]

	Component
	1
Performance management helps in alignment of individual goals and organizational goals to generate commitment	.956
Employee involvement in setting agreed targets based on org goals	.947
Regular monitoring and feedback from supervisors generates commitment	.900
Performance management helps produce a culture of performance and continuous improvement	.879
Comprehensive and regular performance appraisals based on set targets and goals boots individual motivation to perform	.766

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Reliability Statistics

Chronbach's Alpha	Number of Items
0.932	5

Reward management

Component Matrix[a]

	Component
	1
Salaries and benefits based on performance acts as an incentive to encourage employees performance	.927
Pay and benefits can affect employee turnover or their intention to leave an organization	.865
When employees pay and benefits are commensurate with their skills and experience there is increase in service delivery	.860
Profit sharing, share options, and other group related motivation schemes make employees feel that their contribution is valued	.857
Non monetary rewards such as fair fair treatment, recognition, appreciation affect job satisfaction and combat burnout	.814

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Salaries and benefits based on performance acts as an incentive to encourage employees performance	.927
Pay and benefits can affect employee turnover or their intention to leave an organization	.865
When employees pay and benefits are commensurate with their skills and experience there is increase in service delivery	.860
Profit sharing, share options, and other group related motivation schemes make employees feel that their contribution is valued	.857
Non monetary rewards such as fair fair treatment, recognition, appreciation affect job satisfaction and combat burnout	.814

Extraction Method: Principal Component Analysis.

1 components extracted.

Reliability Statistics

Chronbach's Alpha	Number of Items
0.913	5

Training and Development

Training

Component Matrix[a]

	Component
	1
Improving individual employees KSAB and competencies helps reduce burnout and increase job fulfillment	.900
Continuous TND can ensure quality improvement of products and services by ensuring that employees learn new skills and acts as a capacity enhancing tool	.829
Training based on comprehensive TNA helps bridge the gap between the desired and actual level of performance and reinforces management support for individual performance	.718

Extraction Method: Principal Component Analysis.

Reliability Statistics

Cronbach's Alpha	N of Items
0.741	3

Employee Development

Component Matrix[a]

	Component
	1
Employees growth and Employee Development needs are always considered when training programs are developed	.634
Awareness of long term goals of the organization and their implication on employees Employee Development plays a key role in developing employees potential and competence	.702
Encouraging employees to take responsibility for their personal development ensures that employees take career and self-development seriously	.843
Considering employees current roles and responsibilities and undertaking competency/skills mapping can help identify areas for furthur development	.649

Extraction Method: Principal Component Analysis.

Reliability Statistics

Cronbach's Alpha	N of Items
0.622	4

Recruitment and Selection

Recruitment

Component Matrix[a]

	Component
	1
Recruitment practices in your workplace ensures that a large number of highly qualified and talented people are attracted to apply for jobs	.879
Recruitment based on merit even with the principle of regional balance and gender representation plays major role in ensuring optimum individual performance	.901
Current recruitment practices accurately identify potential employees and ensure they are placed in the right jobs	.852
Recruitment based on nepotism, favoritism and political consideration has been a basis for poor performance in the State corporations	.365

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
Recruitment practices in your workplace ensures that a large number of highly qualified and talented people are attracted to apply for jobs	.879
Recruitment based on merit even with the principle of regional balance and gender representation plays major role in ensuring optimum individual performance	.901
Current recruitment practices accurately identify potential employees and ensure they are placed in the right jobs	.852
Recruitment based on nepotism, favoritism and political consideration has been a basis for poor performance in the State corporations	.365

Extraction Method: Principal Component Analysis.

Reliability Statistics

Cronbach's Alpha	N of Items
0.766	4

Selection

Component Matrix[a]

	Component
	1
Selection practices in the State corporations are fair, transparent and based on merit and help select the most suited to succeed in a position	.902
The selection process and techniquesaccurately identify and place potential employees with the correct person job fit to ensure right first time recruitment and selection	.905
The selection committee used during the selection process is well trained on selection techniques to ensure correct person-job fit	.804

Extraction Method: Principal Component Analysis.

1 components extracted.

Reliability Statistics

Cronbach's Alpha	N of Items
0.828	3

Selection

Component Matrix[a]

	Component
	1
Selection practices in the State corporations are fair, transparent and based on merit and help select the most suited to succeed in a position	.902
The selection process and techniques accurately identify and place potential employees with the correct person job fit to ensure right first time recruitment and selection	.905
The selection committee used during the selection process is well trained on selection techniques to ensure correct person-job fit	.804

Extraction Method: Principal Component Analysis.

1 components extracted.

Reliability Statistics

Cronbach's Alpha	N of Items
0.828	3

Employee Engagement

Component Matrix[a]

	Component
	1

Engaged employees show enthusiasm and passion for work and are willing to go above and beyond	.813
Engaged employees speak positively about their organization and have a desire to be part of the success of the organization	.742
Engagement drivers tht enhance individual employee performance are part of thr management practices in the State corporations	.731
Employee engagement produces a strong emotional bond between the employee and the organization	.518

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Reliability Statistics

Cronbach's Alpha	N of Items
0.766	4

Labour Productivity

Component Matrix[a]

	Component
	1
The cost of labour is higher than the physical output and financial value created by the employees	.921
The waiting time per client served and number of client served/products produced is within the acceptable standards	.402

The productivity per hour for employees in the State corporations is lower compared to those in the private sector	.857
There is low absenteeism and labour turnover in the State corporations	.790

Extraction Method: Principal Component Analysis.

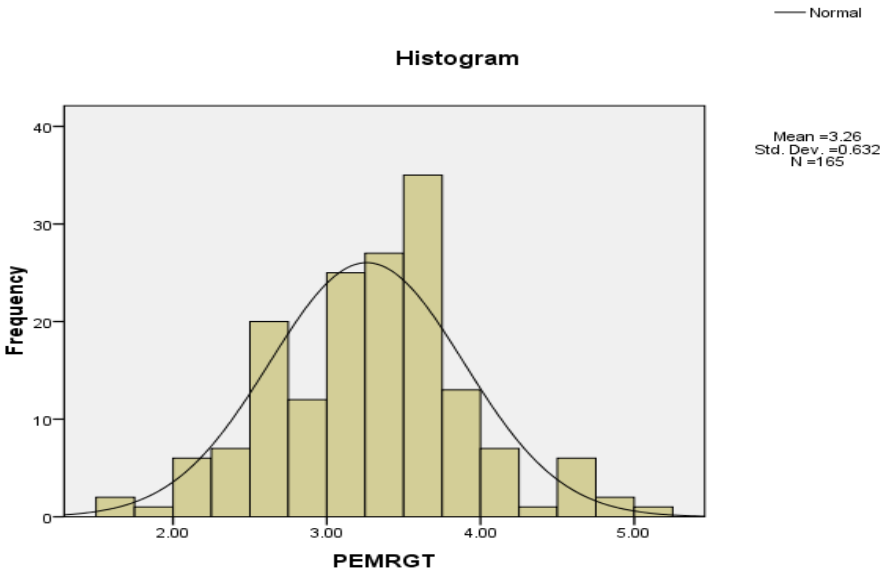
a. 2 components extracted.

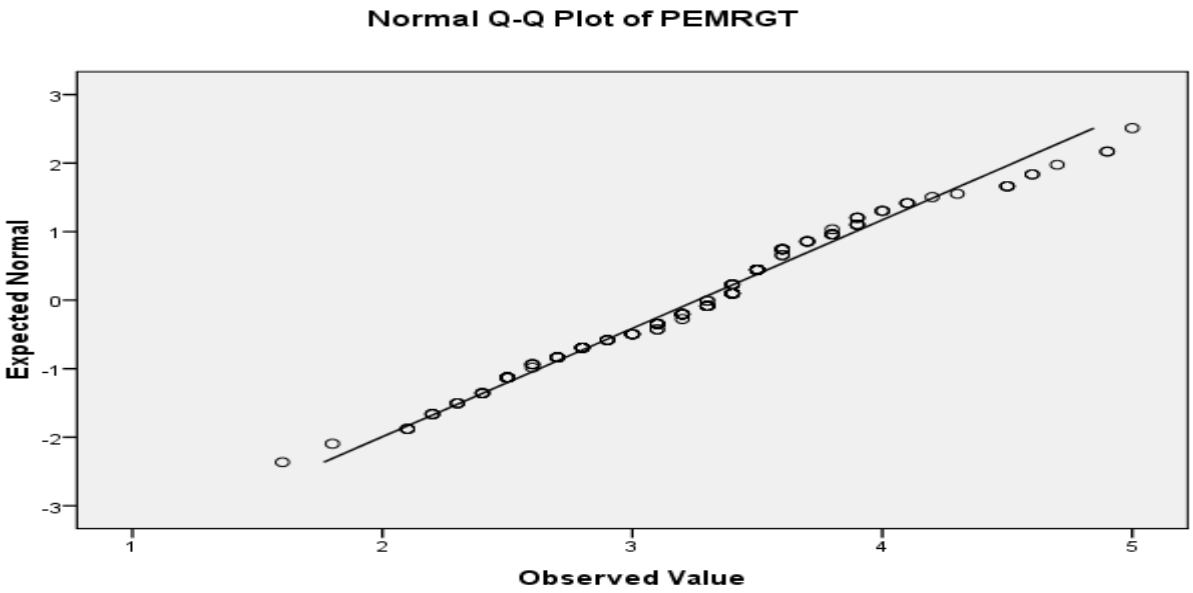
Reliability Statistics

Cronbach's Alpha	N of Items
0.763	4

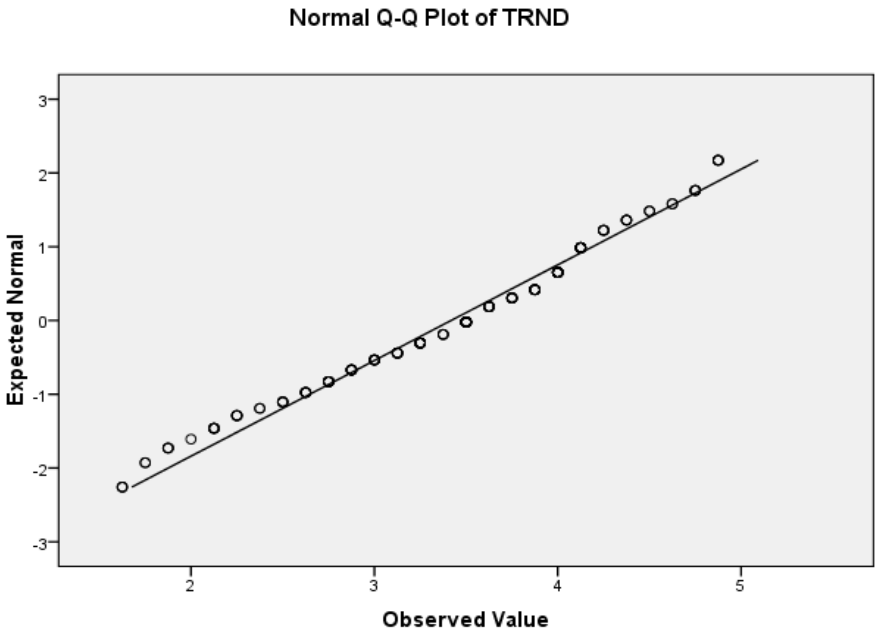
Appendix 4: Normality of Variables

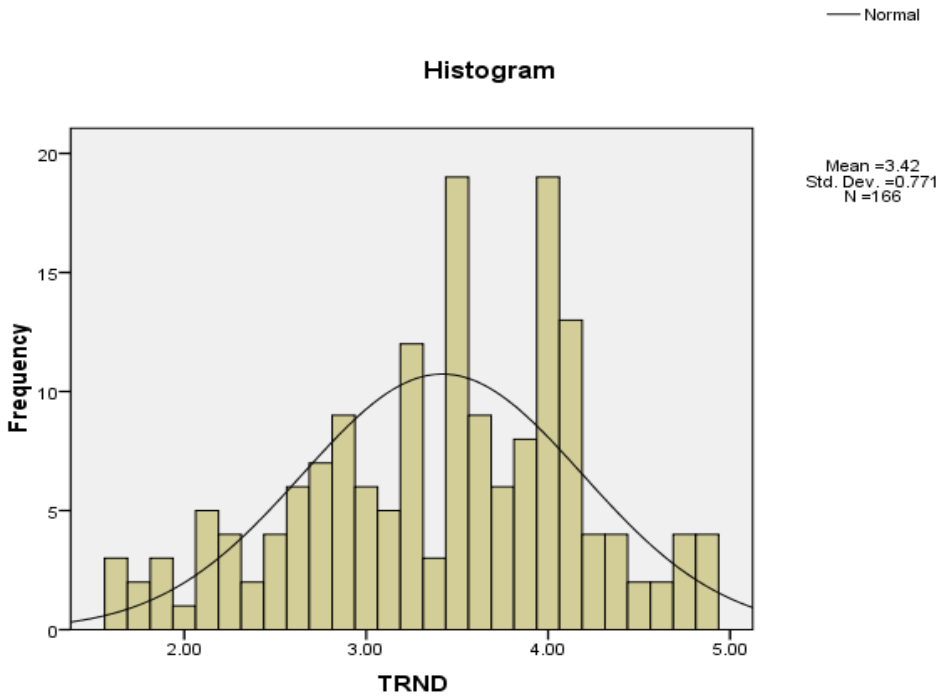
Performance and Reward management



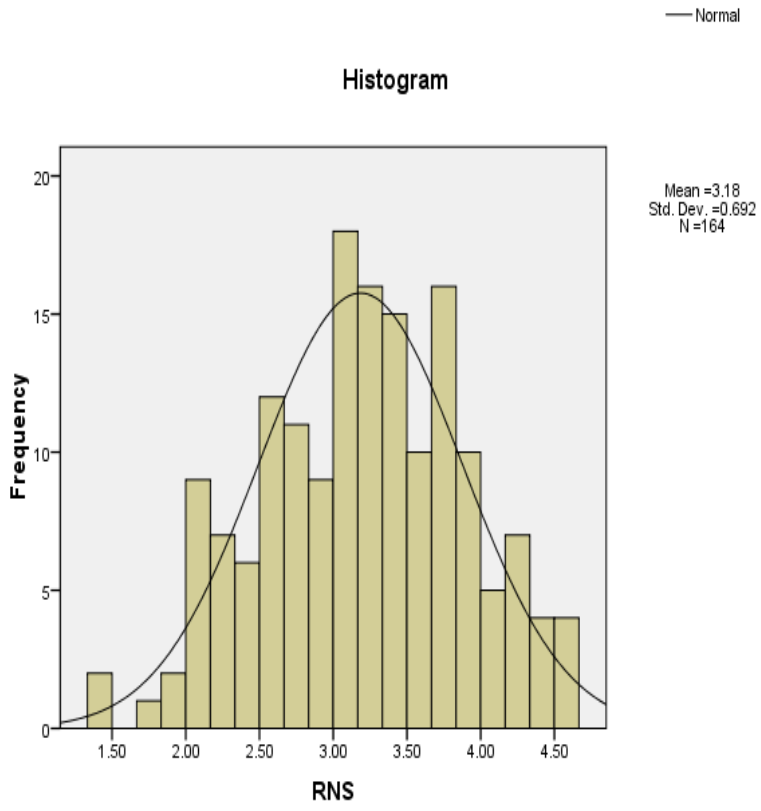


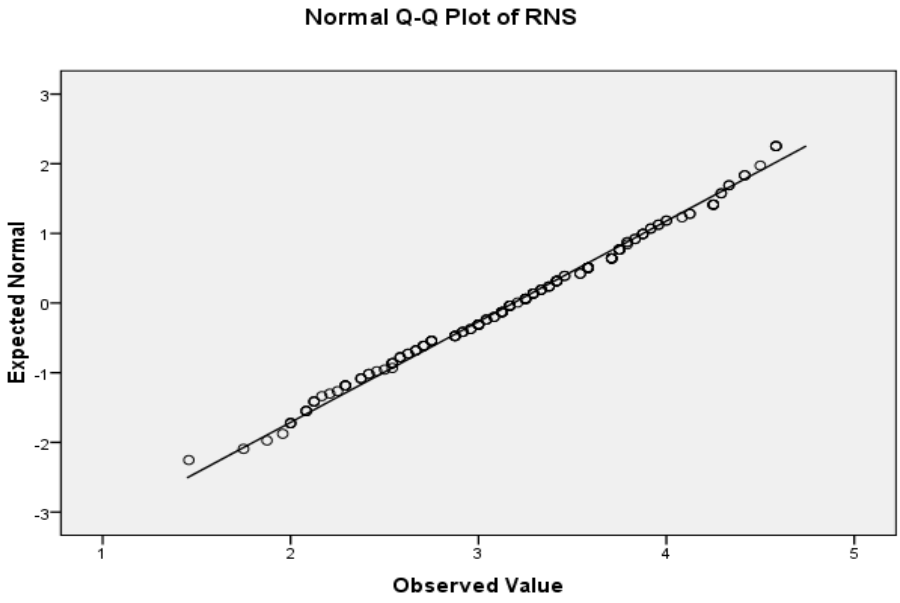
Training and Development



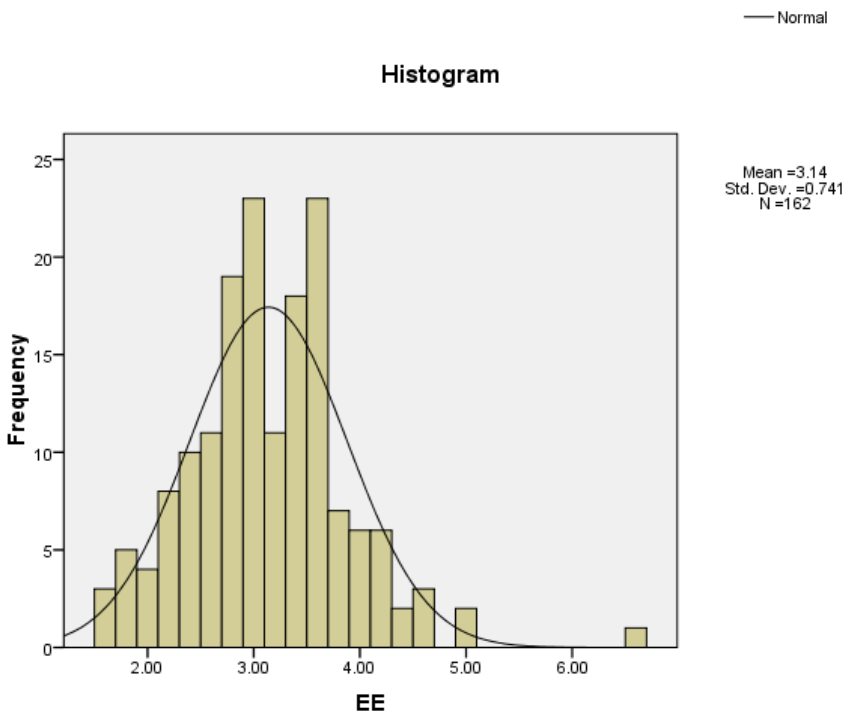


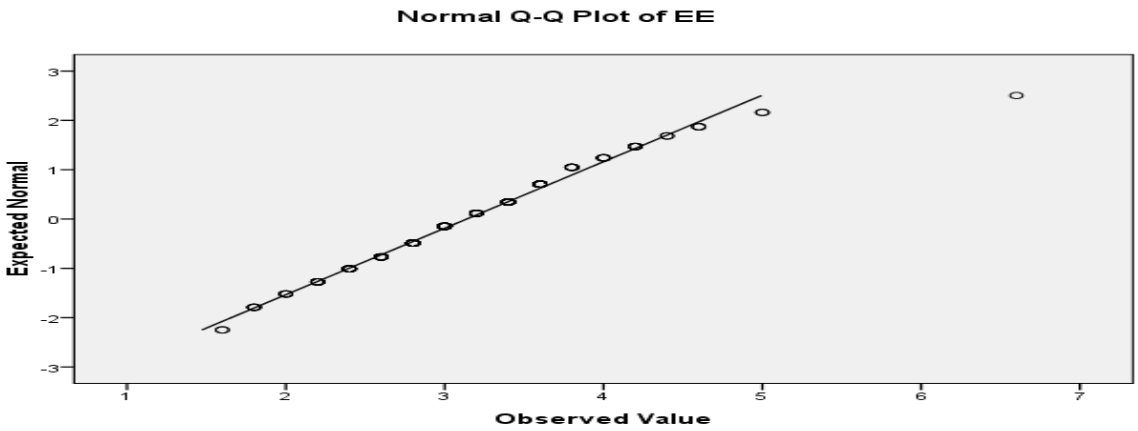
Recruitment and Selection





Employee Engagement

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-2
-3
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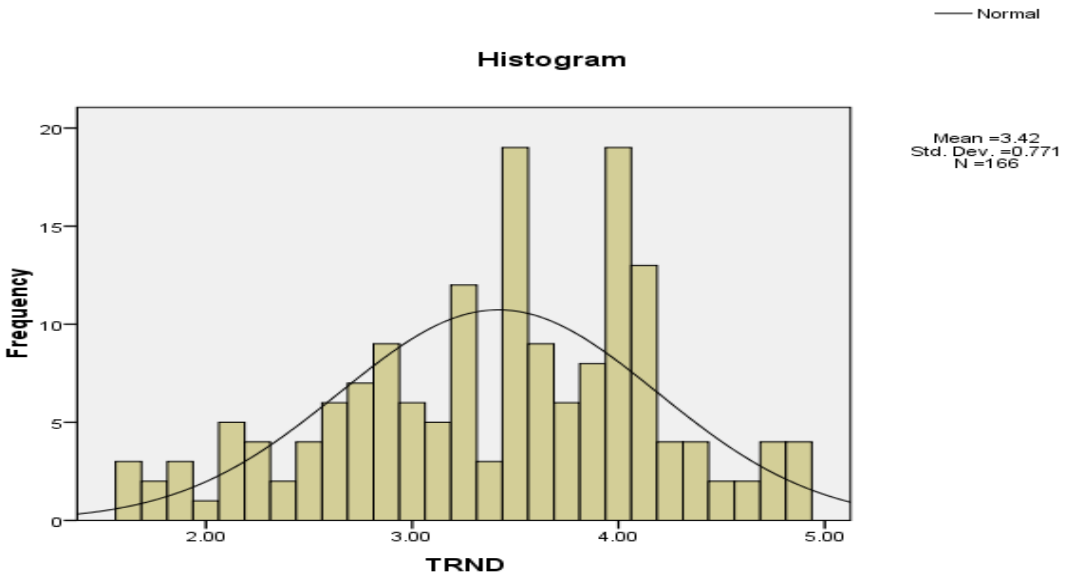
7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Frequency
TRND
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3.00
4.00
5.00

APPENDIX 5: LIST OF STATE CORPORATIONS

(State Corporations Advisory Committee, Feb, 2014)

1. Lapset Corridor Development Authority
2. Kenya Ordinances Factories Corporation
3. National Campaign Against Drug Abuse Authority (Nacada)
4. National Museums of Kenya
5. Sport Stadia Management Board
6. Kenya National Library Service
7. Kenya Film Commission
8. Kenya Film Classification Board
9. National Sports Fund Board of Trustees
10. Kenya Reinsurance Corporation Ltd.
11. Insurance Regulatory Authority
12. Retirement Benefits Authority
13. Kenya Revenue Authority
14. Capital Markets Authority
15. Consolidated Bank of Kenya Ltd
16. Kenya Post Office Savings Bank
17. Policyholders Compensation Fund
18. Privatization Commission
19. Kenya Accountants and Secretaries National Examinations Board
20. Public Procurement Oversight Advisory Board
21. Deposits Protection Fund
22. Kenya National Assurance Co. (2001)
23. Kenya Institute Of Supplies Management
24. Competition Authority of Kenya
25. Kenya Trade Network Agency
26. Industrial Development Bank (Capital) Ltd
27. Local Authorities Provident Fund
28. Kenya National Bureau of Statistics
29. Kenya Institute of Public Policy Research Analysis (KIPPRA)
30. National Coordinating Agency for Population and Development (NCAPD)
31. NGO Coordination Board
32. Constituency Development Fund
33. National Drought Management Authority
34. Kenya School of Government
35. Youth Enterprise Development Fund
36. Anti- Female Genital Mutilation Board

37. National Youth Council
38. Council for Legal Education
39. National Council for Law Reporting
40. Kenya Law Reform Commission
41. Kenya Copyright Board
42. National Crime Research Centre
43. Agricultural Development Corporation
44. Agricultural Finance Corporation
45. Agro-Chemicals & Food Company Ltd
46. Chemelil Sugar Company
47. Coffee Board of Kenya
48. Coffee Development Fund
49. Coffee Research Foundation
50. Cotton Development Authority
51. Horticultural Crops Development Authority
52. Kenya Agricultural Research Institute
53. Kenya Plant Health Inspectorate Services
54. Kenya Sisal Board
55. Kenya Sugar Board
56. Kenya Sugar Research Foundation
57. Muhoroni Sugar Company Ltd
58. National Cereals and Produce Board
59. Nyayo Tea Zones Development Corporation
60. Nzoia Sugar Company
61. Pyrethrum Board of Kenya
62. South Nyanza Sugar Company
63. Tea Board of Kenya
64. Tea Research Foundation of Kenya
65. Pest Control Produce Board
66. Bukara Agricultural College
67. Kenya Coconut Development Authority
68. Kenya Seed Company
69. National Irrigation Board
70. Kenya Tsetse & Trypanosomiasis Eradication
71. Kenya Marine & Fisheries Research Institute
72. Kenya Meat Commission
73. Kenya Dairy Board
74. Kenya Animal Genetic Resource Centre
75. Kenya Veterinary Vaccine Production Institute
76. National Bio Safety Authority
77. National Housing Corporation

78. National Construction Authority
79. National Social Security Fund
80. National Industrial Training Authority
81. Micro & Small Enterprise Authority
82. National Council for Persons with Disabilities
83. Rural Electrification Authority
84. National Oil Corporation of Kenya
85. Kenya Power & Lighting Company
86. Energy Regulatory Commission
87. Kenya Electrical Generating Company
88. Kenya Pipeline Company Ltd
89. Kenya Electrical Transmission Company
90. Geothermal Development Company
91. Kenya Nuclear Electricity Board
92. Coast Development Authority
93. Ewaso Nyiro North Development Authority
94. Ewaso Nyiro South Development Authority
95. Kerio Vallet Development Authority
96. Lake Basin Development Authority
97. Tana & Athi River Development Authority
98. Kenya Water Towers Coordination Agency
99. Water Resources Management Authority
100. Tana Water Services Board
101. Kenya Water Institute
102. Athi Water Services Board
103. Rift Valley Water Services Board
104. Lake Victoria North Water Services
105. National Water Conservation & Pipeline Corporation
106. Tanathi Water Services Board
107. Northern Water Services Board
108. Water Services Regulatory Board
109. Lake Victoria South Water Services Board
110. Coast Water Services
111. Water Services Trust Fund
112. National Environmental Management Authority
113. Kenya Forest Service
114. Kenya Forest Research Institute
115. Kenya Wildlife Service
116. Catering and Tourism Development Levy Trustee
117. Kenya Utali College
118. Bomas of Kenya

119. Kenya Safari Lodges & Hotel
120. Kenya Tourist Development Corporation
121. Kenya International Conference Centre
122. Kenya Tourist Board
123. Export Promotion Council
124. Kenya National Trading Corporation
125. Numerical Machining Complex
126. Kenya Leather Development Council
127. Kenya Industrial Estates
128. East African Portland Cement
129. Kenya Bureau of Standards
130. Kenya Industrial Property Institute
131. Kenya Industrial Research and Development Institute
132. Anti Counterfeit Agency
133. Kenya National Accreditation Services
134. Industrial & Commercial Development Corporation
135. Export Processing Zone Authority
136. Kenya Wine Agencies Ltd.
137. Kenya Investment Authority
138. New Kenya Coop. Creameries
139. SACCO Society Regulatory Authority
140. National Hospital Insurance Fund
141. Kenya Medical Supplies Agency
142. Kenya Medical Training College
143. Kenyatta National Hospital
144. Moi Teaching & Referral Hospital
145. National Aids Control Council
146. Pharmacy & Poisons Board
147. Kenya Medical Research Institute
148. Kenya Civil Aviation Authority
149. Kenya Airports Authority
150. Kenya Ferry Services Ltd.
151. Kenya Ports Authority
152. Kenya Maritime Authority
153. Kenya Railways Corporation
154. Kenya National Shipping Line
155. National Transport Safety Authority
156. Kenya Roads Board
157. Kenya Urban Roads Authority
158. Kenya Rural Roads Authority
159. Kenya National Highways Authority

160. University of Nairobi
161. Moi University
162. Maseno University
163. Masinde Muliro University
164. Kenyatta University
165. Commission for Higher Education
166. Jomo Kenyatta University of Agriculture and Technology
167. Egerton University
168. Higher Education Loans Board
169. Multimedia University College of Kenya
170. Technical University of Kenya
171. Technical University of Mombasa
172. Kabianga University College
173. Meru University College of Science & Technology
174. Kisii University College
175. Pwani University College
176. Maasai Mara University College
177. Dedan Kimathi University College
178. South East University College
179. Chuka University College
180. Jaramogi Oginga Odinga University of Science & Technology
181. Laikipia University College
182. University of Eldoret
183. Embu University College
184. Rongo University College
185. Karatina University
186. Taita Taveta University College
187. Cooperative University College
188. Kenya Institute of Special Education
189. Jomo Kenyatta Foundation
190. Kenya Literature Bureau
191. Kenya Education Staff Institute
192. School Equipment Production Unit
193. Kenya National Examination Council
194. Kenya Institute of Education
195. National Commission for UNESCO
196. Kenya Broadcasting Corporation
197. Brand Kenya Board
198. Kenya Information Communication Technology Board
199. Communication Commission of Kenya
200. Postal Corporation of Kenya

201. Kenya Year Book Editorial Board
202. Konza Technopolis Authority