

**RELATIONSHIP BETWEEN LABOUR RELATIONS PRACTICES AND  
ORGANIZATIONAL PERFORMANCE IN KENYAS HORTICULTURAL  
SECTOR**

**BRENDA BERYL ACHIENG OTIENO**

**DOCTOR OF PHILOSOPHY**

**(Human Resource Management)**

**JOMO KENYATTA UNIVERSITY OF  
AGRICULTURE AND TECHNOLOGY**

**2015**

**Relationship between labour relations practices and organizational performance in  
Kenyas horticultural sector**

**Brenda Beryl Achieng Otieno**

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

**2015**

**DECLARATION**

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

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

**Brenda Beryl Achieng Otieno**

This thesis has been submitted for examination with our approval as university supervisors:

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

**Dr. Esther Waiganjo**

**JKUAT, Kenya**

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

**Dr. Agnes Njeru**

**JKUAT, Kenya**

## **DEDICATION**

I dedicate this thesis to the memories of my late mother Mary Christine Otieno and the late David Olalo Omoga my dear friend, may their souls rest in eternal peace. I also wish to dedicate this proposal to my family who have stood by me throughout this journey.



## **ACKNOWLEDGEMENT**

I wish to recognize my Supervisors Dr. Esther Waiganjo and Dr. Agnes Njeru for their patience, understanding, encouragement and guidance throughout this journey. To my family who endured my absence on numerous occasions but still stood by me and encouraged me to soldier on. Special tribute to my brother Roy and sister Nancy, God bless you all. Finally, i owe my success to God who has enabled me to come this far. The journey has not been easy but God will never give a burden that one cannot carry. By his grace I have been able to successfully carry this burden to its fruitful completion and I return all the glory to the Almighty. Many thanks to the entire JKUAT-Karen Campus and to my colleagues of the PHD-HRM class and the many friends with whom i interacted with in the course of my studies, may God bless you all.

## TABLE OF CONTENTS

|   |             |
|---|-------------|
| <b>DECLARATION</b> .....                    | <b>ii</b>   |
| <b>DEDICATION</b> .....                     | <b>ii</b>   |
| <b>ACKNOWLEDGEMENT</b> .....                | <b>iv</b>   |
| <b>TABLE OF CONTENTS</b> .....              | <b>v</b>    |
| <b>LIST OF TABLES</b> .....                 | <b>ix</b>   |
| <b>LIST OF FIGURES</b> .....                | <b>xi</b>   |
| <b>LIST OF APPENDICES</b> .....             | <b>xii</b>  |
| <b>ABBREVIATIONS</b> .....                  | <b>viii</b> |
| <b>DEFINATION OF TERMS</b> .....            | <b>xiv</b>  |
| <b>ABSTRACT</b> .....                       | <b>xiv</b>  |
| <b>CHAPTER ONE:INTRODUCTION</b> .....       | <b>1</b>    |
| 1.1 Background of the study.....            | 1           |
| 1.2 Statement of the problem .....          | 3           |
| 1.3 Objectives of the study .....           | 5           |
| 1.4 Research questions .....                | 6           |
| 1.5 Hypotheses .....                        | 6           |
| 1.6 Significance of the study .....         | 6           |
| 1.7 Scope of the study .....                | 8           |
| 1.8 Limitations of the study.....           | 8           |
| <b>CHAPTER TWO: LITERATURE REVIEW</b> ..... | <b>8</b>    |
| 2.1 Introduction .....                      | 8           |
| 2.2 Theoretical Framework .....             | 9           |
| 2.2.1 Human Capital Theory.....             | 9           |
| 2.2.2 Path Goal Theory .....                | 10          |

|  |           |
|--|-----------|
| 2.2.3 Universal Theory.....                                  | 12        |
| 2.3 Conceptual Framework .....                               | 12        |
| 2.4 Empirical review .....                                   | 32        |
| 2.6 Research gaps .....                                      | 43        |
| 2.7 Summary of the Chapter.....                              | 44        |
| <b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>             | <b>46</b> |
| 3.1 Introduction .....                                       | 46        |
| 3.2 Research design.....                                     | 46        |
| 3.3 Target population .....                                  | 47        |
| 3.4 Sampling frame .....                                     | 47        |
| 3.5 Sample and sampling techniques .....                     | 48        |
| 3.6 Data collection instruments .....                        | 48        |
| 3.7 Data collection procedure.....                           | 49        |
| 3.8 Pilot Test.....  | 49        |
| 3.9 Data management .....                                    | 51        |
| 3.10 Data processing and analysis.....                       | 51        |
| <b>CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS .....</b> | <b>53</b> |
| 4.0 Introduction .....                                       | 53        |
| 4.1 Response rate.....                                       | 53        |
| 4.2 Factor analysis and results.....                         | 56        |
| 4.2.1 Employee communication.....                            | 56        |
| 4.2.2 Employee engagement .....                              | 57        |
| 4.2.3 Human resource procedures .....                        | 58        |
| 4.2.4 Leadership styles .....                                | 60        |
| 4.2.5 Organization performance.....                          | 60        |
| 4.3 Descriptive statistics .....                             | 61        |

|  |    |
|--|----|
| 4.3.1 Means of receiving information within the organization .....                         | 61 |
| 4.3.2 Language of communication within the organization.....                               | 62 |
| 4.3.3 Communication of feedback .....  | 63 |
| 4.3.4 Effect of employee communication on organization performance .....                   | 63 |
| 4.3.5 Effect of leadership style on organization performance .....                         | 65 |
| 4.3.6 Effect of employee engagement on organization performance.....                       | 65 |
| 4.3.7Effect of human resource procedures on organization performance .....                 | 67 |
| 4.3.8 Organization performance.....  | 68 |
| 4.4 Regression analysis .....  | 69 |
| 4.4.1 Regression analysis on employee communication and organization<br>performance.....   | 69 |
| 4.4.2 Regression analysis on employee engagement and organization<br>performance.....      | 73 |
| 4.4.3 Regression analysis on human resource practices and organization<br>performance..... | 75 |
| 4.4.4 Regression analysis on leadership styles and organization performance                | 77 |
| 4.5 Combined effect model .....  | 78 |
| 4.6 Correlation analysis .....   | 81 |
| 4.7 Discussion .....   | 83 |
| 4.7.1 Employee communication.....  | 83 |
| 4.7.2 Employee engagement .....  | 84 |
| 4.7.3 Human resource procedures .....  | 85 |
| 4.7.4 Leadership styles .....  | 87 |
| 4.7.5 Organization performance.....  | 88 |

|  |            |
|--|------------|
| <b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....</b> | <b>90</b>  |
| 5.1 Introduction .....   | 90         |
| 5.2 Summary of Findings .....                                      | 90         |
| 5.3 Conclusion.....  | 93         |
| 5.4 Recommendations .....  | 93         |
| 5.5 Areas for Further Research.....                                | 94         |
| <b>REFERENCES .....</b>  | <b>95</b>  |
| <b>APPENDICES .....</b>  | <b>103</b> |

## LIST OF TABLES

|  |    |
|--|----|
| <b>Table 3.1</b> Sampling frame.....   | 46 |
| <b>Table 4.1</b> Distribution of the respondents by farms studied.....         | 51 |
| <b>Table 4.2</b> Factor Analysis for employee communication indicators.....    | 54 |
| <b>Table 4.3</b> Factor analysis for employee engagement Indicators.....       | 55 |
| <b>Table 4.4</b> Factor analysis for human resource procedures indicators..... | 56 |
| <b>Table 4.5</b> Factor analysis for leadership style indicators.....          | 57 |
| <b>Table 4.6</b> Factor analysis for organization performance indicators.....  | 58 |
| <b>Table 4.7</b> Employee communication and organization performance.....      | 61 |
| <b>Table 4.8</b> Effect of leadership styles on organization performance.....  | 62 |
| <b>Table 4.9</b> Employee engagement and organization performance.....         | 63 |
| <b>Table 4.10</b> Employee engagement and organization performance.....        | 64 |
| <b>Table 4.11</b> Organization performance.....                                | 65 |
| <b>Table 4.12</b> Model summary.....   | 66 |
| <b>Table 4.13</b> Anova.....   | 67 |
| <b>Table 4.14</b> Coefficients.....  | 67 |
| <b>Table 4.15</b> Model summary.....   | 68 |
| <b>Table 4.16</b> Anova.....   | 68 |
| <b>Table 4.17</b> Coefficients.....  | 69 |
| <b>Table 4.18</b> Model summary.....   | 69 |
| <b>Table 4.19</b> Anova.....   | 70 |
| <b>Table 4.20</b> Coefficients.....  | 70 |
| <b>Table 4.21</b> Model summary.....   | 71 |

|  |    |
|--|----|
| <b>Table 4.22</b> Anova.....                                 | 71 |
| <b>Table 4.23</b> Coefficients.....                          | 72 |
| <b>Table 4.24</b> Model summary.....                         | 73 |
| <b>Table 4.25</b> Anova.....                                 | 73 |
| <b>Table 4.36</b> Coefficients .....                         | 74 |
| <b>Table 4.27</b> Correlation analysis of all variables..... | 75 |

## LIST OF FIGURES

|   |    |
|---|----|
| <b>Figure 2.1</b> Conceptual framework.....                                   | 13 |
| <b>Figure 4.1</b> Distribution of the respondents by gender.....              | 52 |
| <b>Figure 4.2</b> Distribution of the respondents by age bracket.....         | 52 |
| <b>Figure 4.3</b> Distribution of the respondents by duration of service..... | 53 |
| <b>Figure 4.4</b> Receiving information within the organization.....          | 59 |
| <b>Figure 4.5</b> Language of communication within the organization.....      | 59 |
| <b>Figure 4.6</b> Communication of Feedback.....                              | 60 |

## LIST OF APPENDICES

|   |            |
|---|------------|
| <b>Appendix I:</b> Letter of introduction.....                  | 103        |
| <b>Appendix II:</b> Questionnaire .....                         | 105        |
| <b>Appendix III:</b> Distribution of respondents by title ..... | 113        |
| <b>Appendix IV:</b> Operationalization of variables.....        | <b>115</b> |
| <b>Appendix V:</b> Flower farms in Naivasha .....               | 117        |

## **LIST OF ABBREVIATIONS**

|              |   |
|--------------|---|
| <b>COTU</b>  | Confederation of Trade Unions               |
| <b>GDP</b>   | Capital Expenditure                         |
| <b>GDP</b>   | Gross Domestic Product                      |
| <b>HR</b>    | Human Resources                             |
| <b>ILO</b>   | International Labour Organization           |
| <b>KFC</b>   | Kenya Flower Council                        |
| <b>KPAWU</b> | Kenya Plantation Agricultural Workers Union |
| <b>NGOs</b>  | Non-Governmental Organizations              |
| <b>PPE</b>   | Personal Protective Equipment               |
| <b>SPSS</b>  | Statistical Package for Social Sciences     |

## DEFINATION OF TERMS

**Employee Communication** – Refers to connecting employees to the information and people that will help them perform their best, be successful and drive desired outcomes (Edwards, 2010).

**Employee engagement** - Refers to translating employee potential into employee performance and business success thus changing the way employees perform by utilizing the tools in the armory of internal communication professionals (Shaw, 2005).

**Horticulture** – Refers to the science, technology, and business involved in intensive plant cultivation for human use (Kenya Flower Council, 2010).

**Industrial Strikes** – Refers to action, also called labor strike, on strike or simply strike is a work stoppage caused by the mass refusal of employees to work (Armstrong, 2010).

**Labour Relations** - Labour relations encompass the mutual relationship between an organizations employer and employees, and in unionized workplaces, their union representatives (Bryson *et al.*, 2006).

**Leadership** - Refers to the process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task (Armstrong, 2010).

**Leadership style** - Refers is the manner and approach of providing direction, implementing plans and motivating people (Lewin, 1993).

**Organizational Performance** – Refers to the organizations ability to attain its goals by using resources in an efficient and effective manner (Daft, 2000).

**Union** - An organization of wage earners formed for the purpose of serving the members interests with respect to wages and working conditions (Maplecroft, 2010)

## ABSTRACT

Agriculture is the mainstay of the Kenyan economy and currently represents 24% of Gross Domestic Product. The agricultural sector accounts for 18 per cent of total formal employment in the country. The objective of this study was to investigate the relationship between labour relations practices and organizational performance in the horticultural sector in Kenya. The specific objectives of the study were: to establish the relationship between employee communication on organisational performance in the horticultural sector in Kenya, to determine the relationship between employee involvement on organisational performance in the horticultural sector, to examine the relationship between human resources procedures on organisational performance in the horticultural sector and to determine the moderating effect of leadership styles on the relationship between labour relation practices and organization performance in the horticultural sector in Kenya. The cross sectional survey design was used. The population for the study comprised of fourteen flower farms based in Naivasha. The study targeted the human resource managers and their deputies and the general workers in targeted farms. Stratified sampling technique was used to sample the firms for the study. Questionnaires were used as instrument for data collection. A total of 2488 respondents were targeted (constituting of 2460 employees and 28 Human Resource Managers and their deputies) by the study out of which 1912 responded giving a response rate of 76.8%. The study found that employee communication was one of the strategies by organizations in the horticultural sector to improve their performance as evidenced by the fact that communication facilitated exchange of information and opinion with the organization as indicated by 65% of the respondents. The study found that employee engagement was one of the strategies used by organizations in the horticultural sector to improve their performance. This is evidenced by the fact that engagement facilitated learning and growth within the organization as indicated by 67% of the respondents. The study also found that Human Resource Procedures was one of the strategies used by organizations in the horticultural sector to improve their performance. This was evidenced by the fact that employees agreed that there were clear policies on Health and Safety Procedures within the organization as indicated by 45% of the respondents. The study concludes that employee communication, employee engagement and human resource procedures are major determinants of organization performance in the horticultural sector. The study recommends that organizations should develop effective communication strategies to facilitate passing of information both within and outside the organization thus improving performance. The study further recommends that when employees are engaged, they are more likely to put energy into interactions with clients, and there may be a spillover effect onto colleagues, creating a more engaged workplace generally. The study finally recommends that the same study be replicated in other sectors of the economy since it was only undertaken in the Horticulture Sector.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

Kenya is primarily an agricultural economy. Agriculture plays a critical role in national economic growth and development. The major roles of agriculture include employment, foreign exchange creation and overall contribution to Gross Domestic Product (GDP).

The economic structure composition by sector in 2009 was as follows; agriculture (42.3%), industry (17.2%) and services (62.1%) while the GDP Per Capita (PPP) in 2009 was US \$ 1,600 (Maplecroft, 2010). Overall exports to the European market started to increase in the 1970s with the Netherlands being the largest importer, taking a 71 per cent share by volume, with most distributed through the auction system. Next came the United Kingdom on 20 per cent, followed by Germany on 6 per cent. Success can be attributed to Kenyas ability to provide high quality products on a year-round basis, backed by daily airfreight arrivals to key destinations (Kenya Flower Council, 2010).

The Horticulture Sector is estimated to employ over 50,000-60,000 people directly and 500,000 people indirectly through affiliated services to the industry for example farm inputs, transport, packaging and banking (Kenya flower council, 2010). It is, therefore, imperative that the welfare of the workers working in this sector is given paramount importance by both government and the stakeholders as a whole.

Labour relations encompass the mutual relationship between an organizations employer and employees, and in unionized workplaces, their union representatives (Bryson *et al.*, 2006). Labour relations deals with policies and practices governing employees relationship to the company their job and to their colleagues. It also deals with the process for establishing and modifying these policies and practices. Policies and practices governing employees relationship to the company demonstrate respect and value for employees and their representative organizations and promote mutual trust (Kelly, 2008). Basic terms of employment should be fair and equitable. Pay and benefits

should be at or above market rates, reflect the employers ability to pay, and make employees partners in the creation and distribution of wealth (Kelly, 2008).

The work environment supports a high quality of work life and ensures employees health and safety. Policies and practices governing employees relationship to the job stimulate pride in work. All workers are trained to know what the business is about, the challenges the company faces, and the contribution they make to the companys productivity. According to Grimshaw *et al.* (2009), there is individual and collective involvement in problem solving at all levels of the company. There is individual and collective involvement in decision making related to management systems (plant & equipment, quality & product, organization & procedures, planning process). Ongoing professional development and technical training strategies equip workers with a broad range of skills to increase labor flexibility, develop employees capacity, and maximize employees contribution. The organization of work promotes employee skill development, commitment, responsibility, flexibility, and organizational productivity (Grimshaw *et al.*, 2009). Employees are compensated based on the skills and experience they possess. Policies and practices governing employees relationship to colleagues ensure there is no disadvantage to any individual or groups of employees. Policies and practices minimize social and economic distinctions between management and other employees. Issue resolution systems provide due process, allow free speech, and provide the ability to confront those in authority (Kalleberg, 2003).

Horticulture is a labor intensive operation and hence human resource management must form part of the core activities of any company within this sector. According to Maplecroft (2010), there have been bad human resource management practices in the horticulture sector as a result of companies ignoring social welfare of workers. Some of these bad practices include, but are not limited to, lack of adequate sanitary facilities, drinking water, use of protective equipment to prevent injuries and protect workers from chemical exposure or other related hazards and unfair labor practices for example, dismissal of workers without proper reasons and denying them the freedom of association by refusing them to join trade unions.

Companies in the horticulture sector are now increasingly coming under pressure to ensure decent working conditions for their workers. The horticulture sector is under threat from the above factors and it is imperative that attention must be shifted to address the labour relations practices in this industry since competitiveness in this sector if it is to remain the mainstream of foreign exchange earnings for the government and continue creating employment for the country.

This research explored the relationship between labour relations practices and in the horticultural sector to determine whether or not style of leadership has a direct influence on employee communication, employee involvement and on the human resources policies and procedures.

### **1.2 Statement of the problem**

Agriculture is the mainstay of the Kenyan economy and currently represents 24% of Gross Domestic Product. More than one-third of Kenyas agricultural produce is exported, and this accounts for 65% of Kenyas total exports (Kenya Flower Council, 2010). The agricultural sector also accounts for 18% of total formal employment in the country.

The horticulture sector is estimated to employ over 50,000-60,000 people directly and 500,000 people indirectly through affiliated services to the industry for example farm inputs, transport, packaging and banking (Kenya Flower Council, 2010). It is therefore imperative that the welfare of the workers working in this sector is given paramount importance by both government and the stakeholders as a whole.

According to a technical paper by the World Bank, (2011) it was established that an important constraint is often the quality of the workforce. The training of unskilled labour puts a major cost onto any flower farm. The shortage of supervisors and middle-managers can be critical to the survival of a flower industry. Training schemes to encourage the development of middle-management are needed. Finally, senior management demands a set of managerial skills that are not readily available. Foreign investment is often important to bring in this capability.

So far we have seen that a number of issues have had great impact on the development of the flower industry in the leading flower exporting countries. A distinction can be made between internal and external factors, which can or cannot be controlled by individual companies, organizations or governments. Particularly external factors like climate, currency exchange rates and oil price. Fluctuations have shown to have a major impact on the competitiveness of companies active in the flower business. Internal factors are determined in the first place by entrepreneurs themselves, but also governments and sector organizations have played an important role. Other relevant actors are research and training institutes, credit and finance institutions, quality and regulatory agencies, and trade and investment promotion agencies. In some countries, the government plays an important role in coordinating efforts of various actors.

This rapid growth, however, has put increasing pressure on the supply chain. While production continues to flourish, Western European cut flower markets are showing signs of saturation, with annual growth settling at a moderate 2 to 4%. A major shift in purchasing power – from wholesalers and the Dutch auction system towards large and demanding mass-market retailers – is also contributing to the general sense that the industry is facing dramatic change. A study commissioned by the Dutch Ministry of Economic Affairs, Agriculture and Innovation and performed by leading Dutch expertise centres Hortiwise and FlowerWatch, has shown that these combined factors are not only placing severe pressure on margins, but also changing the playing rules in the flower industry.

A research by Dolan (2004) focused on poor labour practices and environmentally damaging production processes without getting into the reason why employers were guilty of such poor practices and the effect that arose to both employees and employers as a result of such actions. Suffice to say the researcher tried to analyze how ethical trade can enhance the economic and social rights of women and men in African export horticulture and identifying best practice in implementing gender sensitive ethical trade based on worker and stakeholder participation.

Collinson (2010) research mainly focused on the gains of labour productivity and management efficiency arising from implementation of social codes in a company. Again, it did not analyze the relationship between labour relations practices in the horticulture sector. Other researchers (Omwega, 2007; Riungu, 2006; Riungu, 2007; Barrientos et al., 2003; Opondo et al, 2003; Opondo et al, 2005; Utting, 2002) have also researched on various areas within the flower industry including gender rights, multi stakeholder participation and working conditions in the industry. Going through these researches there is a gap on the relationship between labour relations practices in the horticulture sector. This study therefore sought to establish how employee communication, employee involvement, human resources policies and procedures and leadership styles union membership affect labour relations practices in the horticultural sector in Kenya.

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

The study had the following general and specific objectives:

#### **1.3.1 General Objective**

The objective of this study was to investigate the relationship between labour relations practices and organizational performance in the horticultural sector in Kenya.

#### **1.3.2 Specific Objective**

The specific objectives of the study were:

1. To establish the relationship between employee communication on organisational performance in the horticultural sector in Kenya.
2. To determine the relationship between employee involvement on organisational performance in the horticultural sector in Kenya.
3. To examine the relationship between human resources procedures on organisational performance in the horticultural sector in Kenya.
4. To determine the moderating effect of leadership styles on the relationship between labour relation practices and organization performance in the horticultural sector in Kenya

## **1.4 Research questions**

This study attempted to answer the following questions;

1. What is the relationship between employee communication on organizational performance in the horticultural sector in Kenya?
2. Does employee involvement has a relationship with organizational performance in the horticultural sector in Kenya?
3. What is the relationship between the human resources procedures and organizational performance in the horticultural sector in Kenya?
4. Does leadership style moderate the relationship between labour relation practices and organization performance in the horticultural sector in Kenya?

## **1.5 Hypotheses**

### **Hypotheses 1**

H<sub>01</sub>: There is no significant relationship between employee communication and Organizational performance in the horticultural sector in Kenya.

### **Hypotheses 2**

H<sub>02</sub>: There is no significant relationship between employee involvement and organizational performance in the horticultural sector in Kenya.

### **Hypotheses 3**

H<sub>03</sub>: There is no significant relationship between human resources procedures and organizational performance in the horticultural sector.

### **Hypotheses 4**

H<sub>03</sub>: leadership style has no significant moderating effect on labour relation practices and organization performance in the horticultural sector.

## **1.6 Significance of the study**

Horticulture in Kenya contributes a significant part in the countrys economic development through creation of employment and increased GDP. Therefore effective labour relations and organizational performance are imperative for companies engaging in this sector so as to ensure that they reap maximum profit from their businesses whilst at the same time taking care of their workers social welfare.

The findings of this study are expected to benefit the government in particular the ministry of labour which is tasked with looking into the welfare of all workers in the country. The findings will enable some of the challenges that workers face as a result of failed labour relations practices in their organizations and these can be used to enable the relevant ministry formulate policies which they can use to mitigate these challenges. The findings will also help this particular ministry appreciate the employers responsibility in sustaining good labour relations.

The Federation of Kenyan Employers (FKE) which is the umbrella body that represents all employers in Kenya and is tasked with taking care of employers interests in ensuring that any areas that they may have interests that affect their operations directly are safeguarded. The findings from this research is expected to offer some insight to FKE on the areas in labour relations practices and that they require to give support to employers even if it will result in lobbying for policies with government and non-Governmental organizations to come up with better terms to enable companies carry out their businesses in the country.

Over the years Non-Governmental Organizations (NGOs) have had a lot of interest in the horticulture sector especially when it comes to labour relations. The findings of this research will assist those NGOs in particular that are tasked with formulating codes of practices that govern the social welfare, environmental aspects of the organizations in this sector. Based on the findings of this research they will be able to either review existing codes of practice e.g. the Kenya Flower Council (KFC) code of practice, Ethical Trade Initiative code of practice (ETI) etc which are key codes in auditing aspects of labour relations. Finally this study will benefit research students and will enable research them to study in more detail the findings and explore more on areas that may require further research.

Numerous researches have been carried out on various areas within the flower industry including gender rights, multi stakeholder participation and working conditions in the industry. Going through these researches there is still a gap on the relationship between labour relations practices and leadership styles in the horticulture sector. This study

therefore sought to establish how employee communication, employee involvement, human resources policies and procedures affect labour relations practices in the horticultural sector in Kenya.

### **1.7 Scope of the study**

The main flower growing areas in Kenya are in regions around Lake Naivasha, Kinangop, Mt Elgon, Kitale, Eldoret, Kericho, Limuru, Athi plains, Thika and Mt Kenya Region. (Kenya flower council, 2010).

Naivasha is the hub of the flower industry in Kenya and having the majority of flower farms and workers in the country, and therefore, this study thus focused on Naivasha region because it enabled the research to get into an in-depth analysis of the sector.

### **1.8 Limitations of the study**

One of the limitations of the study was that it was only carried out in the horticultural sector in Kenya. This left out other sectors in the economy where the labour relations practices has an effect on the performance of the organization. This limited the generalization of the findings of the study to other sectors in the economy.

The delimitation of the study was that by carrying out the study in horticulture sector solely, the researcher conserved on the time and money spent to carry out the study. The study thus targeted only respondents in the organization in the horticulture sector.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviewed the relationship between labour relations practices and organizational performance in the horticulture sector in Kenya. The chapter reviewed

three theories that included the Human Capital Theory, the Path Goal Theory and Universal Theory with a view of establishing whether or not they had any impact on labour relations practices in the horticulture sector. The chapter will also review how the conceptual frameworks have a direct bearing to the highlighted theories and finally review the literature that is available with regard to these concepts.

## **2.2 Theoretical Framework**

Cole (2002) states that employee well-being is central to building a competitive advantage and unified business. In order to achieve their goals, organizations are turning to their employees and looking for ways to maximize performance and motivation. However, this can only be achieved if organizations take cognizance of the working conditions and welfare of their employees.

### **2.2.1 Human Capital Theory**

The concept of Human Capital has relatively more importance in labour-surplus countries. These countries are naturally endowed with more of labour due to high birth rate under the given climatic conditions (House, 1996). The surplus labour in these countries is the human resource available in more abundance than the tangible capital resource. According to Kelly (2007) this human resource can be transformed into human capital with effective inputs of education, health and moral values. The transformation of raw human resource into highly productive human resource with these inputs is the process of human capital formation. The problem of scarcity of tangible capital in the labour surplus countries can be resolved by accelerating the rate of human capital formation with both private and public investment in education and health sectors of their national economies.

The tangible financial capital is an effective instrument of promoting economic growth of the nation. The intangible human capital, on the other hand, is an instrument of promoting comprehensive development of the nation because human capital is directly related to human development, and when there is human development, the qualitative and quantitative progress of the nation is inevitable. Human capital is the stock of competencies, knowledge, social and personality attributes, including creativity,

cognitive abilities, embodied in the ability to perform labor so as to produce economic value. It is an aggregate economic view of the human being acting within economies, which is an attempt to capture the social, biological, cultural and psychological complexity as they interact in explicit and/or economic transactions (Rosen, 1987).

Many theories explicitly connect investment in human capital development to education, and the role of human capital in economic development, productivity growth, and innovation has frequently been cited as a justification for government subsidies for education and job skills training. There is also strong evidence that organizations that possess and cultivate their human capital outperform other organizations lacking human capital (Crook, Todd, Combs, Woehr, &Ketchen, 2011).

This study assessed the relevance of this theory in relation to the organizational performance of Kenyas horticultural sector which is very labour intensive.

### **2.2.2 Path Goal Theory**

The Path–Goal Theory, also known as the Path–Goal Theory of leader effectiveness or the Path–Goal Model, is a leadership theory developed by Robert House (1996). The theory states that a leaders behavior is contingent to the satisfaction, motivation and performance of her or his subordinates. The revised version also argues that the leader engages in behaviors that complement subordinates abilities and compensate for deficiencies. The Path–Goal Model can be classified as a transaction leadership theory.

According to the first of all theory, the managers job is viewed as guiding workers to choose the best paths to reach their goals, as well as the organizational goals. The theory argues that leaders will have to engage in different types of leadership behavior depending on the nature and the demands of a particular situation. It is the leaders job to assist followers in attaining goals and to provide the direction and support needed to ensure that their goals are compatible with the organizations goals (Crook, Todd, Combs, Woehr, &Ketchen, 2011).

A leaders behavior is acceptable to subordinates when viewed as a source of satisfaction and motivational when need satisfaction is contingent on performance, and the leader

facilitates, coaches, and rewards effective performance. The original Path-Goal Theory identifies achievement-oriented, directive, participative, and supportive leader behaviors:

The directive Path-Goal clarifying leader behavior refers to situations where the leader lets followers know what is expected of them and tells them how to perform their tasks. The theory argues that this behavior has the most positive effect when the subordinates role and task demands are ambiguous and intrinsically satisfying (Peter, 1997).

The achievement-oriented leader behavior refers to situations where the leader sets challenging goals for followers, expects them to perform at their highest level, and shows confidence in their ability to meet this expectation. Occupations in which the achievement motives were most predominant were technical jobs, sales persons, scientists, engineers, and entrepreneurs (Peter, 1996).

The participative leader behavior involves leaders consulting with followers and asking for their suggestions before making a decision. This behavior is predominant when subordinates are highly personally involved in their work (Peter, 1996).

The supportive leader behavior is directed towards the satisfaction of subordinates needs and preferences. The leader shows concern for the followers psychological well being. This behavior is especially needed in situations in which tasks or relationships are psychologically or physically distressing (Peter, 1996).

Path-Goal Theory assumes that leaders are flexible and that they can change their style, as situations require. The theory proposes two contingency variables, such as environment and follower characteristics, that moderate the leader behavior-outcome relationship. Environment is outside the control of the follower-task structure, authority system, and work group. This theory will go to support the variable on leadership styles (Cole, 2002). This theory of leadership will be tested against the variable on Transformational leadership style and its effect on labour relations and organizational performance.

### **2.2.3 Universal Theory**

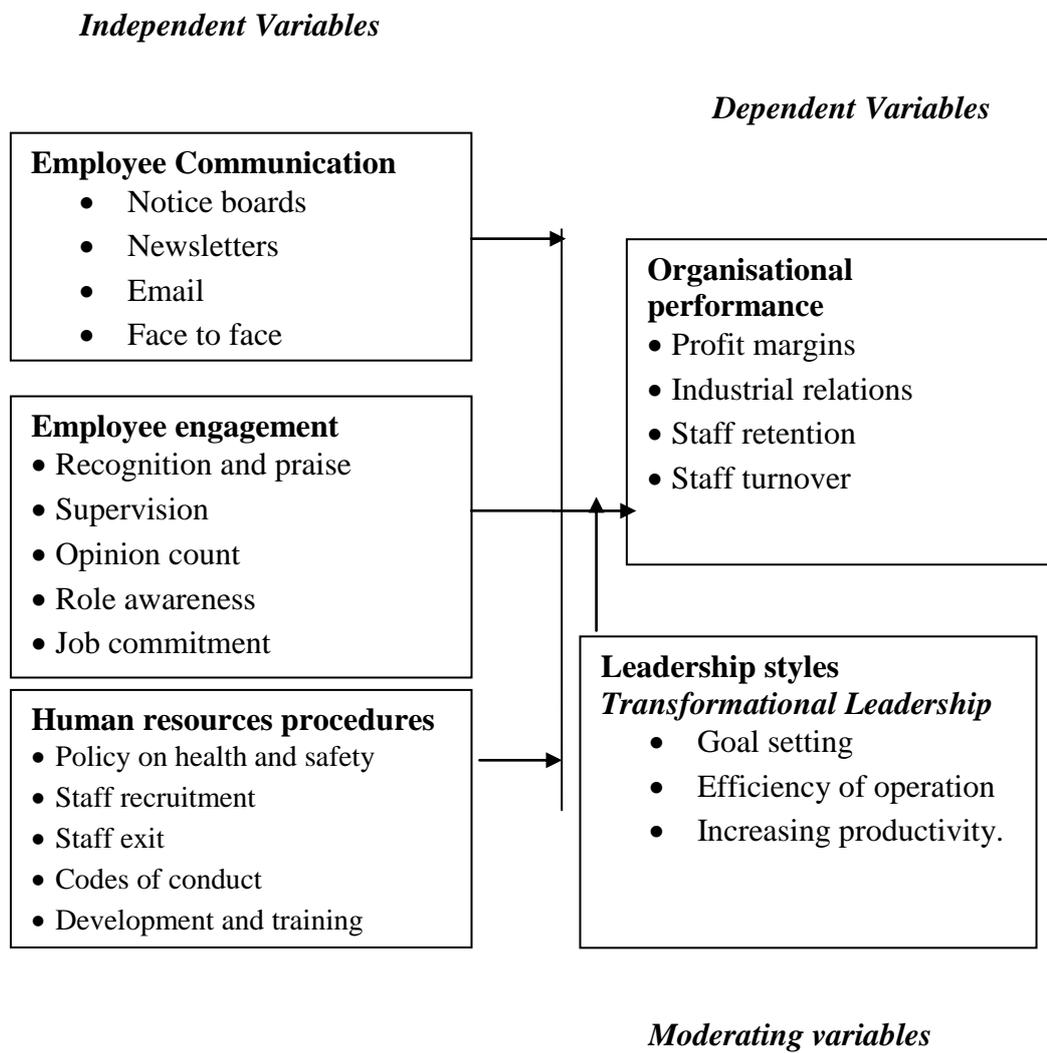
The universal theory of leadership is the belief that there are certain traits that contribute to leadership effectiveness in all situations. The elements to this theory are personal characteristics, behaviors, and skills. According to Rosen (1987) the elements of the universal theory of leadership the leader has to have several traits to become an effective leader. First of all, an effective leader has to have a vision about how organization could or should be in the future. Secondly, the leader needs to have self-confidence to become an effective leader because if the leader has great ideas without confidence in himself he will not achieve anything. Also, an effective leader needs to have great skills of communication to convince others to follow him. Additionally, an effective leader needs to have humility when he treats people even though, the leader has great ideas, often most of the ideas come from someone else (Keeley, 2007). As a result, the leader has to surround himself by those people who have those ideas. However, based on the prior traits of an effective leader, we can notice the difference between management and leadership in several aspects. First of all, the manager does not have to have vision because the manager has plans and budget to follow. Secondly, the manager does not need to have to be a great communicator to convince others because he gives directions and rules that others have to follow. In other words the manager is controlling the power in the organization and enforces others to achieve their tasks. Another difference between the management and the leadership is that the manager does not need to have humility such as the leader (Cole, 2002).

However, the universal theory of leadership has a limitation because the leader may have all traits in this theory but he is not an effective leader. The reason that the theory has a limitation is because leadership elements are: leader, group members, and situation. Sometimes the group members are not effective or the situation is inappropriate. This theory will support the variable on leadership styles and how this impacts on organizational performance.

### **2.3 Conceptual Framework**

Shields and Rangarajan (2013) define a conceptual framework as “the way ideas are organized to achieve a research project's purpose. The study adopted dependent and

independent variables. The independent variables were employee communication, employee involvement and human resources procedures while the dependent variable were organizational performance. Leadership styles was the moderating variable



**Fig 2.1: Conceptual Framework**

### 2.3.1 Employee Communication

Communication has been widely accepted by scholars and academics as the livelihood of an organization, because communication is needed for exchanging information, exchanging opinions, making plans and proposals, reaching agreement, executing decisions, sending and fulfilling orders and conducting sales (Blalock, 2005; Alyssa, 2006; Kotler, 2006). When communication stops, organized activity ceases to exist, and individual uncoordinated activities return in an organization. So, communication in an organization is as vital as the blood of life. According to Kotler, (2006), communication is the means by which firms attempt to inform, persuade and remind consumers – directly or indirectly – about the products and brands that they sell. In a sense, communication represents the “voice” of the brand and is a means by which it can establish a dialogue and build relationships with consumers.

Blalock (2005) posits that good communication matters because business organizations are made up of people, and as Robert Kent, former dean of Harvard Business School puts it, “In business, communication is everything”. Research spanning several decades has consistently ranked communication skills as crucial for managers. Managers spend 75 to 80 percent of their time engaged in some form of written or oral communication. Although, often termed as soft skill, communication in business organizations provides the critical link between core functions.

According to Blalock (2005), three reasons why good communication is important to individuals and their organizations are as follows; ineffective communication is very expensive. The ability to communicate was rated as the most important factor in making a manager “promotable” by subscribers to Harvard Business Review. Secondly the changing environment and increasing complexity of the 21st century workplace make communication even more important. The collaboration that allows organizations to capitalize on the creative potential of a diverse workforce depends on communication. Finally the worlds economy is becoming increasingly globalized. By the end of the 20th century, 80% of U.S. products were competing in international markets. The direct investment of foreign-based companies in the U.S grew from \$9trillion in 1966 to more than \$300trillion in 2002. Many product assume to be Americans, are made overseas

while many brands thought to be international are made in the United States (Blalock, 2005).

According to the management study guide (1998 – 2001), business communication involves constant flow of information. Feedback is an integral part of business communication. Organizations these days are very large and they involve a large number of people. There are various levels of hierarchy in an organization. The greater the number of levels, the more difficult is the job of managing the organization. Communication here plays a very important role in the process of directing and controlling the people in the organization. There should be effective communication between superiors and subordinates in the organization, between organizations and the society at large, between management and trade unions, etc. Communication is essential for the success and growth of an organization. Therefore, communication gaps should not be allowed to occur in any organization.

Business communication is goal-oriented (Management study guide, 1998 – 2001). The rules, regulations, and policies of a company have to be communicated to the people within and outside the organization. Business communication is regulated by certain rules and norms. In early times, business communication was limited to paper work, telephone calls, etc., but now, with the advent of technology, we have cell phones, video conferencing, emails, satellite communications, etc. to support business communication. Effective business communication helps in building the goodwill of an organization. Hence, it is necessary that you think before you communicate, be an active listener, be focused on your audience; and in your response, be brief and be gone.

Basically, business communication encompasses a huge body of knowledge, and could be internal or external. According to Alysa (2005), internal communication includes communication of corporate vision, strategies, plans, corporate culture, shared values, and guiding principles, employee motivation, cross-pollination of ideas, etc. While external communication includes branding, marketing, advertising, selling, customer relations, public relations, media relations, business negotiations, etc. Whatever form it takes, the objective remain the same, i.e. to create a business value. Furthermore,

business communication can be of two types – oral communication, and written communication. An oral communication can be formal or informal. Generally, business communication is a formal means of communication. It includes meetings, interviews, group discussions, speeches, etc. An example of informal communication would be the grapevine. Written means of business communication includes agenda, reports and manuals (Alysa, 2005).

The effective implementation of organizational strategies and human resources (HR) policies depends on open two-way communication between management and employees (Tourish, 2005). Upward communication allows employees to point to the internal contradictions and problems that beset their organizations (Tourish, Craig & Amernic, 2010). It influences personnel and operational decisions, as well as adjustments in policies and strategy (Glauser, 1984).

Downward communication serves to provide employees with directives, policy statements, and performance feedback (Katz & Kahn, 1966). Further, management communication can increase perceived organization support (POS) by allowing managers to describe general goals and strategies and to provide needed information on a timely basis that helps employees carry out their jobs (Allen, 1992). Such communication can lessen employees anxiety and uncertainty regarding organizational change (Eisenberger & Stinglhamber, 2011) while stimulating the emergence of innovative ideas and blocking the development of groupthink (Janis, 1983). Without an open two-way communication line between management and employees, senior managers may become out of touch with their employees, underestimate (or miss) emerging problems, and develop strategies that are misaligned with the perceptions of their employees (Tourish, 2005).

Effective communication with management should be particularly effective in increasing POS because high-level managers formulate policies and goals and therefore are considered by lower level employees as strongly representative of the organization (Eisenberger & Stinglhamber, 2011). Open communication with management may signal

that the organization cares about the well-being and values the contribution of its employees, thus increasing POS.

Several aspects of managements communication, such as quality of information received from management, positive job-related feedback, and conversations about support, as well as employees satisfaction with communication, have been found to be positively related to POS (Allen, 1992). However, no studies to date have examined the directionality of the relationship between communication with management and POS, independent of the level of management. Although organizational support theory suggests that management communication leads to POS, high POS may lead employees to perceive that managers engage in more positive communications.

Employees view managers as agents of the organization (Levinson, 1965) and therefore may interpret the openness of their communication as indicative of the organizations support. However, the opposite direction of influence is also possible. That is, POS might lead to more positive perceptions of management communication. The rationale for this reverse relationship can be found in confirmation bias literature. Confirmation bias is generally described as a situation in which individuals reinforce their existing attitudes by selectively collecting new evidence, by interpreting evidence in a biased way or by selectively recalling information from memory (Oswald & Grosjean, 2004). Compelling evidence concerning individuals efforts to seek information that confirms their prior beliefs has been previously found (Ross & Anderson, 1982). Therefore, employees with high POS might be biased toward interpreting communication opportunities with management more favorably.

Employers spend millions of dollars to offer a benefit and sometimes a surprisingly small amount to ensure that employees understand and appreciate it. Communications—what you say, how you say it, when you say it, who you say it to—can make a world of difference in how employees or members feel and think about their benefits, workplace, and employer (Becker, 2010). Whenever an organization is undergoing change of any kind, the effectiveness of communication can greatly influence how the change is perceived by employees and how quickly they adapt to the new normal.

Different types of communication call for different success measures. Questionnaires, surveys, focus groups, face-to-face interviews all can be used to assess if and how well messages were received and understood (Keeney, 2013). An employee communication strategy may include a wide variety of media, including print publications, email and online newsletters, websites, how-to videos, total compensation reports, plan descriptions, posters displayed in the workplace, and in-person meetings. The content and delivery channels used will depend on the stakeholders needs (Macey, 2008).

### **2.3.2 Employee Engagement**

Employee engagement is a property of the relationship between an organization and its employees. An "engaged employee" is one who is fully absorbed by and enthusiastic about their work and so takes positive action to further the organizations reputation and interests (McKay, 2008)

While it is possible to measure employee engagement itself through employee surveys, this does not assist in identifying areas for improvement within organizations. To manage employee engagement upwards, it is necessary to identify what drives engagement. Some points from research into drivers of engagement are presented below: Employee perceptions of job importance an employees attitude toward the jobs importance and the company had the greatest impact on loyalty and customer service than all other employee factors combined (Bakker, 2010).

Employee clarity of job expectations if expectations are not clear and basic materials and equipment are not provided, negative emotions such as boredom or resentment may result, and the employee may then become focused on surviving more than thinking about how he can help the organization succeed. Career advancement/improvement opportunities plant supervisors and managers indicated that many plant improvements were being made outside the suggestion system, where employees initiated changes in order to reap the bonuses generated by the subsequent cost savings (Ayse, 2008).

Regular feedback and dialogue with superiorsfeedback is the key to giving employees a sense of where theyre going, but many organizations are remarkably bad at giving it. What I really wanted to hear was Thanks. You did a good job. But all my boss did was

hand me a check. Quality of working relationships with peers, superiors, and subordinates if employees relationship with their managers is fractured, then no amount of perks will persuade the employees to perform at top levels. Employee engagement is a direct reflection of how employees feel about their relationship with the boss (Cole, 2002).

According Keeney (2013) perceptions of the ethos and values of the organization inspiration and values is the most important of the six drivers in our engaged performance model. Inspirational leadership is the ultimate perk. In its absence, it is unlikely to engage employees. Effective Internal Employee Communications which convey a clear description of "what's going on"? Reward to engage - Look at employee benefits and acknowledge the role of incentives. An incentive to reward good work is a tried and test way of boosting staff morale and enhancing engagement. Commitment theories are rather based on creating conditions, under which the employee will feel compelled to work for an organization, whereas engagement theories aim to bring about a situation in which the employee by free choice has an intrinsic desire to work in the **best interests of the organization (Cole, 2002)**.

Recent studies across a range of sectors have found various performance based outcomes of engagement. Schaufeliet and Bakkerl (2004) found that engagement was linked to both in-role and extra-role performance in a multi-sector Dutch sample, a finding replicated by Schaufeliet *al* (2006); Halbesleben and Wheeler (2008) found similar results for in-role performance and turnover intentions in a multi-sector US sample. A meta-analysis of nearly 8,000 business units in 36 companies found that engagement was also linked to business unit performance (Harter *et al* 2002), and links have also been found with client satisfaction in service settings (Salanova *et al* 2005). Xanthopoulou *et al* (2009) found a link between work engagement of restaurant workers and objective daily financial returns. Engagement has also related to safe working by employees in a meta-analysis of 203 separate samples (Nahrgan *et al* 2011).

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). Just as engagement is characterized by the dimensions of dedication, vigour and absorption, burnout can be characterized by three dimensions: cynicism (indifference or distant attitude to work), exhaustion (depletion or draining of emotional resources) and inefficacy (lack of satisfaction with expectations). Burnout has been linked with a variety of negative consequences for both individuals and organisations, including poor physical health, depression, absenteeism and turnover well as negative consequences for family and marital satisfaction (Burke and Greenglass 2001). Within health care specifically, studies have shown that burnout among nurses is related to patient perceptions of poor care (Vahey *et al* 2004).

Salanova *et al*s (2005) study suggests that one reason why engagement is linked with performance is through the mediating mechanism of service climate. When employees are engaged, they are more likely to put energy into interactions with clients, and there may be a spillover effect onto colleagues, creating a more engaged workplace generally. This may also be one reason why engagement might have an effect on performance outcomes in health care. A study of 8,597 hospital nurses by Laschinger and Leiter (2006) found that higher work engagement was linked to safer patient outcomes. Thus, in addition to core performance outcomes and extra-role activities, engagement would appear to be important for safety as well.

Given the evidence suggesting its positive effects, an obvious question for managers is how to develop employee engagement. Research suggests that there are two main sources of engagement: job resources and personal resources. Job resources refers to any physical, social, or organizational aspects of the job that may (a) reduce job demands and the associated physiological and psychological costs, (b) be functional in achieving work goals, or (c) stimulate personal growth, learning and development (Schaufeli & Bakker 2004), whereas personal resources refers to characteristics of the individual employee such as optimism, resilience, and self-efficacy (Bakker, 2011).

Job resources that have been shown to influence employee engagement include core characteristics of the job such as the level of autonomy in roles, task identity (performing

a complete task from beginning to end with a visible outcome), the variety of skills needed to perform the role, the significance of tasks performed, and feedback received from supervisors and other colleagues. Other job-related factors predicting engagement include perceived levels of support from the organization and from supervisors, rewards and recognition from employers, and procedural and distributive justice (fairness in organizational processes and rewards) (Saks 2006). By increasing such resources – improving the quality of jobs and the support available for employees – organisations should be able to help improve levels of engagement. This may be done in various ways, but would usually require clear and consistent leadership, and the role of individual line managers and supervisors is crucial (Janssen & Van Yperen 2004), both in terms of day to day individual support and management processes such as performance appraisal (Murphy & Cleveland, 1995) and development and leadership of work teams (Hackman & Oldham 1976).

Personal resources may be less easy for managers to influence, although research by Xanthopoulou *et al* (2008) suggests that personal resources may mediate the relationship between job resources and engagement – that is, the same job resources that can be used to stimulate engagement can also stimulate personal resources, which in turn affects the level of engagement of employees. Evidence of personal resources linking with engagement includes findings that self-efficacy (peoples beliefs about their capabilities to control events that affect their lives), self-esteem (employees beliefs that they can satisfy their needs by participating in roles within the organization), and personal optimism are all related to engagement (Xanthopoulou *et al.*, 2009). Although these are all very much characteristics of individual employees, organisations can create positive and supportive environments which are able to encourage such beliefs from their staff.

There is evidence to suggest that the relationship between resources and engagement is somewhat cyclical in nature. In a longitudinal diary study of school teachers, Bakker and Bal (2010) found that job resources such as autonomy (the degree or level of freedom and discretion afforded to employees over their jobs), leader–member exchange (the quality of the two-way relationship between leaders and their followers), and the extent of opportunities for learning and development were associated with subsequent

engagement, and that engagement was subsequently associated with job performance; however, engagement was also associated with job resources at later time points. This appears to suggest that not only are employees more likely to have high engagement when resources are provided for them, but they are also more likely to be trusted by their supervisors and be given more opportunities for development. It is also important to note that the nature of the job resources–engagement link depends on the setting (Nahrganget al 2011), and hence investigation of particular job characteristics within the NHS would provide insight into how engagement can best be fostered here.

### **2.3.3 Human Resource Procedures**

The establishment of policies can help an organization demonstrate, both internally and externally, that it meets requirements for diversity, ethics and training as well as its commitments in relation to regulation and corporate governance of its employees. For example, in order to dismiss an employee in accordance with employment law requirements, amongst other considerations, it will normally be necessary to meet provisions within employment contracts and collective bargaining agreements. The establishment of an HR Policy which sets out obligations, standards of behavior and document disciplinary procedures, is now the standard approach to meeting these obligations (Bakker, 2010)

HR policies can also be very effective at supporting and building the desired organizational culture. For example recruitment and retention policies might outline the way the organization values a flexible workforce, compensation policies might support this by offering a 48/52 pay option where employees can take an extra four weeks holidays per year and receive less pay across the year.

McKay (2008) recommends the following process of developing a policy develop, in consultation with staff or their union, a written policy which prohibits discrimination and harassment; regularly distribute and promote the policy at all levels of the organisation; translate the policy into relevant community languages where required so it is accessible to employees from culturally and linguistically diverse communities; ensure that managers and supervisors discuss and reinforce the policy at staff meetings (verbal

communication of the policy is particularly important in workplaces where the English language ability of staff is an issue); provide the policy and other relevant information on discrimination and harassment to new staff as a standard part of induction; periodically review the policy to ensure it is operating effectively and contains up to date information; conduct awareness raising sessions for all staff on discrimination and harassment issues.

Considering your workplace culture is also important; not only in relation to the content of the policy but also its dissemination. HR policies and procedures help people understand exactly what the expectations of the organisation are in relation to their conduct and work conditions. It is not just about legal requirements but also points to effective leadership. Good leaders set clear expectations. That means an organisation committed to effective leadership gets on the front foot to explain and clarify what is acceptable, not acceptable and possible in the workplace (Ayes, 2008).

Becker (2010) has identified eight ways to effective communication of HR Policy as follows; make sure the written version of the policy can be understood by the total population of the workforce; have a sign-off process that provides reasonable time for employees to read the document; ensure managers are properly trained to understand and use the policies; ensure staff are briefed on the content of the policy; ensure the policy is accessible to all members of your workforce; ensure employees, their representatives and other stakeholders are consulted on the content of policies at the time of development and updates; ensure that managers and staff are trained properly in relation to behaviour related policies (i.e. anti-bullying/discrimination); ensure there is an on-going program of communication on HR Policies.

Human Resource Management involves the management of the human resources needed by an organization and also being certain that human resource is acquired and maintained for purposes of promoting the organizations vision, strategy and objectives. In other words, HRM focuses on securing, maintaining, and utilizing an effective work force, which organizations require for both their short and long term survival in the market. In order for HRM to achieve its organizational objectives, managers should perform a number of basic functions which represent what is often referred to as the

management process. It is worth noting that in the existing management literature, HRM functions have been differently classified by different researchers despite the fact that they all serve the same purpose of making available effective human resources. The basic functions being referred to above are human resource planning, organizing, staffing, leading, and controlling. In relation to the above and a focus in this study are Briscoes (1995, 19) core HRM functions namely staffing, training and development, performance appraisal, compensation and benefits, and finally union and employee relations and health and safety.

**a) Staffing**

Staffing ensures that the right people are available at the right time in the right place. This involves identifying the nature of the job and implementing a recruitment and selection process to ensure a correct match within the organization. In other words, the function of staffing involves hiring the required people, selection amongst the available pool the persons most suitable for the job in question, and sometimes retrenching or firing. When the people considered as fitting the required criteria are identified, HRM is required to arrange for and where needed conduct the interviews. Both selection and interviewing are performed in order to recruit the required personnel. One of the staffing objectives has always been and has been advocated for ensuring that people are recruited, they should be retained (Ghauri& Prasad, 1995) and this objective can be implemented with the right people in place.

The process of appraising becomes easy to implement if staffing function is well suited to the organizations strategies. This is so in such a way that the HRM knows exactly what is expected of the hired personnel and can evaluate their performance. Even still, the personnel can evaluate themselves depending on what they are expected to deliver and easily identify their potentials and which developments are required. The staffing function will affect almost all other HR functions because all functions will move towards the direction of staffing policies (Hendry 1994).

**b) Training and Development**

This involves training and development of workforces and managers (Briscoe 1995). Training and development are often used to close the gap between current performance

and expected future performance. Training and development falls under HRD function which has been argued to be an important function of HRM (Weil & Woodall, 2005). Amongst the functions activities of this function is the *Identification* of the needs for training and development and selecting methods and programmes suitable for these needs, plan how to *implement* them and finally *evaluating* their outcome results (McCourt & Eldridge 2003).

Guest (1987) argues that policies are necessary to ensure that employee performance is evaluated, which in turn ensures that the appropriate training and development take place. With the help of the performance appraisal reports and findings, the organization can be able to identify development needs. However, individuals themselves can help to indicate the areas requiring improvement as a result of the issues raised in the performance appraisal process and their career path needs.

Orientation is yet another training and development method. This involves getting new employees familiarized and trained on the new job within an organization (Torrington *et al.*, 2005). During this process, they are exposed to different undertakings for example the nature of their new work, how to take on their identified tasks and responsibilities and what is generally expected of the employees by the organization. They are further given a general overview of the organizational working environment including for example working systems, technology, and office layout, briefed about the existing organizational culture, health and safety issues, working conditions, processes and procedures.

### **c) Performance appraisal**

Performance appraisal is a process that is carried out to enable both the individual and the organization to analyze, examine and evaluate the performance of specified objectives over a period of time. This process can take up formal and informal forms (McCourt & Eldridge 2003). The purposes of performance appraisal have been classified into two groups that is the developmental and administrative purposes. The developmental purposes of performance appraisal include providing performance feedback, identifying individual strengths/weaknesses, recognizing individual

performance, assisting in goal identification, evaluating goal achievement identifying individual training needs, determining organizational training needs, improving communication and allowing employees to discuss concerns. On the other hand, administrative Under the developmental purposes are purposes of performance appraisal include but are not limited to documenting personal decisions, determining promotion candidates, determining transfers and assignments, identifying poor performance, deciding layoffs, validating selection criteria, meeting legal requirements to mention a few.

Performance appraisal can be conducted once, twice or even several times a year. The frequency will be determined by the organizations depending on the resource capability and what is to be evaluated with regard to organizations objectives and strategies. According to McCourt and Eldridge (2003), there are a number of alternative sources of appraisal and these include; Manager and/or supervisor - appraisal done by an employees manager and reviewed by a manager one level higher, self-appraisal performance – this is done by the employee being evaluated, generally on an appraisal form completed by the employee prior to the performance interview. Subordinate appraisal i.e. appraisal of a superior by an employee which is more appropriate for developmental than for administrative purposes. Peer appraisal i.e. appraisal by fellow employees, compiled into a single profile for use in an interview conducted by the employees manager. Team appraisal i.e. appraisal based on total quality management concepts, recognizing team accomplishments rather than individual performance. Customer appraisal i.e. appraisal that seeks evaluation from both external and internal customers.

It is however important to note that, if there are no proper systems and plans to deal with the findings of the performance appraisal, the expected benefits of this process for the organization may not be realized. Further still, although good performance appraisal may be good for an organization, it may be bad if not professionally handled. Depending on the appraisal feedback; negative or positive, its impact to the employee may damage the organization if not taken well by the employee (McCourt & Eldridge 2003). It can demoralize the employee and sometimes may lead to losing the key employees just

because they could not take the appraisal feedback and feel that they will be better off somewhere else.

**d) Compensation and benefit**

This involves the designing and implementation of individuals and organizations pay and benefits schemes. Employee compensation and benefit practices differ across employment units (e.g., organizations, business units, and facilities) on several dimensions (Gerhart, Milkovich & Murray, 1992) and organizations. Barry, Harvey & Ray (1994) state that employee compensation and benefit can be considered of crucial importance to both the employers and employees in such a way that it plays a key role of being one of the essential hearts of employment relationships. They continue by explaining that this is so in such a way that while employees typically depend on wages, salaries, and so forth to provide a large share of their income and on benefits to provide income and health security. For employers, compensation decisions influence their cost of doing business and thus, their ability to sell at a competitive price in the product market. In addition, compensation decisions influence the employers ability to compete for employees in the labor market (attract and retain) as well as their attitudes and behaviors while with the employer.

**e) Union, employee relations, health and safety**

Trade Unions are organization of workers, acting collectively, seeking to protect and promote their mutual interests through collective bargaining. The role of trade unions is mainly to protect employees interests and they tend to be the link between the organization management and employees. Therefore, there are a lot of negotiations between management and unions in either resolving dispute between employees and management or try to fight for the best interest to its members (employees). It is important to note that, in the absence of the trade unions representing employees, most organizations would be more inclined to setting and thereby focusing on HRM policies promoting efficiency. Because of this representation however, organizations are forced into focusing on those policies that not only reflect organizational benefits but also putting consideration for the preferences of workers being represented by the union as a whole.

Health and safety is important since the well-being of employees is important. Depending on the country's labour policy, there may be some rules set with regards to safety and health of employees. These rules and controls over organizations against employees may be such as; compulsory workman compensation schemes where all organizations are required to insure employees at work. Another control may be regular inspection of working environment by the government and union officials. The inspection may be aiming at ensuring that the company is following the set policies and has a safe working environment for its employees.

#### **2.3.4 Leadership Styles**

Leadership is about the process of how to influence people and guide them to achieve organisational goals (Robbins & Coulter, 2005; Northouse, 2007). The presence of good and effective leadership can help to improve the performance of an organization. Two different studies have been done on identifying the key success factors among the top SMEs in Malaysia and Singapore. Both findings correlate each other by recognizing that one of the components of key success factors among the SMEs in both countries is attributed to the presence of a strong, visionary and capable leadership (Ghoshet *al.*, 2001; Hung *et al.*, 2010).

In regards to the studies on leadership behaviours and performance of SMEs, transformational leadership is found to have a positive impact on the performance of SMEs and this relationship is significant (Pedrajaet *al.*, 2006; Matzleret *al.*, 2008; Yang, 2008). However, in regards to transactional leadership, contradicting findings are found between these studies. Transactional leadership is found to have a small, significant positive relationship towards the performance of SMEs in study conducted by Yang (2008) but there is a negative and significant relationship between transactional leadership and the performance of organization in study conducted by Pedrajaet *al.* (2006). In one of those studies also, Yang (2008) has found that only the transformational leadership contributes significantly to the prediction of organizational performance and transactional leadership was not a good predictor of the organizational performance.



### **2.3.4 (a) Transactional Leadership**

In the literature, leadership has been identified as an important subject in the field of organizational behaviour. Leadership is one with the most dynamic effects during individual and organizational interaction. In other words, ability of management to execute “collaborated effort” depends on leadership capability. Lee and Chuang (2009), explain that the excellent leader not only inspires subordinates potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals. Fry (2003), explains leadership as use of leading strategy to offer inspiring motive and to enhance the staffs potential for growth and development. Several reasons indicate that there should be a relationship between leadership style and organizational performance. The first is that today's intensive and dynamic markets feature innovation-based competition, price/performance rivalry, decreasing returns, and the creative destruction of existing competencies (Santora *et al.*, 1999; Venkataraman, 1997). Studies have suggested that effective leadership behaviours can facilitate the improvement of performance when organizations face these new challenges (McGrath and MacMillan, 2000; Teece, Pisano & Shuen, 1997).

Transactional leadership style effect on work teams. In a survey done by Jun Liu, Xiaoyu Liu and Xianju Zeng on the correlation of Transactional leadership and how innovations can be affected by team emotions. The research was composed of 90 work teams, with a total of 460 members and 90 team leaders. The study found that there is a relationship between emotions, labor behavior and transactional leadership that affect for the team. Depending on the level of emotions of the team; this can affect the transactional leader in a positive or negative way. Transactional leaders work better in teams where there is a lower level of emotions going into the project. This is because individuals are able to think freely when setting their emotions aside from their work and have all of their focus on the given task. Thus, transactional leadership presents a form of strategic leadership that is important for the organizations development. Transactional leadership is essential for team innovativeness.

### **2.3.5 Organizational Performance**

Performance is a multidimensional construct (Ostroff& Bowen, 2000) and has been variously conceptualized. Dyer, & Reeves, (1995) noted different types of performance measures that are most appropriate for SHRM research. They proposed four effectiveness measures: (1) human resource outcomes such as absenteeism, turnover, and individual or group performance; (2) organizational outcomes such as productivity, quality and service; (3) financial or accounting outcomes such as profitability, return on assets, and return on invested capital; (4) stock market performance (stock value or shareholder return).

Delaney and Huselids (1996) used subjective market performance measure as our organizational performance indicator. This subjective market performance measure includes sales, profitability, and marketing. Although there are concerns about the use of subjective measures, such as increased measurement errors and the potential for common method biases, there are still some compelling reasons for using such measures (Chuang, & Liao, 2010; Delaney, &Huselid, 1996; Takeuchi et al., 2007). First, Gupta (1987) noted that objective financial performance data on individual units that reveal their organizational identities are very difficult, indeed virtually impossible to obtain. Second, et al. (2004) demonstrated convergent, discriminant, and construct validities of subjective performance measures judged against objective performance measures in research findings relating management practices and performance, suggesting that self-reported measures are useful in studies where objective ones are not available. They also estimated an average of .52 correlations between managers perceived and actual firm performance (Wall et al., (2004). Thirdly, the comparative method has been suggested to be more effective at eliciting responses than directly asking respondents to provide exact figures (Tomaskovis-Devey, Leiter, & Thompson, 1994). Furthermore, self-reported performance measures have often been employed in published studies on the HPWS-performance link (Chuang, & Liao, 2010).

## **2.4 Empirical Review**

This section presents the empirical literature based on the study variables.

### **2.4.1 Employee Communication**

Inedegbor et al. (2012) investigated the impact of business communication on organizational performance in Nigerian companies. The study specifically investigated the relationship between business communication and organizational performance in Nigeria using a contextualized and literature based research instrument to measure the application of the investigated “constructs”. Using the survey method, the study obtained sample data from 100 small and large manufacturing and service companies operating in Lagos State of Nigeria. The research instrument showed encouraging evidence of reliability and validity. Data were analyzed using descriptive statistics, percentages and t- test analysis. The study found that effective business communication is emphasized to a reasonable extent in the surveyed Nigerian companies. However, the level of emphasis was a question of degree. It was also found that the extent of practices of effective business communication, were related to the category of business (service versus manufacturing) and its size.

Neves (2012) used a cross-lagged panel design to examine the temporal relationship between management communication and perceived organizational support (POS), and its consequences for performance. Assessed was done on management communication and POS 2 times, separated by a 3-year interval, in a social services organization ( $N = 236$ ). The findings suggest that management communication was positively associated with a temporal change in POS. In addition, it was found that POS fully mediates the relationship between management communication and both in-role and extra-role performance. The study advanced the theoretical knowledge concerning how management communication affects performance, with implications for practice. Specifically, it revealed that management communication affects performance mainly because it signals that the organization cares about the well-being and values the contributions of its employees.

Rho (2009) assessed the impacts of organizational communication on the perception of red tape by comparing internal communication with external, especially client-oriented, communication in both public and nonprofit organizations. This study was based on the questionnaire data from the National Administration Studies Project (NASP)-III, closed in January 2006, gathered from a survey of public and nonprofit managers in the states of Illinois and Georgia. Results showed that frequent communication with clients plays an important role in reducing perceived red tape, and sector-based differences between public and nonprofit sectors influence the impact of communication type on red tape perception. The analysis controls for the organizational characteristics, job characteristics, and personal characteristics.

#### **2.4.2 Human Resource Procedures**

Sani (2012) investigated the impact of strategic HRM practices on organizational performance of insurance companies in Nigeria as well as examining whether the effectiveness of strategic HRM practices on organizational performance is contingent on organizations work place climate. A multi-respondent survey of 18 insurance companies was undertaken and data collected was subjected to regression and correlation analysis as well as descriptive statistics in pursuance of the studys stated objectives. Organizational climate was measured through a set of questionnaire that we developed based on the eight organizational climate dimension proposed by Koys and De Cotiis (1991). Study results suggest that strategic HRM alignment, line management training, career planning system and job definition are the key strategic HR practices that influence organizational performance in the Nigerian insurance industry. Results also suggest that the relationship between strategic HRM practices and organizational performance in the Nigerian insurance industry is moderately influenced by organizational climate. This study was therefore, able to prove the hypotheses proposed and provide support to the existing theories.

Nartey (2012) assessed the effectiveness of the recruitment and selection practices and procedures of HFC Bank, Accra. It was to find out the recruitment and selection practices of HFC Bank, the effectiveness of the recruitment and selection practices of

HFC Bank, the challenges associated with the recruitment and selection practices of HFC Bank and ways to help improve human resource planning and development. The study obtained information from one hundred (100) respondents from staff of HFC Bank in the Greater Accra Region through the use of questionnaires. The results indicated that, advertising of job vacancies and employee referrals are mostly the mode for recruiting potential employees, it was also realized that the method used in the recruiting and selection process was very effective and moreover helped improve employee performance, the study revealed that the selecting and recruitment process are also characterized with lots of challenges. Among the recommendations made were that potential employees should all be treated fairly in the recruitment and selection process, more so employees must be appraised constantly to ensure that they improve upon their performance.

Nassazi (2013) evaluated the effects of training on employee performance, using the telecommunication industry in Uganda as case study. In order to understand the study aim, four goals were developed and these focused particularly on identifying the training programs existing in the industry, the objective of the training offered, the methods employed and finally the effects of training and development on employee performance. The study was based on three case studies of the biggest telecommunication companies operating in Uganda. A qualitative research approach of the data collection was adopted using a questionnaire comprising of 18 questions distributed to 120 respondents. Based on this sample the results obtained indicate that training have a clear effect on the performance of employees. The findings can prove useful to Human resource managers, Human resource policy decision makers, as well as government and academic institutions.

Alnaqbi (2011) carried out a study to identify HR practices and other factors such as job satisfaction, organizational commitments and leadership practice that affect employee retention in the UAE with emphasis on public organisations, in a comparative study of Sharjah and Dubai. To accomplish this task, both quantitative and qualitative research approaches were employed. The research questions were answered through two research phases involving four distinct research tools. The first phase involved a survey of

Sharjahs and Dubais governmental organizations, and provided specific information about employees in these organizations. Of 300 targeted respondents, 154 completed the survey questionnaire, a 51.33% response rate. In the second phase, in-depth interviews with fifty former employees, also from Sharjah, were conducted; in the third, semi-structured interviews with 7 HR professionals, also in Sharjah, were utilised and the fourth research method used focus groups. The research used both quantitative and qualitative approaches to data gathering and analysis. The data gathered utilising the above tools lead to a number of results and conclusions.

Aspects found most likely affect job satisfaction and the likelihood of retention are: job security, job descriptions and job profiles. There is also emphasis on the need for decentralization and reduced hierarchy in the workplace, and of empowerment and accountability in areas of work. In particular, the interview data involving Sharjah Government employees revealed that a workplace environment should place importance on the employee growth culture, and on work conditions such as office space. Participants also make the point that most organizations lack compensation benefits like air ticket allowances, housing allowances, or telephone allowances, among many others. In Dubai, employees show greater satisfaction with their organizations leadership practices than do Sharjah employees, who seem to have greater intent to leave than respondents in Dubai. Males tend to be more concerned about commitment and leadership skills than females. In addition, a significant difference is found in attitudes towards leadership, where those without a need to supervise seem more in satisfied agreement than those with supervisory responsibilities.

The results show that national culture has a direct influence on organizational culture. Research participants indicate that their workplace culture was not highly satisfactory, and that strategies were needed to improve it. The research finds that lack of empowerment and management style are factors that influence the retention of employees in UAE public organizations. There were indications that employees did not like centralized leadership, and that this affected their intention to stay within an organization. There is a need to redesign jobs and provide employees with job descriptions, in order to let each of them understand what tasks they should do and how

to achieve them. There is also a clear need for staff members to be informed on the difference between administration management and human resource management, particularly with regard to the role the HR department plays in attracting and retaining qualified employees.

Rehman (2009) assessed the impact of Job Analysis on Job Performance on the basis of the opinions of the employees of public sector regulatory authorities. A survey questionnaire was designed and pre-tested. The study was carried out by taking a sample size of 568 employees of Pakistan public sector regulatory authorities from Pakistan Telecommunication Authority (PTA), Oil and Gas Regulatory Authority (OGRA), National Electric Power Regulatory Authority (NEPRA), Pakistan Electronic Media Regulatory Authority (PEMRA), Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP) dealing with the telecommunications, oil & gas, power, media, corporate, capital and banking sectors has presented a holistic conceptual framework of human resource practices in relation to recruitment process and its impact on employees job performance and subsequent job satisfaction and retention. The study further revealed six relationships showing large effect size correlations between job satisfaction and job succession planning, job security and job succession planning, job succession planning and job performance, job design and job performance, job performance and job satisfaction and job security and job satisfaction. These positive highly significant relationships are the addition to the literature on Human Resource Management particularly with reference to Pakistan. The findings revealed that job analysis, job evaluation and job retention with the moderating variable Recruitment knowledge, skills and ability (KSA) explained a much larger proportion of the total variance on dependent variable, job performance. The relatively stable standardized beta coefficients generated by job analysis, Job design, job evaluation, job security, job succession planning, job satisfaction and job retention with recruitment, indicating its unique impact, independent of moderators, support the central argument of this study that a job analysis is an important HR strategy to achieve superior job performance results. The study extends to the findings of the HR-job performance research followed in Western countries to a non-Western context.

Sozer (2004) explored human resource management (HRM) functions of 200 work organizations operating in Turkey using a questionnaire. The participating organizations were the members of either the Personnel Managers Association or the Quality Association in Turkey. Job analysis and design, recruitment and selection, orientation and employee training, performance appraisal, career planning and development, human resource planning, compensation management and incentives, managing employee health and safety were among the fields that were examined. In addition to the prevalent HRM functions, the profile of Human Resource Departments of the organizations (i.e., title, size, number of hierarchical levels, etc.), the characteristics of HRM managers (education, age, gender, experience, etc.) were also examined. For example, it was found that the departments operating in field of HRM were named Human Resource Department in 59.5% of the organizations in the sample. Moreover, the results indicated that the main HRM areas practiced by the private sector organizations operating in Turkey were personnel selection, employee recruitment, training and development, compensation management, and employee orientation. Nevertheless, the other essential functions of HRM, such as job analysis, human resource planning and career planning, and development were not practiced as frequently. Whether those functions were frequently practiced or not, each of them was further analysed in terms their specific applications. Another aim of the present study was to compare the practices of HRM in Turkey with its applications in the world. For instance, the results demonstrated that recruiting via internet was practiced frequently in the surveyed organizations and in the US companies. The present study also revealed that personnel selection methods, such as interviews, were popular among surveyed organizations and organizations in Eastern European countries, England, and the US.

Johari (2014) investigated the impact of practicing human resources management on the quality of healthcare service and achieving patients satisfaction. The descriptive methodology was applied to demonstrate and analyze the previous literatures. The study shows that effective human resources management has a strong impact on healthcare quality and improving the performance of hospitals staff. The study suggests the need to measure the performance of the managers of human resources department in the hospital

before starting performance development process as well as continuous development and training of staff performance.

### **2.4.3 Employee Engagement**

Biloch and Lofstedt (2013) created a model that promotes employee engagement partially based on established concepts within performance management and motivation and partially based on a pioneer concept within business, referred to as gamification. The aim of their study was to adapt this model to an organizational setting characterized as potentially un-engaging to be able to identify possible benefits and concerns with the model developed. The data collection was done through a case study involving both qualitative semi-structured interviews and observations with professionals within haulage firms. The model created was thereafter configured to the work situation of a truck driver, in order to illustrate how employee engagement can be promoted within haulage firms. An important finding of this thesis is that each component of the performance management cycle can, to various extents, be supported by game elements to drive employee engagement within the performance management process. It has also been found that this model can be adapted to different work situations on the basis of the appropriate style of management control and a means-ends analysis of the constituent game elements that underlie the model. Moreover, this thesis propose how haulage firms, through this model, can promote employee engagement and thereby an opportunity to command a source of competitive advantage.

AbuKhalifeh and Ahmad (2013) studied the antecedents that influence employee engagement in food and beverage service department. Literature reviewed indicated that there is a significant relationship between employee communication, employee development, rewards and recognition, and extended employee care. Among the antecedents, employee development forms the most significant contributor. The study concluded that employee engagement for the food and beverage department in the hotel industry is highly significant to the hotel industry. The literature shows that the antecedents of employee engagement influence employee engagement and have a significant impact on the level of engagement among employees. The findings also indicate that employee development is the highest contributing factor to employee

engagement. Hence, it is important for hotels to increase the level of engagement among their employees as an investment in employee development. Spending more on programs that develop the skills of the F&B employees by carrying out suitable workshops and training curriculum that enhances skills and improves the service performed is highly beneficial for hotels.

Miller (2008) carried out an assessment on employee engagement in XYZ Company. Data was collected from the production employees at XYZ Manufacturing Company, on employee engagement. Production employees were asked to fill out a Q-12 survey developed by the Gallup organization to measure employee engagement (Buckingham & Coffin, 1999). This data was collected and analyzed in order to show the level of employee engagement within the production employees of XYZ Manufacturing Company. XYZ Manufacturing Company is a suspension manufacture company. There are 239 production employees in assembly manufacturing. A total of 169 surveys were returned which is a 70.2% return rate. The survey sample of the production employees was chosen because these are the employees that have the greatest influence on the production, quality, and changes in the current systems. Employee engagement is a key driver for organizational success. High levels of engagement promote retention of talent, foster customer loyalty, and improve organizational performance. Engagement is influenced by many factors: workplace culture, communication, managerial styles, trust and respect (Lockwood, 2007).

Sakovska (2012) carried out a study to find out the specifics of work of administrative staff, their moral, factors that influence their engagement and to investigate the current engagement level of the administrative workers and what can be done to improve it. The aim of the study was to analyze findings in light of the existing theory on engagement. The knowledge gained from the theoretical part of this paper, together with the results of the research, can be used by a top management of an educational institution, as well as HR professionals, to address issues regarding the engagement of administrative personnel at educational organizations. The research was conducted at the VUC Aarhus, an educational institution for adults based in Aarhus. The research was based on a questionnaire distributed to 25 administrative workers, who support VUC Aarhus. All

respondents were asked to rank 12 factors that according to Gallup Q12 (Gallup, 2010) to determine the level of engagement. The administrative workers had to evaluate factors according to their own experience. Results showed that there are no deeply disengaged administrative workers in VUC Aarhus. On average employees engagement level is “non engaging” with a tendency towards engagement. Therefore, according to the result of the questionnaire, top management should address issues related to safety at work, in order to improve engagement level.

Bakar (2013) examined the factors that influence and shape employee engagement in the context of the financial sector in Malaysia. It does this by studying multilevel factors at three levels, the individual, organizational and societal levels. Specifically, the thesis focuses on three increasingly prominent concepts: empowering leaders behaviour, high performance work practices (HPWP) and the possible role of religiosity. Drawing on institutional theory, an important argument in this thesis is the limitation of the mainstream single-level conceptualizations of employee engagement, which fail to capture the relational interplay of the contextual factors and the multilevel nature of engagement. Earlier research in HRM, particularly on employee engagement, has been conducted primarily from a micro-perspective that has focused on a specific function with little acknowledgement of contextual setting. This study uses a framework that bridges the macro- and micro-institutional levels of analysis in understanding employee engagement. To achieve this objective, this study adopted a mixed-method approach. The first method, a qualitative study of 41 interviews with employees in the financial sector, was designed to explore the most salient factors in the employees levels of engagement. The second method, a quantitative survey of 278 employees, was designed to investigate the associations between the studied variables. Findings from both analyses suggest that empowering leadership behaviour has the largest effect on employee engagement. In particular, employees experience a significant level of engagement when their leader shows concern. At the organizational level, HPWP do seems to be practiced in the organizations and to have an effect on engagement. However, problems that occur within the organizations cause the ineffectiveness of HPWP implementation. Interestingly, religiosity was found to play a crucial role in engaging employees at work among the Malay Muslims.

Basbous (2011) studied the antecedents that influence employee engagement. The research was done among individuals working in Penang. The data was gathered through structured questionnaire. The result indicated that there is a significant relationship between antecedents comprising of employee communication, employee development, reward and recognition and extended employee care and employee engagement. Among the antecedents, employee development forms the most significant contributor.

This study therefore tried to follow up on previous research that has already been carried out in relation to the horticulture Sector but narrow in on the gap on the relationship between labour relations practices and organizational performance in the horticulture sector with the view of establishing how these factors affect both the employer and employee with regard to productivity, sales and employee welfare within the Horticulture sector.

#### **2.4.4 Leadership Styles**

Arham (2014) investigated the impact of leadership behaviours on the performance of services SMEs in Malaysia. 193 owners and top managers of services SMEs in Malaysia participated in the study. The results revealed that: a) there were significant relationships between different leadership behaviours and organizational performance of services SMEs; and b) transformational leadership contributed more significantly to the performance of SMEs than transactional leadership behaviour. The findings implicate that leadership behaviour of leaders of SMEs is one of the essential factors that influences SMEs performance in the services sector.

Ali, Elmi and Mohamed (2013) investigate the relationship between leadership behavior and employee performance in Mogadishu. Emphasis was put on trying to establish the relationship between leadership behaviour and employee performance in Mogadishu-Somalia. The study employed the use of both descriptive and correlation research design to establish the nature of the relationships. To analyze the data, the spearman correlation statistical tool was used with the aim of establishing the relationship between above variables. This formed the basis of the detailed analysis, conclusions and

recommendations. The findings revealed the existence statistically significant has a positive relationship between leadership behaviour and employee performance, the study also indicate that there is a statistically significant moderate positive relationship between leadership behaviour and employee performance. Thebasis of the findings, the researchers made the following conclusions.Telecommunication companies should provide good leadership behaviour to their employee that will improve performance of employee. Telecommunication companiesshould provide the performance appraisal of their employees that based on theirsystem of their promotion to better satisfactory. Telecommunication companiesshould promote their employee performance in order to satisfy it. Finally,telecommunication companies should supposed to not only think about resource or money but take into account that there are other factors that can effects their employee performance.

Zumitzavan and Udchachone (2014) examined the relationship between the demographics of respondents, leadership styles, organizational innovation, and organizational performance, and discuss which styles of leadership are supportive to business. The research sampled 419 managers by survey questionnaire; in analyzing the data, the statistical technique of hierarchical multiple regression was applied. Results show that leadership styles do have an influence on organizational performance. In addition, they indicate an association between leadership styles and organizational performance, mediated by organizational innovation.

## **2.5 Critique of existing literature relevant of the study**

Critics on organizational performance argue that there is a clear and immediate correlation between using performance management programs or software and improved business and organizational results. In the public sector, the effects of performance management systems have differed from positive to negative, suggesting that differences in the characteristics of performance management systems and the contexts into which they are implemented play an important role to the success or failure of performance management (Keeney, 2013).

Other criticisms to this theory claim that it tries to explain all differences in wages and salaries in terms of human capital. According to signaling theory, education does not lead to increased human capital, but rather acts as a mechanism by which workers with superior innate abilities can signal those abilities to prospective employers and so gain above average wages (Omwenga, 2007).

The concept of human capital can be infinitely elastic, including immeasurable variables such as personal character or connections with insiders (via family or fraternity). This theory has had a significant share of study in the field proving that wages can be higher for employees on aspects other than human capital. Some variables that have been identified in the literature of the past few decades include, gender and nativity wage differentials, discrimination in the work place, and socioeconomic status (Peter, 1997).

## **2.6 Research Gaps**

This research therefore tried to follow up on previous research that has already been carried out in relation to the horticulture sector in Kenya but narrow in on the gap on the relationship between labour relations practices and organizational performance in the horticulture sector with the view of establishing how employee communication, employee involvement and human resources procedures affect organizational performance.

Studies have been carried out on this subject and yet there still remains a gap on establishing the relationship between labour relations practices and organizational performance in the horticulture Sector. According to Dolan, et all (2004) in their research, their study focused on poor labour practices and environmentally damaging production processes without getting into the reason why employers were getting into such practices and the effect that arose to both employees and employers as a result of such actions.

Collinson (2001) conducted a research which centered around the business costs of Ethical Supply Chain Management with emphasis on the cost of compliance, suffice to say they tried to analyze how ethical trade can enhance the economic and social rights of women and men in African export horticulture and identifying best practice in

implementing gender sensitive ethical trade based on worker and stakeholder participation. This research built up on the findings from (Dolan, 2004) and mainly focused on the gains of labour productivity, management efficiency arising from implementation of Social codes in a company. Again it did not analyze the relationship between labour relations practices and organizational performance which would have gone to demonstrate the reason why companies have achieved or not achieved increased sales & productivity as a result of the relationship between labour relations practices and organizational performance which would have had a bearing on how they choose to treat their workers.

Omwega (2007) looks at the competitiveness of Kenyan flowers in the world market by testing this against the Porters diamond model. His findings showed that Kenyan Flowers were competitive in the global market and that this was attributed to investment friendly Kenyan culture, supporting local organizations and good climate amongst others. The study did not however get into the specific relation between labour relations practices and organizational performance within the sector but tried to look the success rate from a global perspective.

This research therefore tried to follow up on previous research that has already been carried out in relation to the horticulture Sector but narrow in on the gap on the relationship between labour relations practices and organizational performance in the horticulture sector with the view of establishing how these factors affect both the employer and employee with regard to productivity, sales and employee welfare within the Horticulture sector.

## **2.7 Summary of the Chapter**

This chapter presented the theories used in the study. Human capital theory, path goal theory and universal theory were used in the study. The conceptual framework, which shows the relationship between the variables of the study was also presented and the relationships explained. Empirical literature on different study variables has been presented from which different study gaps filled by the study having been highlighted.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter introduces and describes the research methodology, which was used to carry out this Research. It discusses a description of the research design, sampling techniques, population of the study, data collection methods and finally, the data analysis procedures that were used to analyze data for the study

#### **3.2 Research Design**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose (Kothari, 2004). The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The study was characterized by the testing of hypothesis developed from existing theory. The study also largely focused on the two research approaches the qualitative and quantitative research methods. The use of these two research approaches concurrently is referred to as the mixed methods research model (Bell, 2003). Both methods were combined to ensure in-depth analysis and corroboration. These designs were successfully used in the research of Collinson (2010) which mainly focused on the gains of labour productivity and management efficiency arising from implementation of social codes in a company.

This study adopted a cross sectional survey design. Kerubo (2013) used cross-sectional survey design to study how intangible assets, firm characteristics and competitive strategy affect the performance of 48 companies listed at the Nairobi Securities

Exchange. In this study, data was collected from a cross sectional sample of registered flower farms in Naivasha and Nakuru appearing in the KFC directory with a view of establishing the relationship between labour relations practices and leadership styles in the horticultural sector in Kenya.

### **3.3 Target Population**

Population refers to an entire group of individuals, events or objects having a common observable characteristic (Mugenda & Mugenda, 2003). A population can also be referred to as the total collection of elements about which the researcher wishes to make some inferences (Cooper & Schindler, 2003). The target population of this study was all flower farms in Kenya while the accessible population was the 14 flower farms that are registered in the KFC directory (2013) and based in Naivasha.

This is because KFC being the local flower regulatory authority will be keen to share with its members the findings of this study making the members more informed. It is expected that the farms that are members of KFC were to participate more in the study than non-members that largely depend on their own experiences to run their affairs.

There are currently 14 flower farms that are members of Kenya Flower Council all located in Naivasha. Targeting Naivasha ensured easy access to the respondents. The study targeted the following respondents; the human resource managers and their deputies and the general workers in those farms.

### **3.4 Sampling Frame**

Kothari (1998) defines a sampling frame as the source material or device from which a [sample](#) is drawn. It is a list of all those within a [population](#) who can be sampled, and may include individuals, households or institutions.

The sampling frame shown in Appendix 5 constitutes the total of 14 flower farms in Naivasha appearing in the KFC directory (2013). This is composed of large, medium and small flower farms that form the researchers body of interest and stratified sampling shall be used.

### 3.5 Sample and Sampling Techniques

Gay (1987) observes that sampling is the process of selecting a number of individuals for a study in such a way that the individuals represent the larger group from which they were selected. The research shall use stratified sampling technique.

Stratified sampling is where the population is divided into sub populations (strata) and random samples are taken of each stratum (Kothari, 1998). The reason for choosing this technique was because the sampling frame is divided into clusters of large, medium and small sizes and within these strata there are different numbers of workers in each farm.

According to Mugenda and Mugenda (2003) recommends a sampling size of 30% of the total population

The actual sample was made up of 14 flower farms in Naivasha which appear in the KFC business directory. The sampling frame shall be as follows;

**Table 3.1 Sampling Frame**

| <b>Strata</b> | <b>Number of farms in strata</b> | <b>total employees</b> | <b>Total sampled</b> |
|---------------|----------------------------------|------------------------|----------------------|
| Large         | 3                                | 5000                   | 1500                 |
| Medium        | 5                                | 2500                   | 750                  |
| Small         | 6                                | 700                    | 210                  |
| HR Managers   |                                  |                        | 28                   |
| <b>TOTAL</b>  | <b>14</b>                        | <b>8200</b>            | <b>2488</b>          |

### 3.6 Data Collection Instruments

Questionnaires were used as instrument for data collection. According to Babbie (2010), one of the data collection methods appropriate to collect qualitative data is a structured

questionnaire. The structured questionnaire has also been given other advantages: it gives easily analyzable findings, it is cheap and easy to administer and can be attended to in the absence of the researcher (Babbie, 2010). The researcher therefore considered questionnaires appropriate for data collection.

### **3.7 Data Collection Procedure**

According to Chandran (2004), data collection involves operationalizing the research design into instruments of data collection with a view to collecting data in order to meet the research objectives. Secondary data form was used to collect secondary data on information pertaining to strikes, union membership and grievances relating to workers and their employers to determine the effect of the relationship between labour relations and organizational performance of Kenyas horticultural sector. This data was collected from the Kenya Flower Council offices in Nairobi.

Secondary data were collected over a three year period, from 2011-2013. A questionnaire was developed to collect information for the study. The Information was collected by dropping the instruments and picking them later.

### **3.8 Pilot Test**

A pre-test according to Robson (2002) is the testing of ones instruments with participants who match the participants to be involved in the actual study. This was vital in ensuring that the respondents understand the questions and ensuring that the tools were measuring what they ought to. According to Mugenda and Mugenda (2003), researchers try to maximize the reliability and validity of data collected.

Piloting of the questionnaires was done in three farms i.e. one large, medium and small farms and the respondents did not participate in the main study. The respondents comprised of three human resources managers and 1% sample size from the workers in these farms. According to Mugenda and Mugenda (2003), a successful pilot study will use between 1% -10% of the actual sample size. According to Bog and Gall (2003), piloting of research instruments is important to validity and reliability tests of the instrument.

### **3.8.1 Validity of Data**

A research instrument is said to be valid if it measures what it is supposed to measure (Borg & Gall, 2003). The draft questionnaires were given to selected persons in research to ascertain the items suitability in obtaining information according to research objectives of the study. The human resource manager was selected for purposes of content validation. These processes assisted in eliminating any potential problems of the research instrument and provided a basis for design or structural changes. This was done to test the validity and workability of the instrument.

### **3.8.2 Reliability of instrument**

Reliability of instrument concerns the degree to which a particular instrument gives similar results over a number of repeated trials (Mugenda & Mugenda). The researcher pre-tested each of the questionnaires to pilot the sample. These respondents were not used in the main study, Pre-testing was conducted to check the questionnaires structure and sequence, meaning and ambiguity of questions. Pre-testing was done in order to refine and ascertain the reliability of the research instruments before that are applied in the actual research (Cooper & Schindler, 2003). As a result of piloting, discovered errors were corrected, ambiguous questions made clearer and relevant contents revised. To compute the coefficient the researcher used the formulae

$$Re = \frac{2}{r+1}$$

Where

Re= reliability of the original test

r= reliability of the coefficient resulting from correlating the scores of the odd items with scores of the even items.

A correlation 0.78 was got from the piloting. According to Mugenda and Mugenda (2003), research instrument was deemed reliable if the reliability is about 0.7 and above. The researcher therefore considered the instruments reliable.

The procedures that were used in pre-testing the questionnaire was similar to those used in the actual study. These three farms did not form part of the sample size but helped in clarifying questions and in refining the data analysis methods (Mugenda & Mugenda, 1999).

The researcher made the questions short and direct so as to ensure that as much relevant information as possible is collected. The questionnaires contained both open and closed ended questions. The questions also provided choices to ensure that content validity was enhanced.

### **3.9 Data Management**

Data from the field were first cleaned. The quantitative data were entered into SPSS for analysis. Factor analysis was then used to reduce the data which was finally used for analysis. The study adopted factor analysis in order to reduce the number of indicators or factors under each research variable and retain the indicators capable of investigating the relationship between labour relations practices and organizational performance in the horticultural sector in Kenya. The retained factors had loading values of above 0.4 and were used for further analysis.

### **3.10 Data Processing and Analysis**

Data analysis is defined as the process which starts immediately after data collection and ends at the point of interpretation and the processing of results (Leedy, 1993). The raw data collected from this study were both qualitative and quantitative.

Multiple regression analysis was used to establish the relationship between the various independent, dependent and moderating variables. Hypotheses were tested using t test. According to Mugenda and Mugenda (2003) a significant level of 0.05 is recommended as it demonstrates that results are at 95% confidence level. The moderating variable which is leadership styles will also be analyzed using the multiple regression analysis (stepwise method).

The following is the regression model that was used in this study:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3+ \beta_1X_1Z+ \varepsilon$$

Where

$Y$  = is the dependent variable (Organizational performance)

$Z$  = Leadership styles

$X_i$  = is the three independent variables i.e. employee communication, employee involvement and human resources procedures where;

(  $i=1,2,\dots,n$ )

$X_1$  = Employee communication

$X_2$  = Employee engagement

$X_3$  = Human resource procedures

$z$  = product term between moderating variables and each independent term (Leadership styles).

$\beta_i$  ( $i=1,2,3,4$ ) are the parameters associated with the corresponding independent variable that are to form part of the partial regression coefficients

$\beta_0$  is the intercept

$\epsilon$  is the error term

Processing entailed analysis of data using statistical packages in order to output results.

Descriptive data was analyzed using descriptive statistics and presented in form of frequency tables, bar graphs and pie charts.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.0 Introduction

In the previous chapter, the researcher described the methodology used in the study. This chapter therefore presents the findings of the study. The objective of this study will be to investigate the relationship between labour relations practices and organizational performance in the horticultural sector in Kenya.

#### 4.1 Response rate

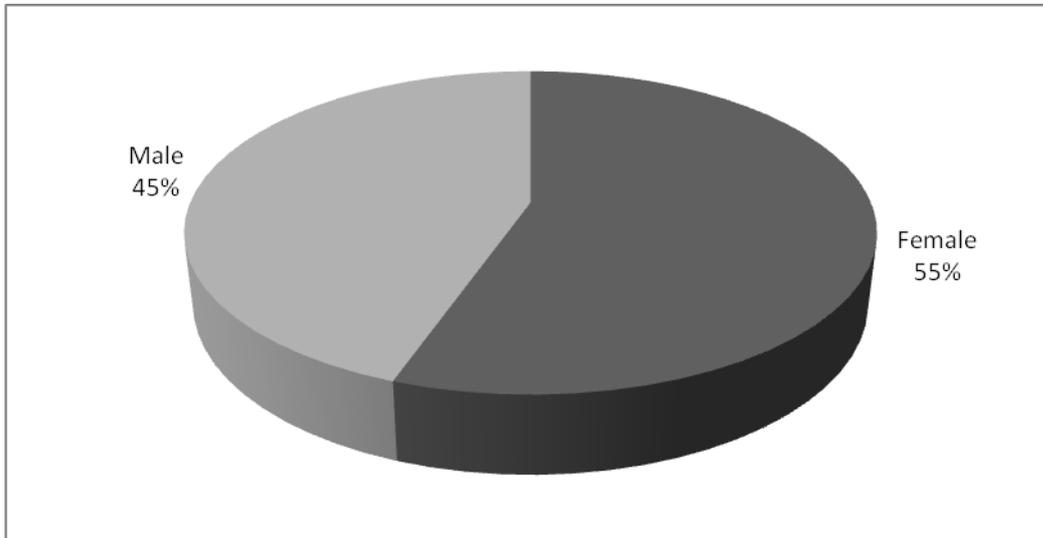
A total of 2488 respondents were targeted by the stud (constituting 2460 employees and 28 human resource managers and their deputies) out of which 1912 responded (constituting 1888 employees and 24 human resource managers and their deputies) giving a response rate of 76.8%. Table 4.1 presents the distribution of the respondents by farms.

**Table 4.1: Distribution of the respondents by farms studied**

| Name of the Farm             | Frequency   | Percent      |
|------------------------------|-------------|--------------|
| Tulaga Flowers Ltd           | 202         | 10.7         |
| Nini Farm                    | 122         | 6.5          |
| Harvest Flowers              | 68          | 3.6          |
| Oserian Development Co. Ltd  | 200         | 10.6         |
| Finlays Horticulture         | 114         | 6.0          |
| Bilashaka                    | 160         | 8.5          |
| Kentalya Cuttings            | 124         | 6.6          |
| Bigot Flowers Ltd            | 140         | 7.8          |
| Wildfire Flowers             | 176         | 9.3          |
| Kongoni River Farm           | 302         | 16.0         |
| Rainforest Highlands Flowers | 24          | 1.3          |
| Liki River Farm              | 36          | 1.9          |
| Shalimar Flowers Ltd         | 48          | 2.5          |
| Panda Flowers Ltd            | 164         | 8.7          |
| <b>Total</b>                 | <b>1888</b> | <b>100.0</b> |

#### **4.1.1 Distribution of the respondents by gender**

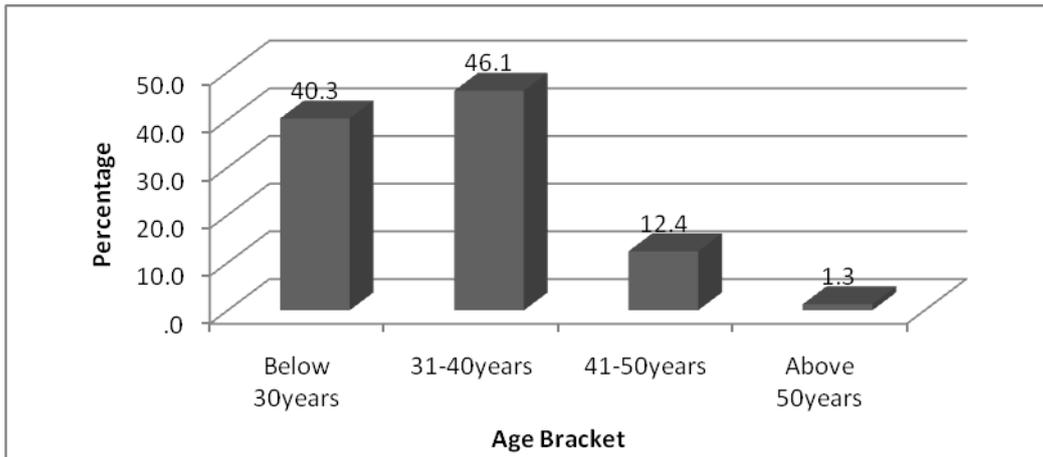
Data was collected to demonstrate whether there was a gender balance in the industry. The results showed that this was the case and this can be attributed to fair recruitment procedures. On gender distribution of the respondents, the study found that 55% were female while 45% were male. The findings were as presented in Figure 4.1.



**Figure 4.1: Distribution of the respondents by gender**

#### **4.1.2 Distribution of the respondents by age bracket**

The purpose of this data was to ascertain the variance in age of respondents working in the company with a view to establishing whether the age variance had any effect in organizational performance and also to confirm whether the responses that would be received based on the questionnaires would vary based on the age difference. This is because it was anticipated that the expectations of the respondents would vary depending on their ages. On the distribution of the respondents by age bracket, the study found that 46.1% of the respondents interviewed were between 31-40 years. The study also found that 40.3% were below 30 years, 12.4% were between 41-50 years and 1.3% were above 50 years. The findings were as presented in Figure 4.2.

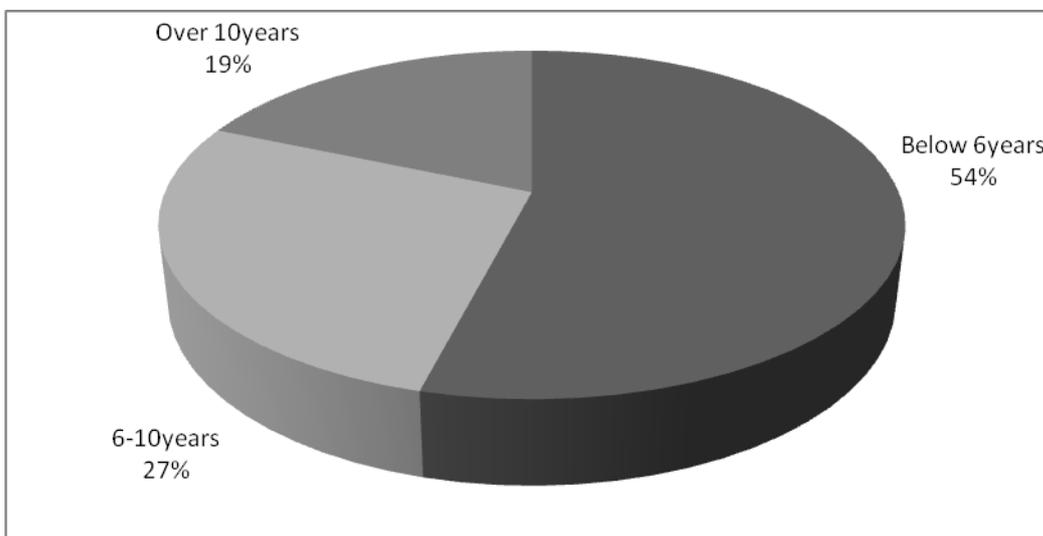


**Figure 4.2 Distribution of the respondents by age bracket**

#### **4.1.3 Distribution of the respondents by duration of service in the organization**

This information was useful to assess the length of service that respondents stayed in an organization with a view to ascertaining whether this was attributed to robust human resource policies which in turn impacted on organizational performance.

The study found that 54% had served in the organization for duration of 3 years and below. The study also found that 27% had served in the organization for duration between 6-10 years and 19 % had served for duration of over 10 years. The findings were as presented in Figure 4.3.



**Figure 4.3: Distribution of the respondents by duration of service in the organization**

**4.2 Factor analysis and results**

The study adopted factor analysis in order to reduce the number of indicators or factors under each research variable and retain the indicators capable of investigating the relationship between labour relations practices and organizational performance in the horticultural sector in Kenya. The retained factors had loading values of above 0.4 and were used for further analysis. This limit is supported by Hair et al. (1998) who recommended the use of factors with factor loading above 0.4.

To measure the reliability of the gathered data, Cronbachs alpha was used. The following sub-sections presents factor analysis for each of the study indicators as per the study variables.

**4.2.1 Employee Communication**

Table 4.2 shows Cronbachs alpha of all indicators. Cronbachs alpha results in the component column were computed using the results of all indicators. The results revealed that one of the indicators had a loading less than 0.4.

**Table 4.2 Factor analysis for employee communication indicators**

| <b>Cronbachs Alpha before</b> |  | <b>Component</b> | <b>Cronbachs Alpha after</b> |
|-------------------------------|--|------------------|------------------------------|
| .807                          | Communication helps in improving teamwork thus decreasing grievances                           | .807             | .816                         |
|                               | Communication boosts employee morale thus improving their job performance                      | .795             |                              |
|                               | Communication improves job satisfaction among employee thus improving organization performance | .765             |                              |

|   |      |
|---|------|
| Communication helps in improving operational efficiency thus improving organization performance | .760 |
| Communication helps in execution of decisions and accomplishing tasks                           | .651 |
| Communication in improving public credibility and corporate image                               | .567 |
| Communication facilitates exchange of information and opinion within the organization           | .399 |

---

Table 4.2 shows that Cronbachs alpha result of all employee communication indicators was 0.807 and the factor loading results were between 0.399 and 0.807. This implies that six of the seven indicators were retained for further analysis. Using the retained employee communication indicators, the value of Cronbachs alpha was computed again and generated a value of 0.816. This indicated that data collected using all the employee communication indicator values were reliable since the Cronbachs alpha value was above 0.70. These indicators were later used for further analysis.

#### **4.2.2 Employee engagement**

Table 4.3 shows Cronbachs alpha of all indicators. Cronbachs alpha results in the component column were computed using the results of all indicators. The results revealed that one of the indicators had a loading less than 0.4.

**Table 4.3**Factor analysis for employee engagement indicators

| <b>Cronbachs<br/>Alpha before</b> |   | <b>Component</b> | <b>Cronbachs<br/>Alpha after</b> |
|-----------------------------------|---|------------------|----------------------------------|
| .881                              | I have the materials and equipment I need to do my job right.               | .826             | .887                             |
|                                   | I received recognition or praise for doing good work                        | .801             |                                  |
|                                   | I have a best friend at work.   | .801             |                                  |
|                                   | My supervisor, or someone at work, seems to care about me as a person       | .769             |                                  |
|                                   | In the last six months, someone at work has talked to me about my progress. | .769             |                                  |
|                                   | At work, my opinions seem to count  | .723             |                                  |
|                                   | I know what is expected of me at work.                                      | .644             |                                  |
|                                   | There is someone at work who encourages my development.                     | .593             |                                  |
|                                   | This last year, I have had opportunities at work to learn and grow.         | .593             |                                  |
|                                   | My associates or fellow employees are committed to doing quality work       | .450             |                                  |
|                                   | The mission or purpose of my company makes me feel my job is important      | .336             |                                  |

Table 4.3 shows that Cronbachs alpha result of all employee engagement indicators was 0.881 and the factor loading results were between 0.336 and 0.826. This implies that ten of the eleven indicators were retained for further analysis. Using the retained employee engagement indicators, the value of Cronbachs alpha was computed again and generated a value of 0.887. This indicated that data collected using all the employee engagement indicator values were reliable since the Cronbachs alpha value was above 0.70. These indicators were later used for further analysis.

#### **4.2.3 Human Resource Procedures**

Table 4.4 shows Cronbachs alpha of all indicators. Cronbachs alpha results in the component column were computed using the results of all indicators. The results revealed that two of the indicators had a loading less than 0.

**Table 4.4 Factor analysis for Human Resource Procedures indicators**

| <b>Cronbachs Alpha before</b> |  | <b>Component</b> | <b>Cronbachs Alpha after</b> |
|-------------------------------|--|------------------|------------------------------|
| .782                          | There is a clear policy on health and safety procedures in the organization          | .800             | .822                         |
|                               | There are clear guidelines on time for reporting to work and leaving                 | .777             |                              |
|                               | There is clear staff exit procedures   | .762             |                              |
|                               | There are clear codes of conduct in the organization                                 | .723             |                              |
|                               | Employees are well aware of their roles and responsibilities in the organization     | .714             |                              |
|                               | There is clear policies and processes for recruitment of staff in the organization   | .567             |                              |
|                               | Security is provided within the work environment in the organization.                | .391             |                              |
|                               | There is a clear policy on staff supervision and performance development             | .444             |                              |
|                               | There is a policy on staff training and development                                  | .495             |                              |
|                               | There are clear procedures for carrying out staff appraisals within the organization | .201             |                              |

Table 4.4 shows that Cronbachs alpha result of all human resource procedures indicators was 0.782 and the factor loading results were between 0.201 and 0.800. This implies that eight of the ten indicators were retained for further analysis. Using the retained human resource procedures indicators, the value of Cronbachs alpha was computed again and generated a value of 0.822. This indicated that data collected using all the human resource procedure indicator values were reliable since the Cronbachs alpha value was above 0.70. These indicators were later used for further analysis.

#### 4.2.4 Leadership Styles

Table 4.5 shows Cronbachs alpha of all indicators. Cronbachs alpha results in the component column were computed using the results of all indicators. The results revealed that all the indicators had a loading more than 0.4.

**Table 4.5 Factor analysis for leadership style indicators**

| <b>Cronbachs Alpha before</b> |   | <b>Component</b> | <b>Cronbach Alpha after</b> |
|-------------------------------|---|------------------|-----------------------------|
| .803                          | Leaders consult the subordinates before taking action | .893             | .803                        |
|                               | Leaders ask their subordinates for suggestions        | .662             |                             |
|                               | Leaders look for personal welfare of employees        | .497             |                             |
|                               | Leaders schedule work to be done                      | .728             |                             |
|                               | Leaders treat all employees equally                   | .437             |                             |
|                               | Leaders explains the way tasks should be done         | .495             |                             |
|                               | Leaders define standards for performance              | .893             |                             |

Table 4.5 shows that Cronbachs alpha result of all leadership styles indicators was 0.803 and the factor loading results were between 0.437 and 0.893. This implies that all the seven indicators were retained for further analysis. This indicated that data collected using all the leadership styles indicator values were reliable since the Cronbachs alpha value was above 0.70. These indicators were later used for further analysis

#### 4.2.5 Organization Performance

Table 4.6 shows Cronbachs alpha of all indicators. Cronbachs alpha results in the component column were computed using the results of all indicators. The results revealed that all the indicators had a loading less more than 0.4.

**Table 4.6 Factor analysis for organization performance indicators**

| <b>Cronbachs<br/>Alpha before</b> | <b>Component</b>   | <b>Cronbach<br/>Alpha after</b> |
|-----------------------------------|--|---------------------------------|
| .803                              | There is high level of employee retention<br>in the organization       | .894                            |
|                                   | Employees are satisfied with their<br>remuneration                     | .739                            |
|                                   | The overall production of our<br>organization has increased over time  | .737                            |
|                                   | Employees are motivated to work in the<br>organization                 | .547                            |
|                                   | The number of employees in the<br>organization has increased over time | .725                            |

Table 4.6 shows that Cronbachs alpha result of all organization performance indicators was 0.803 and the factor loading results were between 0.547 and 0.894. This implies that all the five indicators were retained for further analysis. This indicated that data collected using all the organization performance indicator values were reliable since the Cronbachs alpha value was above 0.70. These indicators were later used for further analysis.

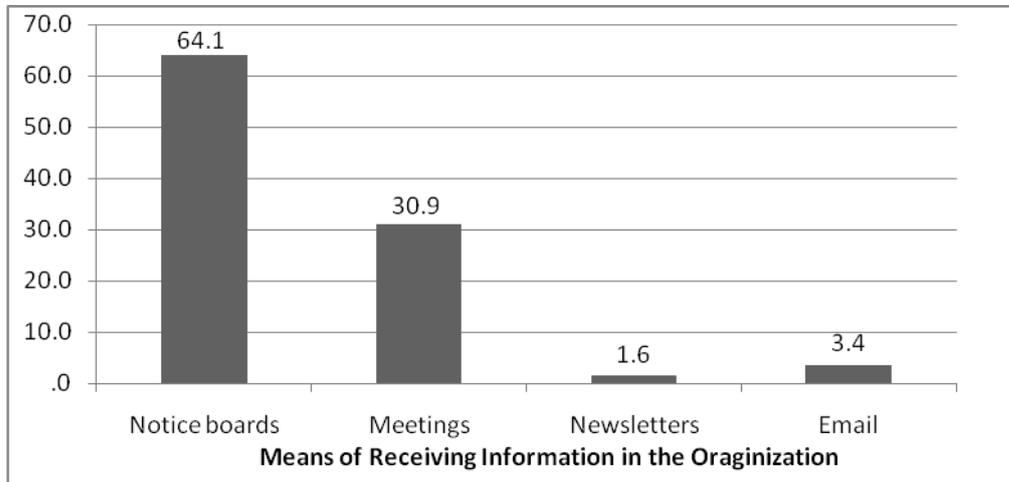
### **4.3 Descriptive statistics**

Descriptive statistics were used to describe the basic features of the data in the study. They provide simple summaries of the sample and measures. Descriptive statistics such as frequencies and percentages were used to analyze the data.

#### **4.3.1 Means of receiving information within the organization**

This information was useful to assess whether the mode of communication had an effect on employee engagement i.e. how management and the general management interacted and which would in turn impact on organizational performance. The study found that 64.1% of the respondents indicated that they receive information through notice boards. The study also found that 30.9% of the respondents indicated that they receive

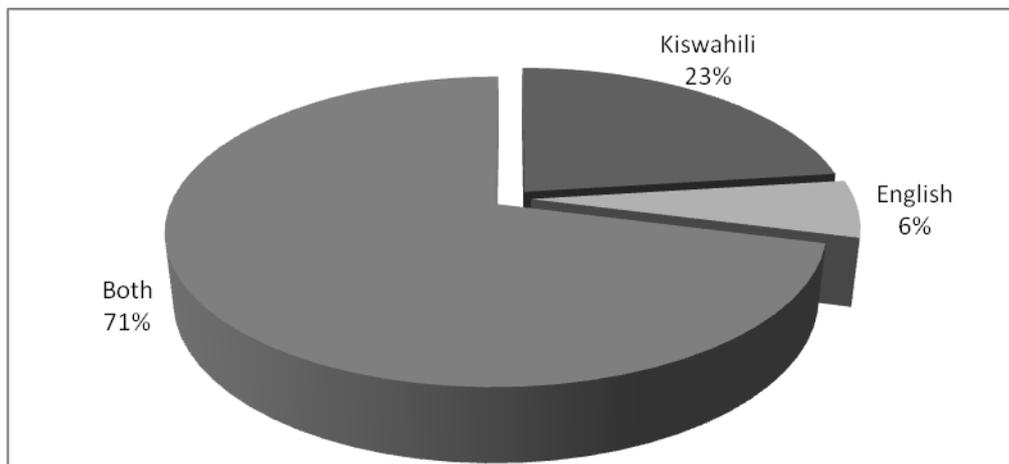
information through meeting, 3.4% indicated email and 1.6 indicated newsletters. The findings were as presented in Figure 4.4.



**Figure 4.4: Means of receiving information within the organization**

#### **4.3.2 Language of communication within the organization**

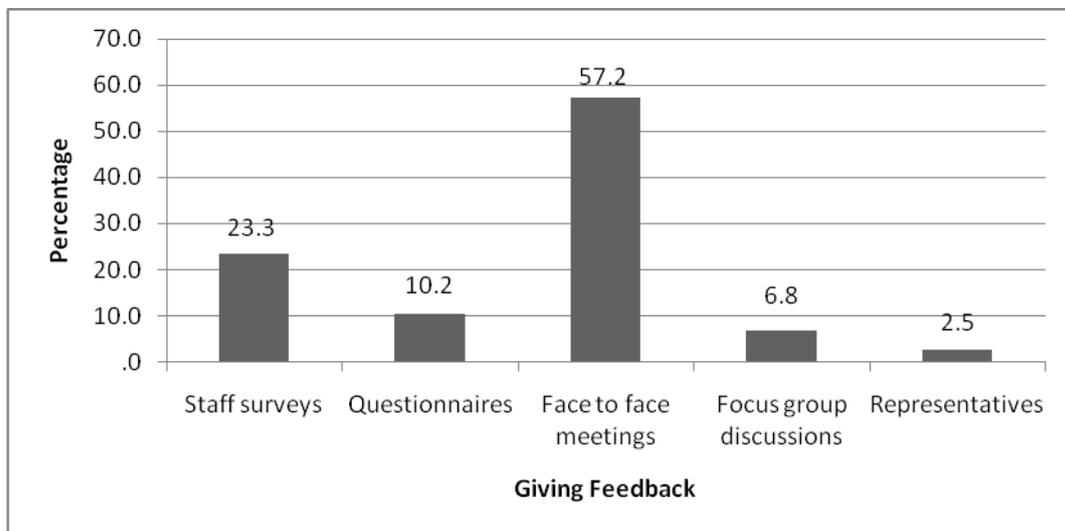
The purpose of this data was to determine the effect on the type of language used to communicate to respondents in fostering employee engagement in their organization. The study found that 71% of the respondents indicated that they use both English and Kiswahili. The study also found that 23% of the respondents indicated that they use Kiswahili while 6% indicated that they use English. The findings were as presented in Figure 4.5.



**Figure 4.5: Language of communication within the organization**

### 4.3.3 Communication of Feedback

This information was useful to assess the mode of communication that was used to communicate to the respondents and the impact that this had on staff engagement. The study found that 57.2% of the respondents indicated that they are given feedback during face to face meetings. The study also found that feedback is given in terms of staff surveys as indicated by 23.3%, questionnaires as indicated by 10.2%, focus group discussions as indicated by 6.8% and representatives as indicated by 2.5%. The findings were as presented in Figure 4.6.



**Figure 4.6 Communication of Feedback**

### 4.3.4 Effect of employee communication on organization performance

To test on the effect of employee communication on organizational performance, the respondents were asked to indicate their level of agreement with different statements on the employee communication. The purpose of this data was to determine whether the respondents felt that the mode of communication in place was sufficient to sustain employee engagement. The findings of the study were as presented in Table 4.7.

**Table 4.7 Effect of employee communication on organization performance**

| <b>Statement</b>  | <b>Strongly disagree</b> | <b>Disagree</b> | <b>Neither agree nor disagree</b> | <b>Agree</b> | <b>Strongly agree</b> |
|---|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| Communication facilitates exchange of information and opinion within the organization           | 0%                       | 0%              | 0%                                | 35%          | 65%                   |
| Communication helps in execution of decisions and accomplishing tasks                           | 0%                       | 0%              | 5%                                | 55%          | 40%                   |
| Communication boosts employee morale thus improving their job performance                       | 0%                       | 0%              | 5%                                | 45%          | 50%                   |
| Communication in improving public credibility and corporate image                               | 1%                       | 1%              | 3%                                | 54%          | 41%                   |
| Communication helps in improving operational efficiency thus improving organization performance | 0%                       | 1%              | 5%                                | 63%          | 31%                   |
| Communication improves job satisfaction among employee thus improving organization performance  | 0%                       | 11%             | 8%                                | 47%          | 34%                   |
| Communication helps in improving teamwork thus decreasing grievances                            | 0%                       | 1%              | 29%                               | 44%          | 26%                   |

The findings on Table 4.7 show that 65% of the respondents strongly agreed that communication facilitates exchange of information and opinion with the organization. It was also found that that 63% of the respondents were found by the study to agree that communication helps in improving operational efficiency thus improving organization performance, 55% of the respondents agreed that communication helps in execution of decisions and accomplishing of work and that 44% of the respondents also agreed that communication help in improving teamwork thus decreasing grievances.

#### 4.3.5 Effect of leadership style on organization performance

To test on the effect of leadership style on organization performance, the respondents were asked to indicate their level of agreement with different statements on the leadership styles. The purpose of this data was to determine whether the leadership styles in the organizations had made provisions for this variable. The findings of the study were as presented in Table 4.8.

**Table 4.8 Effect of leadership styles on organization performance**

| Statement   | Strongly disagree | Disagree | Neither agree nor disagree | Agree | Strongly agree |
|---|-------------------|----------|----------------------------|-------|----------------|
| Leaders consult the subordinates before taking action | 0%                | 11.1%    | 12.5%                      | 56.3% | 20.1%          |
| Leaders ask their subordinates for suggestions        | 0%                | 11.1%    | 5%                         | 52.5% | 31.4%          |
| Leaders look for personal welfare of employees        | 0%                | 5%       | 7.5%                       | 67%   | 20%            |
| Leaders schedule work to be done                      | 0%                | 10%      | 11.1%                      | 47.7% | 31.3%          |
| Leaders treat all employees equally                   | 0%                | 0%       | 0%                         | 48.6% | 46.4%          |
| Leaders explain the way tasks should be done          | 0%                | 1.3%     | 3.7%                       | 33.7% | 61.3%          |
| Leaders define standards for performance              | 0%                | 11.1%    | 12.5%                      | 56.3% | 20.1%          |

The findings on Table 4.8 show that 67% of the respondents agreed that leaders look for personal welfare of employees. The study also found that 61.3% strongly agreed that leaders explain the way tasks should be done. The findings further revealed 56.3% agreed that leaders consult the subordinates before taking action and that 52.5% of the respondents agreed that leaders ask their subordinates for suggestions.

#### 4.3.6 Effect of employee engagement on organization performance

To test on the effect of employee engagement on organization performance, the respondents were asked to indicate their level of agreement with different statements on the employee engagement. The purpose of this data was to determine whether the Human Resource Procedures in the organizations had made provisions for this variable. The findings of the study were as presented in Table 4.9.

**Table 4.9 Effect of employee engagement on organization performance**

| <b>Statement</b>  | <b>Strongly disagree</b> | <b>Disagree</b> | <b>Neither agree nor disagree</b> | <b>Agree</b> | <b>Strongly agree</b> |
|---|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| I know what is expected of me at work.                                      | 0%                       | 1%              | 1%                                | 68%          | 30%                   |
| I have the materials and equipment I need to do my job right.               | 0%                       | 6%              | 8%                                | 41%          | 45%                   |
| I received recognition or praise for doing good work                        | 0%                       | 11%             | 13%                               | 57%          | 20%                   |
| My supervisor, or someone at work, seems to care about me as a person.      | 0%                       | 11%             | 5%                                | 53%          | 31%                   |
| There is someone at work who encourages my development.                     | 0%                       | 5%              | 8%                                | 67%          | 20%                   |
| At work, my opinions seem to count.   | 0%                       | 10%             | 11%                               | 48%          | 31%                   |
| The mission or purpose of my company makes me feel my job is important      | 0%                       | 0%              | 5%                                | 49%          | 46%                   |
| My associates or fellow employees are committed to doing quality work       | 0%                       | 1%              | 4%                                | 34%          | 61%                   |
| I have a best friend at work.   | 0%                       | 11%             | 13%                               | 56%          | 20%                   |
| In the last six months, someone at work has talked to me about my progress. | 0%                       | 11%             | 5%                                | 53%          | 31%                   |
| This last year, I have had opportunities at work to learn and grow.         | 0%                       | 5%              | 8%                                | 67%          | 20%                   |

The findings on Table 4.9 show that 68% of the respondents indicated that they knew what is expected of them at work. The study also found that 67% indicated that someone at work who encourages their development. The findings further revealed that 67% of the respondents agreed that they had an opportunity to learn and grow in the organization over the past one year, 61% of the respondents strongly agreed that their associates or fellow employees are committed to doing quality work and 57% agreed that they are recognized or praise for doing good work.

#### 4.3.7 Effect of Human resource procedures on organization performance

To test on the effect of human resource procedure on organization performance, the respondents were asked to indicate their level of agreement with different statements on human resource procedures in their organizations. The purpose of this data was to determine whether the respondents had been trained on and understood the contents contained in their organizations human resource procedures. The findings of the study were as presented in Table 4.10.

**Table 4.10 Effect of Human Resource Procedures Organization Performance**

| <b>Statement</b>   | <b>Strongly disagree</b> | <b>Disagree</b> | <b>Neither agree nor disagree</b> | <b>Agree</b> | <b>Strongly agree</b> |
|--|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| Employees are well aware of their roles and responsibilities in the organization     | 0%                       | 10%             | 20%                               | 30%          | 40%                   |
| There is a clear policy on health and safety procedures in the organization          | 0%                       | 0%              | 25%                               | 45%          | 30%                   |
| There is clear policies and processes for recruitment of staff in the organization   | 0%                       | 5%              | 20%                               | 40%          | 35%                   |
| There is clear staff exit procedures   | 0%                       | 15%             | 25%                               | 25%          | 35%                   |
| There is a clear policy on staff supervision and performance development             | 0%                       | 5%              | 15%                               | 55%          | 25%                   |
| There are clear procedures for carrying out staff appraisals within the organization | 10%                      | 10%             | 15%                               | 34%          | 31%                   |
| There is a policy on staff training and development                                  | 0%                       | 0%              | 20%                               | 30%          | 50%                   |
| There are clear guidelines on time for reporting to work and leaving                 | 5%                       | 5%              | 15%                               | 55%          | 20%                   |
| There are clear codes of conduct in the organization                                 | 5%                       | 0%              | 41%                               | 31%          | 23%                   |
| Security is provided within the work environment in the organization.                | 0%                       | 10%             | 25%                               | 32%          | 33%                   |

Table 4.10 shows that 55% of the respondents agreed that there were clear policy on staff supervision and performance development. It was also found that 55% of the respondents agreed that there are clear guidelines on time for reporting to work and

leaving. The findings further revealed that 50% of the respondents strongly agreed that there was a clear policy on staff training and development, 45% agreed that there was clear policy on health and safety procedures in the organization and that 40% agreed that there is clear policies and processes for recruitment of staff in the organization.

#### **4.3.8 Organization Performance**

To test the indicators for organization performance, the respondents were asked to indicate their level of agreement with different statements on the organization performance. The purpose of this data was to determine whether the respondents understood the procedures and processes that impacted on organization performance. The findings of the study were as presented in Table 4.11.

**Table 4.11 Organization Performance**

| <b>Statement</b>  | <b>Strongly disagree</b> | <b>Disagree</b> | <b>Neither agree nor disagree</b> | <b>Agree</b> | <b>Strongly agree</b> |
|---|--------------------------|-----------------|-----------------------------------|--------------|-----------------------|
| There is high level of employee retention in the organization       | 0%                       | 0%              | 0%                                | 36%          | 64%                   |
| The overall production of our organization has increased over time  | 5%                       | 0%              | 10%                               | 39%          | 46%                   |
| The number of employees in the organization has increased over time | 0%                       | 26%             | 12%                               | 41%          | 21%                   |
| Employees are motivated to work in the organization                 | 0%                       | 2%              | 0%                                | 53%          | 45%                   |
| Employees are satisfied with their remuneration                     | 5%                       | 30%             | 12%                               | 25%          | 28%                   |

Table 4.11 shows that 64% of the respondents strongly agreed that there is high level of employee retention in their organization. The study also found that 53% of the respondents agreed that employees are motivated to work in the organization. The findings further revealed that 46% of the respondents agreed that the overall production of our organization has increased over time, 41% agreed that the number of employees in the organization has increased over time and 30% disagreed that employees were satisfied with their remuneration

#### **4.4 Regression Analysis**

##### **4.4.1 Regression analysis on employee communication and organization performance**

Regression analysis was done to determine the relationship between employee communication and organization performance

Table 4.12 shows that the coefficient of determination R square is 0.217 and R is 0.466 at 0.05 significant level. The coefficient of determination indicates that 21.7% of the variation in the response to organization performance is explained by employee communication.



**Table 4.12 Model Summary**

| <b>Model Summary</b> |                   |          |                   |                            |
|----------------------|-------------------|----------|-------------------|----------------------------|
| Model                | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                    | .466 <sup>a</sup> | .217     | .216              | .861                       |

a. Predictors: (Constant), Employee Communication

Table 4.12 presents the results of Analysis of Variance (ANOVA) employee communication versus organization performance. The ANOVA results for regression coefficient indicates that the significance of the F is 0.00 which is less than 0.05 hence implying that there is a positive significant relationship between employee communication and organization performance.

Analysis was done to determined beta coefficients of employee communication versus organization performance. Table 4.13 shows that there is significant relationship between employee communication and organization performance. Since the coefficient of employee communication is 0.793 which is statistically greater than zero. The t statistic is 16.172 which is greater than zero. This demonstrates that employee communication have a positive influence on organization performance.

**Table 4.13 Anova**

| ANOVA <sup>a</sup> |            |                |      |             |         |                   |
|--------------------|------------|----------------|------|-------------|---------|-------------------|
| Model              |            | Sum of Squares | df   | Mean Square | F       | Sig.              |
| 1                  | Regression | 193.921        | 1    | 193.921     | 261.525 | .000 <sup>b</sup> |
|                    | Residual   | 1396.986       | 1886 | .742        |         |                   |
|                    | Total      | 1784.828       | 1887 |             |         |                   |

a. Dependent Variable: Organization Performance  
b. Predictors: (Constant), Employee Communication

Analysis was done to determine beta coefficients of employee communication versus organization performance. Table 4.14 shows that there is a significant relationship between employee communication and organization performance. Since the coefficient of employee communication is 0.793 which is statistically greater than zero. The t statistic is 16.172 which is greater than zero. This demonstrates that employee communication has a positive influence on organization performance.

**Table 4.14 Coefficients**

| Coefficients <sup>a</sup> |                        |                             |            |                           |        |      |
|---------------------------|------------------------|-----------------------------|------------|---------------------------|--------|------|
| Model                     |                        | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|                           |                        | B                           | Std. Error | Beta                      |        |      |
| 1                         | (Constant)             | .793                        | .215       |                           | 3.687  | .000 |
|                           | Employee Communication | .793                        | .049       | .466                      | 16.172 | .000 |

a. Dependent Variable: Organization Performance

The null hypothesis that there is no significant relationship between employee communication and organization performance is therefore rejected (P. value is 0.000). Thus, employee communication is a major determinant of performance of organizations in the horticultural sector.

#### 4.4.2 Regression analysis on employee engagement and organization performance

Regression analysis was done to determine the relationship between employee engagement and organization performance

Table 4.15 shows that the coefficient of determination R square is 0.284 and R is 0.533 at 0.05 significant level. The coefficient of determination indicates that 28.4% of the variation in the response to organization performance is explained by employee engagement.

**Table 4.15 Model summary**

| <b>Model Summary</b> |                   |          |                   |                            |
|----------------------|-------------------|----------|-------------------|----------------------------|
| Model                | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                    | .533 <sup>a</sup> | .284     | .284              | .823                       |

a. Predictors: (Constant), Employee engagement

Table 4.16 presents the results of Analysis of Variance (ANOVA) on employee engagement versus organization performance. The ANOVA results for regression coefficient indicates that the significance of the F is 0.00 which is less than 0.05 hence implying that there is a positive significant relationship between employee engagement and organization performance.

**Table 4.16 Anova**

| <b>ANOVA<sup>a</sup></b> |            |                |      |             |         |                   |
|--------------------------|------------|----------------|------|-------------|---------|-------------------|
| Model                    |            | Sum of Squares | df   | Mean Square | F       | Sig.              |
|                          | Regression | 253.753        | 1    | 253.753     | 374.275 | .000 <sup>b</sup> |
| 1                        | Residual   | 1784.538       | 1886 | .678        |         |                   |
|                          | Total      | 1784.828       | 1887 |             |         |                   |

a. Dependent Variable: Organization Performance  
b. Predictors: (Constant), Employee engagement

Further analysis was done to determined beta coefficients of employee communication versus organization performance. Table 4.17 shows that there is significant relationship between employee communication and organization performance. Since the coefficient

of employee communication is 0.614 which is statistically greater than zero. The t statistic is 19.346 which is greater than zero. This demonstrates that employee engagement have a positive influence on organization performance.

**Table 4.17 Coefficients**

|       |                     | Coefficients <sup>a</sup>   |            |                           | t      | Sig. |
|-------|---------------------|-----------------------------|------------|---------------------------|--------|------|
| Model |                     | Unstandardized Coefficients |            | Standardized Coefficients |        |      |
|       |                     | B                           | Std. Error | Beta                      |        |      |
|       | (Constant)          | 1.631                       | .138       |                           | 11.858 | .000 |
| 1     | Employee engagement | .614                        | .032       | .533                      | 19.346 | .000 |

a. Dependent Variable: Organization Performance

The null hypothesis that there is no significant relationship between employee engagement and organization performance is therefore rejected (P. value is 0.000). Thus, employee engagement is a major determinant of performance of organizations in the horticultural sector.

#### 4.4.3 Regression Analysis on Human Resource Practices and Organization Performance

Regression analysis was done to determine the relationship between human resource practices and organization performance

Table 4.18 shows that the coefficient of determination R square is 0.103 and R is 0.321 at 0.05 significant level. The coefficient of determination indicates that 10.3% of the variation in the response to organization performance is explained by human resource practices.

**Table 4.18 Model Summary**

| Model Summary |                   |          |                   |                            |
|---------------|-------------------|----------|-------------------|----------------------------|
| Model         | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | .321 <sup>a</sup> | .103     | .102              | .922                       |

a. Predictors: (Constant), Human resource procedure

Table 4.19 presents the results of Analysis of Variance (ANOVA) on human resource practices versus organization performance. The ANOVA results for regression coefficient indicates that the significance of the F is 0.00 which is less than 0.05 hence implying that there is a positive significant relationship between human resources practices and organization performance.

**Table 4.19 Anova**

| ANOVA <sup>a</sup> |            |                |      |             |         |                   |
|--------------------|------------|----------------|------|-------------|---------|-------------------|
| Model              |            | Sum of Squares | df   | Mean Square | F       | Sig.              |
|                    | Regression | 92.106         | 1    | 92.106      | 108.413 | .000 <sup>b</sup> |
| 1                  | Residual   | 1660.867       | 1886 | .850        |         |                   |
|                    | Total      | 1784.828       | 1887 |             |         |                   |

a. Dependent Variable: Organization Performance  
b. Predictors: (Constant), Human resource procedure

Analysis was further done to determined beta coefficients of human resource procedure versus organization performance. Table 4.20 shows that there is significant relationship between human resource procedure and organization performance. Since the coefficient of human resource procedure is 0.290 which is statistically greater than zero. The t statistic is 10.412 which is greater than zero. This demonstrates that human resource procedures have a positive influence on organization performance.

**Table 4.20 Coefficients**

| Coefficients <sup>a</sup> |                          |                             |            |                           |        |      |
|---------------------------|--------------------------|-----------------------------|------------|---------------------------|--------|------|
| Model                     |                          | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|                           |                          | B                           | Std. Error | Beta                      |        |      |
|                           | (Constant)               | 3.139                       | .110       |                           | 28.551 | .000 |
| 1                         | Human resource procedure | .290                        | .028       | .321                      | 10.412 | .000 |

a. Dependent Variable: Organization Performance

The null hypothesis that there is no significant relationship between human resource procedures and organization performance is therefore rejected (P. value is 0.000). Thus,

human resource procedure is a major determinant of performance of organizations in the horticultural sector.

#### 4.4.4 Regression analysis on leadership styles and organization performance

Regression analysis was done to determine the relationship between leadership styles and organization performance.

Table 4.21 shows that the coefficient of determination R square is 0.168 and R is 0.410 at 0.05 significant level. The coefficient of determination indicates that 16.8% of the variation in the response to organization performance is explained by leadership styles.

**Table 4.21 Model Summary**

| <b>Model Summary</b>                         |                   |          |                   |                            |  |
|--|-------------------|----------|-------------------|----------------------------|--|
| Model  | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |  |
| 1  | .410 <sup>a</sup> | .168     | .168              | .887                       |  |
| a. Predictors: (Constant), Leadership styles |                   |          |                   |                            |  |

Table 4.22 presents the results of Analysis of Variance (ANOVA) on leadership styles versus organization performance. The ANOVA results for regression coefficient indicates that the significance of the F is 0.00 which is less than 0.05 hence implying that there is a positive moderating effect of leadership style on the relationship between labour relation practices and organization performance.

**Table 4.22 Anova**

| <b>ANOVA<sup>a</sup></b>                        |            |                |      |             |         |                   |
|---|------------|----------------|------|-------------|---------|-------------------|
| Model   |            | Sum of Squares | df   | Mean Square | F       | Sig.              |
| 1   | Regression | 300.628        | 1    | 300.628     | 382.013 | .000 <sup>b</sup> |
|   | Residual   | 1484.200       | 1886 | .787        |         |                   |
|   | Total      | 1784.828       | 1887 |             |         |                   |
| a. Dependent Variable: Organization performance |            |                |      |             |         |                   |
| b. Predictors: (Constant), Leadership Styles    |            |                |      |             |         |                   |



$X_i$  = is the three independent variables i.e. employee communication, employee involvement and human resources procedures where (  $i=1,2,\dots,n$ )

$X_1$  = Employee communication

$X_2$  = Employee engagement

$X_3$  = Human resource procedures

$Z$  = product term between moderating variables and each independent term

$\beta_i$  ( $i=1,2,3,4$ ) are the parameters associated with the corresponding independent variable that are to form part of the partial regression coefficients

$\beta_0$  is the intercept

$\epsilon$  is the error term

The study carried out an overall regression model to determine the significance of each of the independent variables on the dependent variable. As can be observed in Table 4.24, R Square was 0.702 and R was 0.838 at 0.05 significant level. The coefficient of determination indicates that 70.2% of the variations on organization performance can be explained by employee communication, employee engagement, human resource procedure and leadership styles. The remaining 29.8% can be explained by other variables not included in the study. R square and adjusted R is high an implication that is a high variation that can be explained by the model.

**Table 4.24 Model Summary**

| <b>Model Summary</b> |                   |          |                   |                            |
|----------------------|-------------------|----------|-------------------|----------------------------|
| Model                | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                    | .838 <sup>a</sup> | .702     | .684              | .158                       |

a. Predictors: (Constant), Human resource procedure, Employee Communication, Leadership styles, Employee engagement

Further analysis of ANOVA as shown in Table 4.29 showed that significance of F statistics is 0.000, which is less than 0.05 and the value of F (489.837) being significant at 0.00 confidence level.

**Table 4.25 Anova**

| ANOVA <sup>a</sup> |            |                |      |             |         |                   |
|--------------------|------------|----------------|------|-------------|---------|-------------------|
| Model              |            | Sum of Squares | df   | Mean Square | F       | Sig.              |
| 1                  | Regression | 577.000        | 4    | 144.250     | 489.837 | .000 <sup>b</sup> |
|                    | Residual   | 554.517        | 1883 | .294        |         |                   |
|                    | Total      | 1131.517       | 1887 |             |         |                   |

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Leadership Styles, Human Resource procedure, Employee Engagement, Employee Communication

Table 4.26 presents the beta coefficients of all independent variables versus the dependent variable.

**Table 4.26 Coefficients**

| Coefficients <sup>a</sup> |                          |                             |            |                           |        |      |
|---------------------------|--------------------------|-----------------------------|------------|---------------------------|--------|------|
| Model                     |                          | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|                           |                          | B                           | Std. Error | Beta                      |        |      |
|                           | (Constant)               | .058                        | .101       |                           | .576   | .565 |
|                           | Employee Communication   | .245                        | .018       | .274                      | 13.802 | .000 |
| 1                         | Employee Engagement      | .203                        | .016       | .235                      | 12.548 | .000 |
|                           | Human Resource procedure | .441                        | .021       | .393                      | 21.120 | .000 |
|                           | Leadership Styles        | .110                        | .015       | .139                      | 7.129  | .000 |

a. Dependent Variable: Organization Performance

The regression model is written as: Organization performance = 0.245\* Employee communication + 0.203\* Employee engagement + 0.447\* Human resource practices + 0.110\* Leadership styles.

The Beta Coefficients in the regression show that all the variables tested: employee communication, employee engagement, human resource procedure and leadership styles have positive relationship with organization performance. The findings show that all the variables tested are statistically significant with p-values less than 0.05.

### **The implication of Beta Coefficient**

$X_1 = 0.245$ ; one unit increase in the employee communication results in 0.245 units increase in organization performance.

$X_2 = 0.203$ ; one unit increase in the employee engagement results into 0.203 units increase in organization performance.

$X_3 = 0.447$ ; one unit increase in the human resource practices results into in 0.447 units increase in organization performance.

$Z = 0.110$ ; one unit increase in the leadership styles results into in 0.110 units moderation effect on the relationship between labour relations and organization performance.

### **4.6 Correlation Analysis**

This study conducted correlation analysis to test on the strength of association/relationship between the study variables. Correlation is a measure of the relationship or association between two continuous numeric variables. It indicates both the direction and degree to which they vary with one another from case to case without implying that one is causing the other. Correlation analysis results give a correlation coefficient which measures the linear association between two variables (Crossman, 2013).

Values of the correlation coefficient range between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear. A correlation of -1 indicates that two variables are negatively linearly related and a correlation efficient of 0 indicates that there is no linear relationship between two variables (Wond, 2012).

**Table 4.27 Correlation Analysis**

|                           |                     | <b>Correlations</b>        |                        |                     |                           |                   |
|---------------------------|---------------------|----------------------------|------------------------|---------------------|---------------------------|-------------------|
|                           |                     | Organizational Performance | Employee Communication | Employee Engagement | Human Resource Procedures | Leadership Styles |
| Organization Performance  | Pearson Correlation | 1                          |                        |                     |                           |                   |
|                           | Sig. (2-tailed)     |                            |                        |                     |                           |                   |
|                           | N                   | 1888                       |                        |                     |                           |                   |
| Employee Communication    | Pearson Correlation | .466**                     | 1                      |                     |                           |                   |
|                           | Sig. (2-tailed)     | .000                       |                        |                     |                           |                   |
|                           | N                   | 1888                       | 1888                   |                     |                           |                   |
| Employee Engagement       | Pearson Correlation | .533                       | .062**                 | 1                   |                           |                   |
|                           | Sig. (2-tailed)     | .000                       | .007                   |                     |                           |                   |
|                           | N                   | 1888                       | 1888                   | 1888                |                           |                   |
| Human resource procedures | Pearson Correlation | .321**                     | .175**                 | .206**              | 1                         |                   |
|                           | Sig. (2-tailed)     | .000                       | .000                   | .000                |                           |                   |
|                           | N                   | 1888                       | 1888                   | 1888                | 1888                      |                   |
| Leadership Styles         | Pearson Correlation | .410**                     | .306**                 | .590**              | .463**                    | 1                 |
|                           | Sig. (2-tailed)     | .000                       | .000                   | .000                | .000                      |                   |
|                           | N                   | 1888                       | 1888                   | 1888                | 1888                      | 1888              |

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

The results of the correlation analysis on Table 4.27 shows that organization performance is positively related with employee communication with a Pearsons Correlation Coefficient of  $r = 0.466$  and that at a level of significance of 0.000, it is statistically significant at p value less than 0.05. The results also show that there is a positive correlation between the organization performance and employee engagement with a Pearsons Correlation Coefficient of  $r = 0.533$  and a level of significance of 0.000 (statistically significant). The results further show that organization performance have a positive relation with human resource practices with a Pearsons Correlation Coefficient

of 0.321 and 0.000 level of coefficient. The results finally show that organization performance have a positive relation with leadership styles with a Pearsons Correlation Coefficient of 0.410 and 0.000 level of coefficient. The significance values tell us that the probability of the correlation being a fluke is very low; hence the study can have confidence that the relationship between the variables is genuine.

## **4.7 Discussion**

### **4.7.1 Employee Communication**

The factor analysis results on employee communication had an Alpha of 0.807 and the loading results between 0.399 and 0.807. Using the retained employee communication indicators, the value of Cronbachs alpha was computed again and generated a value of 0.816. The study therefore deduced that six out of the seven indicators of employee communication were reliable in assessing the effect of employee communication on organization performance. Employee communication indicators such as improving team work, boosting employee morale, improving job satisfaction, improving operational efficiency and execution of decisions and accomplishing tasks were later used for further analysis.

Descriptive statistics results showed that employee communication is one of the strategies by organizations in the horticultural sector to improve their performance. This is evidenced by 65% of the respondents strongly agreeing that that communication facilitates exchange of information and opinion with the organization. It was also found that 63% of the respondents agreed that communication helps in improving operational efficiency thus improving organization performance. These findings are in line with Inedegbor et al. (2012) findings that effective business communication positively affects the performance of the surveyed companies in Nigerian. A study by Neves (2012) also revealed that management communication was positively associated with a temporal change in perceived organizational support (POS).Neves study advanced the theoretical knowledge concerning how management communication affects performance, with implications for practice. Specifically, it revealed that management communication affects performance mainly because it signals that the organization cares about the well-being and values the contributions of its employees.

Pearson correlation analysis of employee communication results gave a correlation of 0.466 which demonstrated that employee communication has a positive correlation with organization performance. Regression model of employee communication versus organization performance gave a coefficient of determination of R square of 0.217 and R as 0.466 at 0.05 significant level. The coefficient of determination indicated that 21.7% of the organization performance is explained by employee communication. This implies that there exists a strong positive relationship between employee communication and organization performance.

#### **4.7.2 Employee Engagement**

The factor analysis results on employee engagement had an Alpha of 0.881 and the loading results between 0.336 and 0.826. Using the retained employee engagement indicators, the value of Cronbachs alpha was computed again and generated a value of 0.887. The study therefore deduced that ten out of the eleven indicators of employee engagement were reliable in assessing the effect of employee engagement on organization performance. Employee engagement indicators such as availability of materials and equipment, recognition and praise, friendship at work, supervision on progress at work, opinion count, roleawareness, motivation and encouragement and job commitment were later used for further analysis.

Descriptive statistics results showed that employee engagement is one of the strategies by organizations in the horticultural sector to improve their performance. This is evidenced by 68% of the respondents indicated that they knew what is expected of them at work. The finding is in line with that of Sani (2012) who found that strategic HRM alignment, line management training, career planning system and job definition are the key strategic HR practices that influence organizational performance in the Nigerian insurance industry. Results also suggest that the relationship between strategic HRM practices and organizational performance in the Nigerian insurance industry is moderately influenced by organizational climate.

The study also found that 67% indicated that someone at work who encourages their development. The findings further revealed that 67% of the respondents agreed that they had an opportunity to learn and grow in the organization over the past one year. These findings corroborates with that of Nassazi (2013) who found that training have a clear effect on the performance of employees.

Pearson correlation analysis of employee engagement results gave a correlation of 0.533 which demonstrated that employee engagement has a positive correlation with organization performance. Regression model of employee engagement versus organization performance gave a coefficient of determination of R square of 0.284 and R as 0.533 at 0.05 significant level. The coefficient of determination indicated that 28.4% of the organization performance is explained by employee engagement. This implies that there exists a strong positive relationship between employee engagement and organization performance.

#### **4.7.3 Human Resource Procedures**

The factor analysis results on human resource procedures had an Alpha of 0.782 and the loading results between 0.201 and 0.800. Using the retained human resource procedures indicators, the value of Cronbachs alpha was computed again and generated a value of 0.822. The study therefore deduced that eight out of the ten indicators of human resource procedures were reliable in assessing the effect of human resource procedures on organization performance. Human resource procedures indicators such as clear policy on health and safety procedures, clear guidelines on time for reporting to work and leaving, clear staff exit procedures, clear codes of conduct in the organization, employee awareness of their roles and responsibilities, clear recruitment policies, security at work and clear policy on staff supervision and training were later used for further analysis.

Descriptive statistics results showed that human resource procedure is one of the strategies by organizations in the horticultural sector to improve their performance. This is evidenced by 55% of the respondents agreed that there are clear guidelines on time for reporting to work and leaving.

The findings further revealed that 50% of the respondents strongly agreed that there was a clear policy on staff training and development and 45% agreed that there was clear policy on health and safety procedures in the organization. Research findings by Rehman (2009) on impact of Job Analysis on Job Performance revealed six relationships showing large effect size correlations between job satisfaction and job succession planning, job security and job succession planning, job succession planning and job performance, job design and job performance, job performance and job satisfaction and job security and job satisfaction. The findings further revealed that job analysis, job evaluation and job retention with the moderating variable Recruitment knowledge, skills and ability (KSA) explained a much larger proportion of the total variance on dependent variable, job performance.

The study finally found that 40% agreed that there is clear policies and processes for recruitment of staff in the organization. Nartey (2012) in a study assessing the effectiveness of the recruitment and selection practices and procedures of HFC Bank in Accra found that advertising of job vacancies and employee referrals are mostly the mode for recruiting potential employees, it was also realized that the method used in the recruiting and selection process was very effective and moreover helped improve employee performance. The study also revealed that the selecting and recruitment process are also characterized with lots of challenges.

Pearson correlation analysis of human resource procedures results gave a correlation of 0.321 which demonstrated that human resource procedures have a positive correlation with organization performance. Regression model of human resource procedures versus organization performance gave a coefficient of determination of R square of 0.103 and R as 0.321 at 0.05 significant level. The coefficient of determination indicated that 10.3% of the organization performance is explained by human resource procedures. This implies that there exists a strong positive relationship between human resource procedures and organization performance.

#### **4.7.4 Leadership Styles**

The factor analysis results on leadership styles had an Alpha of 0.803 and the loading results between 0.437 and 0.893. The study therefore deduced that all the seven indicators of leadership styles were reliable in assessing the effect of leadership styles on organization performance. Leadership styles indicators such as consulting the subordinates, asking for suggestions from subordinates, looking at personal welfare of the employees, scheduling work, treating employees equally, explaining tasks and defining standards for performance were later used for further analysis.

Descriptive statistics results showed that leadership style is one of the strategies by organizations in the horticultural sector to improve their performance. This is evidenced by the finding that 67% of the respondents agreed that leaders look for personal welfare of employees and that 61.3% strongly agreed that leaders explain the way tasks should be done. These findings are in line with the findings of a study by Ali, Elmi and Mohamed (2013) who found that there was a positive relationship between leadership behaviour and employee performance.

The findings further revealed 56.3% agreed that leaders consult the subordinates before taking action and that 52.5% of the respondents agreed that leaders ask their subordinates for suggestions. In support to these findings, Yang (2008) found that only the transformational leadership contributes significantly to the prediction of organizational performance and transactional leadership was not a good predictor of the organizational performance.

Pearson correlation analysis of leadership styles results gave a correlation of 0.410 which demonstrated that leadership styles have a positive moderating effect on the relationship between labour relation practices and organization performance. Regression model of leadership styles versus organization performance gave a coefficient of determination of  $R^2$  is 0.168 and  $R$  is 0.410 at 0.05 significant level. The coefficient of determination indicates that 16.8% of the variation in the response to organization performance is explained by leadership styles. This implies that there leadership style

has a positive moderating effect on the relationship between labour relation practices and organization performance.

#### **4.7.5 Organization Performance**

The factor analysis results on organization performance had a Cronbachs alpha of 0.803 and the factor loading results were between 0.547 and 0.894. All the organization performance factors such as employee retention, employee satisfaction, overall organization production, employee motivation and number of employees were later used for further analysis.

Descriptive statistics revealed that 64% of the respondents strongly agreed that there is high level of employee retention in their organization. The study also found that 53% of the respondents agreed that employees are motivated to work in the organization. The findings further revealed that 46% of the respondents agreed that the overall production of our organization has increased over time, 41% agreed that the number of employees in the organization has increased over time and 30% disagreed that employees were satisfied with their remuneration. Donglin (2009) found that performance determinants, including both internal determinants and external determinants, are represented in following dimensions: capability building; resource developing and utilizing; environment adapting; strategies formulating; internal process managing and PM on innovation and learning. The performance results dimension should include the financial results to satisfy the investors, the customer satisfaction indicators to meet customers needs, the competitive indicators to reflect the competitive advantages, and the collaborative measures to measure the partnership.

The regression model of determinants of organization performance coefficient of determination R Square was 0.70.2 and R was 0.838 at 0.05 significant level. The coefficient of determination indicates that 70.2% of the variations on organization performance can be explained by employee communication, employee engagement, human resource procedure and leadership styles. The remaining 29.8% can be explained by other variables not included in the study. R square and adjusted R is high an implication that is a high variation that can be explained by the model.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

In this chapter, the summary of findings, conclusions and recommendations of the study are presented. The purpose of the study was to investigate the relationship between labour relations practices and organizational performance in the horticultural sector in Kenya. The objectives of the study were to establish the influence of employee communication on organisational performance in the horticultural sector in Kenya, to determine the influence of employee involvement on organisational performance in the horticultural sector and to examine the influence of human resources procedures on organisational performance in the horticultural sector in Kenya.

#### **5.2 Summary of Findings**

##### **5.2.1 Employee Communication**

Employee communication is one of the strategies by organizations in the horticultural sector to improve their performance. The study found that 65% of the respondents strongly agreeing that that communication facilitates exchange of information and opinion with the organization. It was also found that 63% of the respondents agreed that communication helps in improving operational efficiency thus improving organization performance. According to Kotler (2006), communication is the means by which firms attempt to inform, persuade and remind consumers – directly or indirectly – about the products and brands that they sell. In a sense, communication represents the “voice” of the brand and is a means by which it can establish a dialogue and build relationships with consumers.

These findings are supported by Blalock (2005) who found that good communication matters because business organizations are made up of people. Thus, research spanning several decades has consistently ranked communication skills as crucial for managers.

### **5.2.2 Employee Engagement**

Employee engagement is one of the strategies by organizations in the horticultural sector to improve their performance. The study found that 68% of the respondents indicated that they knew what is expected of them at work. The study also found that 67% indicated that someone at work who encourages their development. The findings further revealed that 67% of the respondents agreed that they had an opportunity to learn and grow in the organization over the past one year, 61% of the respondents strongly agreed that their associates or fellow employees are committed to doing quality work and 57% agreed that they are recognized or praise for doing good work. Studies across a range of sectors have found various performance based outcomes of engagement. Bakker *et al* (2004) found that engagement was linked to both in-role and extra-role performance in a multi-sector Dutch sample, a finding replicated by Schaufeli *et al* (2006); Halbesleben and Wheeler (2008) found similar results for in-role performance and turnover intentions in a multi-sector US sample.

Thus, employee engagement is a major determinant of performance of organizations in the horticultural sector. Salanova *et al.* (2005) study suggests that one reason why engagement is linked with performance is through the mediating mechanism of service climate. When employees are engaged, they are more likely to put energy into interactions with clients, and there may be a spillover effect onto colleagues, creating a more engaged workplace generally.

### **5.2.3 Human Resource Procedures**

Human resource procedure is one of the strategies by organizations in the horticultural sector to improve their performance. The study found that 55% of the respondents agreed that there were clear policy on staff supervision and performance development. It was also found that 55% of the respondents agreed that there are clear guidelines on time for reporting to work and leaving. The findings further revealed that 50% of the respondents strongly agreed that there was a clear policy on staff training and development, 45% agreed that there was clear policy on health and safety procedures in

the organization and that 40% agreed that there is clear policies and processes for recruitment of staff in the organization. Guest (1987) argues that policies are necessary to ensure that employee performance is evaluated, which in turn ensures that the appropriate training and development take place. With the help of the performance appraisal reports and findings, the organization can be able to identify development needs

Thus, human resource procedure is a major determinant of performance of organizations in the horticultural sector. According to Briscoe (1995) the core HRM functions namely staffing, training and development, performance appraisal, compensation and benefits, and finally union and employee relations and health and safety.

### **5.2.3 Leadership Style**

Leadership style is one of the key moderating variables affecting the relationship between labour relations practices and organization performance. The study found that 67% of the respondents agreed that leaders look for personal welfare of employees. The study also found that 61.3% strongly agreed that leaders explain the way tasks should be done. The findings further revealed 56.3% agreed that leaders consult the subordinates before taking action and that 52.5% of the respondents agreed that leaders ask their subordinates for suggestions. The findings concur with that of Zumitzavan and Udchachone (2014) who found that leadership styles do have an influence on organizational performance. In addition, they found an association between leadership styles and organizational performance, mediated by organizational innovation.

Thus, leadership style is a major moderating variable between labour relations practices and performance of organizations in the horticultural sector. These findings are supported by the findings by Arham (2004) who found that that leadership styles of leaders of SMEs is one of the essential factors that influences SMEs performance in the services sector.

### **5.3 Conclusion**

From the findings of the study, it was concluded that employee communication, employee engagement, human resource procedures and leadership style are major determinants of organization performance.

Employee communication is one of the key determinants of organization performance. This is based on the fact that it facilitates exchange of information and opinion with the organization and that communication helps in improving operational efficiency thus improving organization performance.

Employee engagement was found to encourage employee development thus affecting the general organization performance. This is based on the fact that when employees are motivated and also given opportunity to participate in decision making processes, they became committed to their work.

Human resource procedures helps in clarifying different policies on health and safety, staff supervision, time for reporting and leaving jobs and processes for recruitment. Thus, human resource procedure influences on organization performance.

Leadership style helps in motivating staff through consulting the subordinates, looking at personal welfare of the employees, scheduling work, treating employees equally, explaining tasks and defining standards for performance were later used for further analysis.

### **5.4 Recommendations**

The study recommends that organizations should develop effective communication strategies. This will facilitate passing of information both within and outside the organization thus improving performance.

On the employee involvement, the study recommends that organization should engage their employees through seeking their opinions and recognizing their effort. This would motivate employees thus improving the general organization performance.

Regarding the human resource procedures, the study recommends that organization should have effective human resource procedures. This will promote efficiency with the organization in that it will clarify on the roles of employees thus improving their commitment in realizing the organizational goals.

The study finally recommends that organizations should employ appropriate leadership style which will motivate employees thus improving organization performance. This can be done by consulting the subordinates before making decisions and by clearly defining work performance standards. This was based on the fact that leadership style is very key moderating variable between labour relation practices and organization performance.

### **5.5 Areas for Further Research**

The study was carried out in the horticultural sector in Kenya. It is therefore recommended that the same study be replicated in other sectors of the economy to investigate on the relationship between labour relations practices and organizational performance in the Horticulture sector.

The study also recommends that another study should be carried out to establish the effect of collective bargaining on labour relations in the horticultural sector. This will reflect an aspect of labour relations which has not been addressed in this study.

## REFERENCES

- AbuKhalifeh, A. N., & Som, A. P. M. (2013). The antecedents affecting employee engagement and organizational performance., *Asian Social Science*, 9(7), 41.
- Allen, M. W. (1992). Communication and organizational commitment: Perceived organizational support as a mediating factor. *Communication Quarterly*, 40(4), 357–367.
- Alysa, G. (2006). 12 secrets of effective business communication. Posted in HW tos – 35 comment by Noupe.
- Anderson, C. A. (1983). Abstract and concrete data in the perseverance of social theories: When weak data lead to unshakeable beliefs. *Journal of Experimental Social Psychology*, 19(2), 93-108.
- Armstrong, M. (2010). *A handbook of Human Resource Management practice*. 8<sup>th</sup> edition, London: Kogan page publishers.
- Arvey, R. D., & Murphy, K. R. (1998). Performance evaluation in work settings. *Annual review of psychology*, 49(1), 141-168.
- Bakar, R.A (2013). Understanding Factors Influencing Employee Engagement: A Study of the Financial Sector in Malaysia. Published thesis, RMIT University.
- Bakker AB, Bal PM (2010). Weekly work engagement and performance: a study among starting teachers. *Journal of Occupational and Organizational Psychology*, 83, 189–206.
- Bakker, A. B. (2011). An evidence-based model of work engagement. *Current Directions in Psychological Science*, 20(4), 265-269.
- Barrietos.S, Dolan.C, Tallontire.A (2003), A gendered value chain approach to codes of conduct in Africa Horticulture.
- Barry, G., Harvey, B.M, and Ray, N.O. (1994). Employee Compensation: Theory, Practice, and Evidence. Working Paper
- Basbous, O.K (2011). *Antecedents of employee engagement*. Published thesis, Kuala Lumpur: University of Malaysia.
- Beauchamp. T.L and Bowie. N.E.(2004). *Ethical Theory & Business*, 7<sup>th</sup> edition, Pearson Prentice Hall, Upper saddle River, New Jersey.

- Biloch, A and Lofstedt, A (2013). *Gamification and performance management: A tool for driving competitiveness through employee Engagement*. Published thesis Luleå University of Technology.
- Blalock, M. (2005). Listen up, why good communication is good business. Wisconsin Business Alumni update.
- Blowfird M, *Ethical Supply Chains in Cocoa, Coffee and Tea Industries*, 2004, Greenleaf publishing, USA.
- Brown, O., & Sander, C. (2007). ``Supermarket buying power: global supply chains and smallholder farmers, Trade Knowledge Network. *International Institute for Sustainable Development, Winnipeg*.
- Burke RJ, Greenglass ER (2001). Hospital restructuring, work–family conflict and psychological burnout among nursing staff. *Psychology and Health*, 16, 83–94.
- Chandran, E. (2004). *Research Methods: A quantitative approach with illustrations from Christian ministries*. Nairobi: Daystar University.
- Cokins, G. (2009). *Performance management: Integrating strategy execution, methodologies, risk, and analytics* (Vol. 21). John Wiley & Sons.
- Collinson, C. (2001). The Business Costs of Ethical Supply Chain Management: Kenya Flower Industry Case Study. *Natural Resources Institute (NRI)*.
- Cramer, D., & Howitt, D. L. (2004). *The Sage dictionary of statistics: a practical resource for students in the social sciences*. New York: Sage.
- Crossman, A. (2013). Convergence theory. About.com sociology.
- Daft, R. L. (2001). *Essentials of organization theory and design*. South Western Educational Publishing.
- Dolan, C., Opondo, M. M., & Smith, S. (2003). *Gender, rights & participation in the Kenya cut flower industry*. Nairobi: Natural Resources Institute..
- Dolan.C, Opondo.M, Smith.S (2005), Seeking Common Ground Multi stakeholder initiatives in Kenya Cut Flower Industry: *Journal of Corporate Citizenship on Africa*.
- Eisenberger, R., & Stinglhamber, F. (2011). *Perceived organizational support: Fostering enthusiastic and productive employees*. Washington, DC: World Bank.

- Erben and Guneser, Gul and Ayse (November 2008). "The Relationship Between Paternalistic Leadership and Organizational Commitment: Investigating the Role of Climate Regarding ethics". *Journal of Business Ethics* **82** (4), 955–968. Retrieved 12/1/2012.
- Ethical Trading Initiative, *ETI Small holders guidelines*, ETI Report, (2005). Ethical Trading Initiative.
- Export processing zone authority, *Horticulture industry in Kenya*, (2005), PKF consulting limited, Export processing zone authority, Kenya.
- .
- Food and water watch, *Lake Naivasha-Withering under the assault of international flower vendors*, 2008
- Gerhart, B., Milkovich, G. T., & Murray, B. (1992). Pay, performance, and participation. In D. Lewin, O. Mitchell, & P. Sherer (Eds.), *Research Frontiers in Industrial Relations*, pp. 193-238. Madison, WI: Industrial Relations Research Association.
- Ghuri, P. N., & Prasad, S. B. (1995). A network approach to probing Asia's interfirm linkages. *Advances in International Comparative Management*, *10*(3), 63-77.
- Glauser, M. J. (1984). Upward information flow in organizations: Review and conceptual analysis. *Human Relations*, *37*(8), 613-643.
- Government printers, *Employment Act, CAP 2007*, Government printers
- Government printers, *The Occupational Safety & Health Act, CAP 2007*, Government printers.
- Grimshaw, D., Ward, K., Rubery, J. and Beynon, H. (2008) Organisations and the transformation of the internal labour market, *Work, Employment and Society*, *15*(1), 25–54.
- Guest, D. E. (1997). Human resource management and industrial relations. *Journal of Management Studies* *24*(5), 503–521.
- Hackman, J. R., & Oldham, G. R. (1976). Motivation through the design of work: Test of a theory. *Organizational behavior and human performance*, *16*(2), 250-279.

- Halbesleben, J. R., & Wheeler, A. R. (2008). The relative roles of engagement and embeddedness in predicting job performance and intention to leave. *Work & Stress*, 22(3), 242-256.
- Hale, A., & Opondo, M. (2005). Humanising the cut flower chain: Confronting the realities of flower production for workers in Kenya. *Antipode*, 37(2), 301-323.
- Hendry, C. (1994). *Human resource strategies for international growth*. New York: Routledge.
- Humphrey, J., McCulloch, N., & Ota, M. (2004). The impact of European market changes on employment in the Kenyan horticulture sector. *Journal of International Development*, 16(1), 63.
- Hurst R, Buttle M Dr, Lehrer M, Sandars J, Getting smarter: *Ethical Trading in the Downturn, Annual report, 2008*,
- Hurst R, Buttle M Dr, Lehrer M, Sandars J. Inedegbor, M. U., Ahmed, K. O., & Ganiyat, O. A. Rashdidat.(2012). Impact of business communication on organizational performance in Nigerian companies. *Australian Journal of Business and Management Research*, 2(1), 16-26.
- Janis, I. L. (1983). The role of social support in adherence to stressful decisions. *American Psychologist*, 38(2), 143.
- Janssen, O., & Van Yperen, N. W. (2004). Employees goal orientations, the quality of leader-member exchange, and the outcomes of job performance and job satisfaction. *Academy of management journal*, 47(3), 368-384.
- Jennings, M. M. (2009). Business ethics. *Case studies and selected reading. 6a ed. Masim (Ohio): South-Western*.
- Johari, F (2014) the impact of human resources management on Healthcare quality. Published thesis, University of Islam Malaysia (USIM), Negeri Sembilan, Malaysia. *Asian journal of management sciences & education*, 3(1).
- Kalleberg, A. L. (2003) Flexible firms and labor market segmentation: Effects of workplace restructuring on jobs and workers, *Work and Occupations*, 30(2), 154–75.
- Katz, D., & Kahn, R. L. (1966). *The social psychology of organizations*. New York: Wiley.

- Keeley, M. P. (2007). "Turning toward death together:" The functions of messages during final conversations in close relationships. *Journal of Social and Personal Relationships*, 24, 225-253.
- Kelly, J. (2008) *Rethinking Industrial Relations: Mobilization, Collectivism and Long Waves*. London : Routledge.
- Kothari, C. (2004). *Research Methodology* (2<sup>nd</sup>ed), New Delhi: Willey Eastern Limited.
- Kotler, P. (2006). *Marketing management*. New Delhi: Pearson Education.
- Laschinger, H. K. S., & Leiter, M. P. (2006). The impact of nursing work environments on patient safety outcomes: The mediating role of burnout engagement. *Journal of Nursing Administration*, 36(5), 259-267.
- Levinson, H. (1965). Reciprocation: The relationship between man and organization. *Administrative science quarterly*, pp. 370-390.
- Lewin, K., (1993). Patterns of aggressive behavior in experimentally created social climates. *Journal of Social Psychology* (10), 271-301
- Lillywhite, S. (2004). Responsible supply chain management, Ethical purchasing in practice.
- Makila, M (2014). *Measuring and managing process performance in a contemporary multinational organization*. Published thesis, Aalto University.
- Maplecroft, B. (2010). Labour standards and Environmental Report.
- Marks & Spencer (2002). Global Sourcing Principles& ETI GAP analysis report.
- Martindale, N. (2011). Leadership styles: How to handle the different personas. *Strategic Communication Management*, 15(8), 32-35.
- Maslach, C., & Leiter, M. P. (2008). Early predictors of job burnout and engagement. *Journal of applied psychology*, 93(3), 498.
- McCourt, W. (2003). *Global human resource management: managing people in developing and transitional countries*. Edward Elgar Publishing.
- Mugenda O.M. & Mugenda, A.G. (2003), *Research Methods: quantitative and qualitative approaches*. Nairobi: Acts press,
- Nahrgang, J. D., Morgeson, F. P., & Hofmann, D. A. (2011). Safety at work: a meta-analytic investigation of the link between job demands, job resources,

- burnout, engagement, and safety outcomes. *Journal of Applied Psychology*, 96(1), 71.
- Nartey, D.E (2012). *Recruitment and selection practices of organisations, a case study of HFC Bank (gh) Ltd*. Published thesis, Kwame Nkrumah University of Science and Technology.
- Nassazi, A. (2013). *Effects of training on employee performance; Evidence from Uganda Business Economics and Tourism*. Published thesis, University of Applied Sciences.
- Neves, P (2012). Management Communication and Employee Performance: The Contribution of Perceived Organizational Support. RoutledgeTaylor and Francis Company. *Human Performance*, 25, 452–464.
- Omwenga, B. (2007). *Kenyas competitiveness in the floriculture industry: a test of porters competitive advantage of nations model* (Doctoral dissertation, University of Nairobi).
- Oswald, M. E., & Grosjean, S. (2004). Confirmation bias. In R. F. Pohl (Ed.), *Cognitive illusions: A handbook on fallacies and biases in thinking, judgement and memory*, (79–96). Hove, UK: Psychology Press.
- Peil, M. (1995). *Social Science Research Methods: A handbook for Africa*, 2<sup>nd</sup> edition, Nairobi, Kenya, East African Educational publishers.
- Rehman, M. S. (2010). *Impact of Job Analysis on Job Performance: A Study of Public Sector Organizations of Pakistan* (Doctoral dissertation, PhD thesis, National University of Modern Languages, Islamabad).
- Rho, E. (2009) The impact of organizational communication on public and nonprofit managers perception of red tape. Published phd thesis, The University of Georgia School of Public and International Affairs Department of Public Administration and Policy.
- Riungu, C (2006), A thorn on every rose for Kenyas flower industry, The East African, Nairobi, February, 21.
- Riungu, C (2006, May 21), Flower exports Flourish despite odds, *The East African*, Nairobi,
- Sakovska, M. (2012). Importance of Employee Engagement in Business Environment: Measuring the engagement level of administrative personnel in

- VUC Aarhus and detecting factors requiring improvement. Published thesis, Aarhus University.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of managerial psychology*, 21(7), 600-619.
- Salanova M, Agut S, Peiró JM (2005). Linking organizational resources and work engagement to employee performance and customer loyalty: the mediation of service climate. *Journal of Applied Psychology*, 90, 1217–27.
- Sani, D.A (2012). Strategic human resource management and organizational performance in the Nigerian insurance industry: the impact of organizational climate. *Business intelligence journal*.
- Schaufeli WB, Taris TW, Bakker AB (2006). Dr Jekyll and Mr Hyde: on the differences between work engagement and workaholism in Burke RJ (ed), *Research Companion to Working Time and Work Addiction*, (pp 193–217). Northampton: Edward Elgar.
- Schaufeli, W. B., & Bakker, A. B. (2004). Job demands, job resources, and their relationship with burnout and engagement: A multi-sample study. *Journal of organizational Behavior*, 25(3), 293-315.
- Schultz & Schultz, Duane (2010) "Laissez Faire Leadership Style". *Careers, Finance and Investing. Money-.Psychology and work today*. New York: Prentice Hall. pp. 201–202. zine.com. Retrieved March 16, 2012.
- Shaw, K. (2005). Employee engagement, how to build a high-performance workforce. *Melcrum Publishing Limited*.
- Singleton, R, A, Jr et al (1993). *Approaches to Social Research*, 2<sup>nd</sup> edition, New York: Oxford university press.
- Sommer, B & Sommer, R,A (1993). *Practical guide to behavioural research tools techniques*, 4<sup>th</sup> edition, New York, Oxford university press.
- Sözer, S. (2004). *An evaluation of current human resource management practices in the Turkish private sector* (Doctoral dissertation, Middle East Technical University).
- Starbucks Corporation, *Corporate Social Responsibility Fiscal 2007 Annual Report*
- Strickland, T. (2007). *Strategic Management: Concepts, Cases and Techniques* (10<sup>th</sup> Ed). New York: Oxford University Press

- Thomas C. Mawhinney, William K. Redmon & Carl Merle Johnson (2001).  
*Handbook of Organizational Performance*, Routledge.
- Tourish, D. (2005). Critical Upward Communication:: Ten Commandments for  
 Improving Strategy and Decision Making. *Long Range Planning*, 38(5), 485-  
 503.
- Tourish, D., Craig, R., & Amernic, J. (2010). Transformational leadership education  
 and agency perspectives in business school pedagogy: a marriage of  
 inconvenience?. *British Journal of Management*, 21(s1), s40-s59.
- Utling (2002), Regulating Business via Multi stakeholder Initiatives : A Preliminary  
 Assessment.
- Vahey DC, Aiken LH, Sloane DM, Clarke SP, Vargas D (2004). Nurse burnout and  
 patient satisfaction .*Medical Care*, (42), 57–66.
- Van Dijk, R., & Van Dick, R. (2009). Navigating organizational change: change  
 leaders, employee resistance and work-based identities. *Journal of Change  
 Management*, 9(2), 143-163.
- Velasquez.G.M (2006).*Business Ethics, concepts & cases*, 6th edition, Pearson  
 Prentice Hall, Upper saddle River, New Jersey, 10-19
- Weil, A., & Woodall, J. (2005). HRD in France: the corporate perspective. *Journal of  
 European Industrial Training*, 29(7), 529–540
- Woods, A.P. (2010). "Democratic leadership: drawing distinctions with distributed  
 leadership". *International Journal of Leadership in Education*, 7(1), 3–36.
- Wu, D. (2009). *Measuring performance in small and medium enterprises in the  
 information & communication technology industries* (Doctoral dissertation,  
 RMIT University).
- Xanthopoulou D, Bakker AB, Heuven E, Demerouti E, Schaufeli WB (2008).  
 Working in the sky: a diary study on work engagement among flight  
 attendants.*Journal of Occupational Health Psychology*, (13), 345–56.
- Xanthopoulou, D., Bakker, A. B., Demerouti, E., & Schaufeli, W. B. (2009). Work  
 engagement and financial returns: A diary study on the role of job and  
 personal resources. *Journal of Occupational and Organizational Psychology*,  
 82(1), 183-200.
- Yin, R. (1994), *Case study research: Design & methods*, London: Sage publications.

Zadek, S, (1994)*Trading Ethics: Auditing the market, journal of economic issues*, 28.

Zinbarg, M. (2005), *Research Methods*.2nd Edition. Pearson Publishers

## **APPENDICES**

### **APPENDIX I: LETTER OF INTRODUCTION**

*Complementary Letter to the Respondents*



JOMO KENYATTA UNIVERSITY OF  
AGRICULTURE AND TECHNOLOGY

WORLD CLASS INSTITUTION OF EXCELLENCE FOR DEVELOPMENT

**Resources Development**  
**P.O. Box 62000-00200**  
**+254 67 2164**  
**Nairobi, Kenya**

**School of Human**  
**Telephone: +254 67 52711**  
**Fax:**

**E-mail:ifo@jkuat.ac.ke**

=====  
=====  
**Dear Sir/Madam,**

**Re: Doctorate Management Research**

My name is Brenda Beryl AchiengOtieno and i am a PHD student in Jomo Kenyatta University of Agriculture and Technology (JKUAT). I am doing a study on the relationship between labour relations and organizational performance of Kenyas horticulture Sector. As part of my course work requirement, i am required to conduct a research in my area of study that will help the society, country and the academicians. The information gathered will be confidential. Please complete the attached questionnaire as accurately as possible. The answers herewith will only be used for statistical analysis. A copy of the study may be provided to you upon request. Please get in touch with the researcher using the contact below should you require any further clarification. I take this opportunity to thank you for taking time to fill this questionnaire.

Yours faithfully

Brenda B.A.Otieno

[Kapussi@yahoo.com](mailto:Kapussi@yahoo.com)

+ 254 722 201 399

## **APPENDIX II: QUESTIONNAIRE**

### **SECTION A: BACKGROUND INFORMATION**

1. What is the name of your farm?

2. What is your job title?

For the following statements please tick (√) as is agreeable to you.

3. What is your age bracket? Tick appropriately.

A. Below 30years

B. 31– 40 years

C. 41- 50years

D. Above 50 years

Please state your gender

A. Female

B. Male

How long have you been in your position?

A. Less than 3 years

B. – 7 years

C. More than 7 years

4. How many years have you been working in the Company?

A. Below 6 years

B. 6 – 10 years

C. Over 10 years

### **Section B: Employee communication**

5. How do you receive communicate from the company?

- A. Notice boards
- B. Meetings
- C. Newsletters
- D. Email
- E. Others.....

6. What language does management communicate to you?

- A. Kiswahili
- B. English
- C. Others.....

How do you give feedback to management?

- A. Staff surveys
- B. Questionnaires
- C. Face to face meetings
- D. Focus group discussions
- E. Others .....

The following are some statement on the effect of employee communication on organization performance. Please indicate the level of your agreement with each statement in relation to your organization

- 1- Strongly disagree                      2 – Disagree                      3-Neither agree nor disagree**  
**3 – Agree                                      4 – Strongly agree**

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| i. Communication facilitates exchange of information and opinion within the organization |  |  |  |  |  |
| ii. Communication helps in execution of decisions and accomplishing tasks                |  |  |  |  |  |
| iii. Communication boosts employee morale thus   |  |  |  |  |  |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| improving their job performance  |  |  |  |  |  |
| iv. Communication in improving public credibility and corporate image                              |  |  |  |  |  |
| v. Communication helps in improving operational efficiency thus improving organization performance |  |  |  |  |  |
| vi. Communication improves job satisfaction among employee thus improving organization performance |  |  |  |  |  |
| vii. Communication helps in improving teamwork thus decreasing grievances                          |  |  |  |  |  |

**Section C: Employee involvement**

7. What motivates you in the workplace?

- A. Being treated with respect
- B. Open dialogue with management
- C. Rewards & incentives
- D. Recognition certificates
- E. Others .....

8. Are you provided with all the relevant tools required for you to carry out your job ?.....

9. Were you taken through induction training when you joined the company

- A. Yes
- B. No

10. Are you able to interact with management freely?

- A. Yes
- B. No

The following are some statement on the effect of employee engagement organization performance. Please indicate the level of your agreement with each statement in relation to your organization

**1- Strongly disagree**

**2 – Disagree**

**3-Neither agree nor disagree**

**3 – Agree**

**4 – Strongly agree**

| <b>Statement</b>  |  |  |  |  |  |
|---|--|--|--|--|--|
| i.I know what is expected of me at work.                                      |  |  |  |  |  |
| ii.I have the materials and equipment I need to do my job right.              |  |  |  |  |  |
| iii.I received recognition or praise for doing good work                      |  |  |  |  |  |
| iv.My supervisor, or someone at work, seems to care about me as a person.     |  |  |  |  |  |
| v.There is someone at work who encourages my development.                     |  |  |  |  |  |
| vi.At work, my opinions seem to count.  |  |  |  |  |  |
| vii.The mission or purpose of my company makes me feel my job is important    |  |  |  |  |  |
| iii.My associates or fellow employees are committed to doing quality work     |  |  |  |  |  |
| ix.I have a best friend at work.  |  |  |  |  |  |
| x.In the last six months, someone at work has talked to me about my progress. |  |  |  |  |  |
| xi.This last year, I have had opportunities at work to learn and grow.        |  |  |  |  |  |

#### **Section D: Human Resource Procedures**

11. Are you aware that there is a Human resource procedures in place

A. Yes

B. No

12. How was this communicated to you ?

.....  
 .....

13. Was this document developed in consultation with you staff/union

A. Yes

B. No

Please explain your answer

.....  
 .....

The following are some statement on the effect of human resource procedures organization performance. Please indicate the level of your agreement with each statement in relation to your organization

**1- Strongly disagree**

**2 – Disagree**

**3-Neither agree nor disagree**

**3 – Agree**

**4 – Strongly agree**

| <b>Statement</b>   |  |  |  |  |  |
|--|--|--|--|--|--|
| i. Employees are well aware of their roles and responsibilities in the organization      |  |  |  |  |  |
| ii. There is a clear policy on health and safety procedures in the organization          |  |  |  |  |  |
| iii. There is clear policies and processes for recruitment of staff in the organization  |  |  |  |  |  |
| iv. There is clear staff exit procedures   |  |  |  |  |  |
| v. There is a clear policy on staff supervision and performance development              |  |  |  |  |  |
| vi. There are clear procedures for carrying out staff appraisals within the organization |  |  |  |  |  |
| vii. There is a policy on staff training and development                                 |  |  |  |  |  |
| viii. There are clear guidelines on time for reporting to work                           |  |  |  |  |  |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
| and leaving  |  |  |  |  |  |
| ix. There are clear codes of conduct in the organization                 |  |  |  |  |  |
| x. Security is provided within the work environment in the organization. |  |  |  |  |  |

**Section E: Leadership Styles**

The following are some statement on the effect of leadership styles on organization performance. Please indicate the level of your agreement with each statement in relation to your organization

- 1- Strongly disagree                      2 – Disagree                      3-Neither agree nor disagree
- 3 – Agree                                      4 – Strongly agree

| <b>Statement</b>   |  |  |  |  |  |
|--|--|--|--|--|--|
| i. Leaders consult the subordinates before taking action           |  |  |  |  |  |
| ii. Leaders ask their subordinates for suggestions                 |  |  |  |  |  |
| iii. Leaders look for personal welfare of employees                |  |  |  |  |  |
| iv. Leaders schedule work to be done                               |  |  |  |  |  |
| v. Leaders treat all employees equally                             |  |  |  |  |  |
| vi. Leaders explains the way tasks should be done                  |  |  |  |  |  |
| vii. Leaders define standards for performance                      |  |  |  |  |  |
| viii. Leaders help employees to make performing task more pleasant |  |  |  |  |  |

**Section D: Organizational performance**

14. Does management update you on the organizational performance

A. Yes

B. No

The following are some statements on organization performance. Please indicate the level of your agreement with each statement in relation to your organization

**1- Strongly disagree**

**2 – Disagree**

**3-Neither agree nor disagree**

**3 – Agree**

**4 – Strongly agree**

| <b>Statement</b>   |  |  |  |  |  |
|--|--|--|--|--|--|
| i. There is high level of employee retention in the organization         |  |  |  |  |  |
| ii. The overall production of our organization has increased over time   |  |  |  |  |  |
| iii. The number of employees in the organization has increased over time |  |  |  |  |  |
| iv. Employees are motivated to work in the organization                  |  |  |  |  |  |
| v. Employees are satisfied with their remuneration                       |  |  |  |  |  |



### APPENDIX III DISTRIBUTION OF THE RESPONDENTS BY JOB TITLE

| Title                  | Frequency | Percent |
|------------------------|-----------|---------|
| Grader                 | 82        | 4.3     |
| QC                     | 16        | .8      |
| Scout                  | 36        | 1.9     |
| Supervisor             | 66        | 3.5     |
| General worker         | 868       | 46.0    |
| Propagator             | 10        | .5      |
| Field S. unique        | 2         | .1      |
| Harvester              | 252       | 13.3    |
| Production             | 62        | 3.3     |
| Tractor Driver         | 4         | .2      |
| Sleeving               | 4         | .2      |
| Sprayer                | 44        | 2.3     |
| Clerk                  | 14        | .7      |
| IPM                    | 2         | .1      |
| Fergigator             | 8         | .4      |
| Irrigation attendant   | 6         | .3      |
| Security guard         | 40        | 2.1     |
| Accounts assistant     | 6         | .3      |
| Storekeeper            | 10        | .5      |
| Administrator          | 4         | .2      |
| Quality assurance      | 22        | 1.2     |
| OPS Assistant          | 4         | .2      |
| Canteen attendant      | 6         | .3      |
| Welder                 | 6         | .3      |
| Driver                 | 10        | .5      |
| Mechanic               | 10        | .5      |
| Patient attendant      | 6         | .3      |
| Counselor              | 2         | .1      |
| Technical assistant    | 22        | 1.2     |
| Buncher                | 62        | 3.3     |
| Sorter                 | 4         | .2      |
| Stripper               | 8         | .4      |
| Tree Nursery attendant | 2         | .1      |
| Cleaner                | 4         | .2      |
| Transporter            | 44        | 2.3     |
| Crop maintenance       | 20        | 1.1     |
| Foreman                | 2         | .1      |

|                           |      |       |
|---------------------------|------|-------|
| Research assistant        | 4    | .2    |
| Procurement Officer       | 2    | .1    |
| Co-ordinator              | 4    | .2    |
| Support Staff             | 12   | .6    |
| Nurse                     | 8    | .4    |
| Intern                    | 2    | .1    |
| ICT Assistant             | 4    | .2    |
| Cook                      | 2    | .1    |
| Deputy Nursing Officer    | 2    | .1    |
| Buyer                     | 2    | .1    |
| Recorder                  | 10   | .5    |
| Laboratory Analyst        | 2    | .1    |
| Pack house                | 32   | 1.7   |
| Health and safety officer | 4    | .2    |
| Senior Supervisor         | 2    | .1    |
| PHS                       | 6    | .3    |
| Mixer                     | 2    | .1    |
| Defoliation               | 4    | .2    |
| Pump operator             | 2    | .1    |
| Turnboy                   | 4    | .2    |
| Intake attendant          | 4    | .2    |
| Data analyst              | 2    | .1    |
| Greenhouse attendant      | 2    | .1    |
| Total                     | 1888 | 100.0 |

#### APPENDIX IV: OPERATIONALIZATION OF VARIABLES

The dependent variable was organization performance which was assessed through three independent variables namely: employee communication, employee engagement and human resource procedures. Leadership style was the intervening variable in the study. The study investigated the relationship between labour relations practices and organizational performance in horticulture sector in Kenya.

| <b>Variable</b>           | <b>Conceptual Definition (Measurement Parameters)</b>   | <b>Operational Definition</b>  | <b>Measurement Scale</b>             | <b>Data Type</b>             |
|---------------------------|---|--|--------------------------------------|------------------------------|
| Employee communication    | Notice boards<br>Newsletters<br>Email<br>Face to face   | Responses given in Likert Scale of 1-5 to assess whether employee communication has a relationship with organization performance       | Ordinal Scale (non-dichotomous type) | Qualitative and Quantitative |
| Employee engagement       | Recognition and praise<br>Supervision<br>Opinion count<br>Role awareness<br>Job commitment            | Responses given in Likert Scale of 1-5 to assess whether employee engagement has an association with organization performance          | Ordinal Scale (non-dichotomous type) | Qualitative and Quantitative |
| Human Resource procedures | Policy on health and safety<br>Staff recruitment<br>Staff exit<br>Codes of conduct<br>Development and | Responses given in Likert Scale of 1-5 to assess whether human resources procedures has any relationship with organization performance | Ordinal Scale (non-dichotomous type) | Qualitative and Quantitative |

|                            |  |   |                                      |                              |
|----------------------------|--|---|--------------------------------------|------------------------------|
|                            | training   |   |                                      |                              |
| Leadership styles          | Transformational Leadership<br>Goal setting<br>Efficiency of operation<br>Increasing productivity. | Responses given in Likert Scale of 1-5 to assess whether leadership styles has any relationship with organization performance | Ordinal Scale (non-dichotomous type) | Qualitative and Quantitative |
| Organizational performance | Profit margins<br>Industrial relations<br>Staff retention<br>Staff turnover                        | Responses given in Likert Scale of 1-5 to assess its relationship with the independent variables                              | Ordinal Scale (non-dichotomous type) | Qualitative and Quantitative |

*Note: Likert Scale of 1-5, where 1-Strongly disagree; 2-Disagree; 3-Neither agree nor disagree; 4-Agree; 5-Strongly Agree.*

**APPENDIX V: FLOWER FARMS IN NAIVASHA**

|     | <b>FARM</b>   | <b>CLASSIFICATION</b> |
|-----|---|-----------------------|
| 1.  | Bigot Flowers                                       | Medium                |
| 2.  | Kentalya (cuttings)                                 | Small                 |
| 3.  | Bilashaka Flowers Ltd                               | Small                 |
| 4.  | Finlays Horticulture                                | Large                 |
| 5.  | Panda Roses   | Medium                |
| 6.  | Nini Ltd  | Small                 |
| 7.  | Oserian Development Co. Ltd                         | Large                 |
| 8.  | Wildfire Ltd  | Medium                |
| 9.  | Shalimar Flowers                                    | Medium                |
| 10. | Liki River farm –<br>Longonot Horticulture Division | Large                 |
| 11. | Harvest Flowers-Naivasha farm                       | Small                 |
| 12. | Rainforest Highlands Flowers                        | Small                 |
| 13. | Kongoni River Farm Ltd. – Star<br>Division.         | Small                 |
| 14. | Tulaga Flowers                                      | Medium                |

*Figure 3.4.1: KFC Flower Farms in Naivasha*

**Key Based on KFC Criteria:**

1 – 5 Hectares = Small Farm(average number of employees 700)

6 – 30 Hectares = Medium Farm (average number of employees 2500)

> 31 Hectares = Large Farm (average number of employees 5000)