EFFECT OF PERCEIVED HUMAN RESOURCE MANAGEMENT PRACTICES ON PERFORMANCE OF PARASTATALS IN KENYA: A CASE OF COMMERCIAL PARASTATALS IN KENYA

JULIUS OCHIENG OLAYO

DOCTOR OF PHILOSOPHY

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Effect of Perceived Human Resource Management Practices on Performance of Parastatals in Kenya: A Case of Commercial Parastatals in Kenya

Julius Ochieng Olayo

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DECLARATION

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

Signature_____Date_____

      Julius Ochieng Olayo

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

Signature_____Date_____

      Dr. Alice N. Simiyu, PhD,

      JKUAT, Kenya

Signature_____Date_____

      Prof. Elegwa Mukulu, PhD,

      JKUAT, Kenya

DEDICATION

This research thesis is dedicated to my beloved wife Magdalene Wamuhu, daughter Tracy Adhiambo and son Darren Kochele whose support and prayers inspires me to undertake the research.

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ABBREVIATIONS AND ACRONYMS

CEO   Chief Executive Officer

FO   Finance Officer

GOK   Government of Kenya

GPHA   Ghana Ports and Harbors Authority

HOD   Head of Departments

HOS   Head of Section

HRM   Human Resources Management

HRO   Human Resource Officer

KIM   Kenya Institute of Management

OPI   Organizational Performance Index

PO   Procurement Officer

R&D   Research and Development

SPSS   Statistical Package for Social Sciences

DEFINITION OF TERMS

Corruption Corruption is defined as the act of abuse of public office for private gain by blood ties, tribal relation, or bribe for favours (Treisman, 2007)

Human resource Sum total of all inherent abilities, knowledge and skills represented by attitudes, amplitudes and talents of an organizations workforce (Armstrong, 2009).

Human resource management Is a strategic and coherent approach to the management of an organization's most valued assets or the employees who individually and collectively contribute to the achievement of its goals and objectives (Armstrong, 2009).

Nepotism Showing of special favour or unfair preference to a relative in conferring a position, job or other privileges (Jones, 2012).

Organization performance Performance refers to profitability, growth and employee turnover (Bohlander & Snell, 2007).

Strategic human resource management An approach to making decisions on the intentions and plans of the organization in the shape of policies, programmes and practices concerning the employment relationship, resourcing, learning and development, performance management, reward and employee relations (Cole,2004).

Strategy Strategy is defined as the fundamental pattern of present and planned resource deployment and environmental interactions that indicates how the

organization will achieve its objectives (Noe, 2008).

Tribalism   Tribalism is the attitude and practice of harboring such a strong feeling of loyalty or bonds to one's tribe that one excludes or even demonizes those 'others' who do not belong to that group" (Nothwehr, 2008).

ABSTRACT

As globalization and competition becomes a real phenomenon, there is more emphasis to link strategy and organization performance. To compete effectively, organizations must adopt ways of enhancing their competitive advantage and profitability. This research assessed the effect of Perceived Human Resource Management practices on parastatals performance. This study sought to determine the relationship between HRM and performance of parastatals in Kenya. The specific objectives involved examining the effect of recruitment and selection, training and development, decentralized teams, employee reward on the performance of parastatals in Kenya and determining the moderating effect of perceived corruption on the relationship between HRM practices and performance of parastatals in Kenya. The study adopted a descriptive survey design with both quantitative and qualitative approaches. A population of 9600 was targeted in 32 purely commercial parastatals in Kenya. A sample of 240 respondents was selected from 10 parastatals using cluster random sampling technique. The respondents included CEOs, senior managers, supervisors and other staff in each of these parastatals. Primary data was obtained from the respondents through self-administered questionnaires and interviews. A document analysis guide and secondary data collection sheet were used to collect secondary data from the parastatal publications, reports, office of the inspectorate of state corporations and websites. Data was analyzed using both descriptive and inferential statistics with the use of Statistical Package for Social Science (SPSS version 23). Descriptive statistics including mean scores, standard deviations, percentages and frequency distribution were computed to describe the characteristics of the variables of interest in the study. Inferential statistics like correlation, linear and multiple regression techniques were used to establish the nature and magnitude of the relationships between the variables. The results were presented in tables and figures. The study findings indicated that the perceived performance of parastatals was deteriorating and facing much competition from other industries. The study concluded that perceived human resources management practices had a significant positive effect on the performance of parastatals. When all these perceived practices (recruitment and selection, training, decentralized teams and employee reward) were used, it was found that there was improved performance in the parastatals. However when the moderating variable was added into the model, the study found a perceived negative and significant effect on performance. The study therefore concludes that perceived corruption had a negative and statistically effect on the relationship between management practices and performance of parastatals. On perceived corruption which was found to moderate negatively the relationship between HRM practices and performance, HR managers should recognize the contribution of the vices to organizational success. The study recommends that change management should be encouraged to wipe out corruption in the recruitment processes so as to have the competent employees who will enhance organizational performance. The top management should be in support of the changes so as to make the human resource management practices effective in the organization if any success is to be achieved.

CHAPTER ONE

INTRODUCTION

1.1   Background of the Study

The significance of Human Resource Management (HRM) practices on organizational performance is still a major debate among academics and practitioners today. The question as to whether there exists a HRM system that is always positively related to organizational performance, or if this relationship depends on organizational factors and employee outcomes has not been fully answered with respect to public institutions. Previous studies on other parts of the world have mainly focused on the private sector firms (Rodriquez & Ventura, 2013; Bae & Lawler, 2011). It has been argued further that HRM practices can convert human resources into a strategic asset, given the potential for complementarities between practices and organization resources (Khatoon, Amin & Hossain, 2013; Pfeffer, 2005; Irefin & Mechanic, 2014). It is argued that how HRM practices are engaged can determine significantly the organizational success.

Kenya Institute of Management (KIM) developed a model called the Organizational Performance Index (OPI) which is a tool that drives organizations in Africa towards excellent performance and competitiveness (Kenya Law Report, 2012). The performance of organizations is measured against global standards and benchmarks. The key parameters include systems thinking, competitiveness, standards and continuous improvement. The OPI model rates participating organizations using a scale of 1-10 using both its internal and external processes. It uses seven global determinants which are Leadership and Management, Human Resource, Customer focus and marketing, financial aspects, Innovation and technology, Corporate Social Responsibility, environmental focus productivity and quality. Organizations are then assessed according to specific indicators to their particular industry. Parastatals are therefore some of the organizations which must be assessed because they play a key role in the economy of Kenya. This therefore poses another challenge on parastatals to improve their

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performance rating. Waiganjo, Mukulu, and Kahiri, (2012) noted that performance measurement is important for organization as a means of continuous improvement and also as a means of determining whether or not an organization is achieving its objectives. The traditional management approaches and models are no longer adequate to award a parastatal a sustainable competitive advantage. This study therefore wishes to bridge the knowledge gap in the area of perceived human resource management on perceived performance of parastatals in Kenyan.

Human Resource Management practices represent a distinctive approach for shaping employee behaviours and work attitudes, which in turn impacts on organization performance (Huselid, 2015; Fombrum,Tichy, & Devanna, 2014). Job satisfaction and organizational commitment are key employee work attitudes and behaviours that constitute immediate outcomes of HRM practices (Guthrie, 2011). Satisfied and committed employees are more likely to have a strong desire to retain membership and exert considerable effort on behalf of the firm, thereby enhancing firm performance. However, employees do not bring these key work attitudes and behaviors on entry; rather, they acquire them in the workplace, from a process of the exchange relationship, via relevant HRM policies, programmes, processes and practices (Luthans, 2013; Lin & Chang, 2015; Rodriquez & Ventura, 2013).

Efforts have been made by human resources management theorists to try to establish a causal link between human resource management and performance (Cook, 2012). However, little has been reported on the effect of HRM parastatal performance in the public service. Cook (2012) argues that there is a symbiotic relationship between human resources strategy and performance. While there is a growing body of theory and empirical research demonstrating positive relationships between HRM policies and organization outcomes, additional studies in this area are needed (Purcell & Kinnie, 2007). There is need for a theoretical link on exactly how perceived human resources management and perceived performance are related. Furthermore, there is a great need

for additional evidence to support the HRM-performance relationship. The present study therefore attempted to fill part of this gap using the Kenyan parastatals.

The relationship between HRM practices and parastatal performance may be influenced by perceived corruption, nepotism and tribalism. The word "corruption" has social, moral, political, economic meanings that can all be expressed in definitions. In that sense all definitions of corruption can be regarded as working definitions since they vary according to the purpose for which they are used (UNDP, 2012). For example, in order to enforce an anti-corruption law, a precise definition is needed to ensure that procedural fairness is observed in operational activities of detecting and prosecuting corruption. Consequently legal instruments for prosecution have typically defined specific conducts such as bribery or nepotism with the term corruption retaining a more general meaning or an 'umbrella' definition (Anechiarico & Jacobs, 2013). In current international use, it's defined as the misuse of entrusted power for private gain. This definition acknowledges that "corruption" cannot be prevented as a single behaviour or offence. Instead it is more a convenient term for many types (Gorta, 2008) or even syndromes(Johnston, 2005) of behaviour that have in common a breach of a relationship of trust that undermine a specific historical or social institution, in this case government (Miller, Roberts & Spence, 2005).

Nepotism and tribalism involves favoritism based on kinship or ethnicity (Bellow, 2013). Padgett and Morris (2015) showed that favouritism may play a role during the hiring process an organization. Simon, Clark and Tifft (2012) indicated that favouritism may be prevalent in organizations and is based on relationship regardless of merit. Nepotism and tribalism has to do with a wide range of practices relating to favoritism. In this sense, it implies to hire and engage a non-qualified or less qualified person as a result of family or tribal union. For the purpose of this study, corruption in terms of nepotism and tribalism is the showing of special favour or unfair preference to a relative or tribesman in conferring a position, job or other privileges (Jones, 2012).

1.1.1 Global Outlook of Human Resource Management Practices

According to a United Nations report on a study carried out in 14 countries; Australia, Brazil, Canada, Chile, China, Finland, Germany, Hungary, The Netherlands, New Zealand, Poland, Republic of Korea, UK, and US, there were four broad reform concerns that were publicly stated by governments: to improve policy responsiveness and implementation by overcoming resistance from vested interest to the implementation of legitimate policies or reduction of some programs; to reduce public expenditure, maintaining the attractiveness of the investment climate and the competitiveness of national firms; to improve government as an employer by making it responsible to attracting sufficient numbers of appropriately skilled employees while restraining aggregate employment costs and to improve service delivery and build public and private sector confidence by enhancing the degree of respect and trust accorded to government by private sector and by the public (United Nations, 2011).

In USA, According to Debrah and Budhwar (2014) the retention of valuable employees is a challenge. Managers and top-level authorities are constantly met with the issue of retaining employees, and there is a wealth of evidence that worldwide, retention of skilled employees has been of serious concern to managers in the face of ever increasing the high rate of employee turnover. Similarly, in Germany, there are major challenges in attempting to retain employees which become an increasingly important aspect of building organisational capabilities to ensure sustained competitiveness (Holland, Sheehan & De Cieri, 2012).

These challenges, among other things, are essentially linked with the infrastructural, remuneration support, support, remuneration packages, leadership styles and cultures within an organisation. Such challenges are further complicated as employees tend to change jobs for better financial rewards and improved working conditions. In addition highly skilled employees are often poached by large-scale international organisations that can provide them with better remunerations and other benefits (Zheng & Lamond, 2010).

Training and development is a main important element of human resource management (HRM) (Vlachos, 2009). Studies by Dimba (2010), suggested that there is a significant impact of training and development on organizational performance. Niazi (2011) mentioned that training and development could influence organisational performance because employees' skills, knowledge and abilities can be enhanced and up to date. Jackson (2002) opined that the type of approach adopted by an organization affects its outcomes. As parastatals continue to perform poorly in Kenya, the role of training and development on their performance need to be investigated.

As organizations expand, more employees are needed. Hence new levels of management are required in order to meet the objectives of the organization. Decision-making becomes a key issue, as decentralized, middle managers gain authority and self-managed teams proliferate as the firm adds more and more projects and customers (Flamholtz & Randle, 2010; Miller & Friesen, 1984).Teamwork and decentralization of decision making promotes employee commitment participation and create a sense of attachment, thus indirectly affecting organization performance (Tata &Prasad, 2014).Several studies have identified self-managed teams and decentralization as important high-performance HRM practices. Jayaram, Droge and Vickery (2009) found that decentralised teams have a positive effect on two dimensions of the performance, time and flexibility. Collins and Clark (2013) found that management teams mediated the relationship between HR practices and firm performance. Haleblian and Finkelstein (2013) found out that that firms with large teams performed better and firms with dominant CEOs performed worse in a turbulent environment than in a stable one. The major effect of decentralized teams on organizations performance notwithstanding, data on its impact on parastatal performance in Kenya is unavailable.

1.1.2   Regional Outlook of Human Resource Management Practices

In a research conducted on Sri Lanka and Botswana (Bratton & Gold, 2017), it was surprising to note how HR planning has contributed greatly in the reduction of the unemployment rate. Botswana for instance with about 40% of its population being HIV

positive and being reliant on expatriates even in its public sector, had introduced a strategic means by which the indigenes were being trained to take over from the expatriates. Sri Lanka on the other hand, had introduced flexible working time as part of its plan to gradually replace the aging workforce without losing out on their experience. Either of these strategies is largely devoid of partisan politics and maintaining the organizational knowledge and memory.

In Nigeria according to Fajana (2014) is one of the African countries troubled by abundant labour and scare talent. Attracting, developing, deploying and retaining best talents had become a challenge. That is why Fajana and Ige (2010) argued that the desire for top performance has driven the need for effective management. HRM in Nigeria can be said to be 'still in Infancy' and lot of academic research is still required in this area (Fajana, Owoyemi, Elegbede & Gbajumo, 2014). Lack of indigenous and comprehensive HRM models is one of the challenges facing HRM practices in Nigeria, which is why the majority of principles and practices evidence in workplaces in Nigeria are all adopted from other countries.

Singh, Sharma and Cheema (2011) conducted a study of effect of performance appraisal on the organization and the employee. Performance appraisal has been considered as the most significant an indispensable tool for an organization, for an organization, for the information it provides is highly useful in making decisions regarding various personnel aspects such as promotion and merit increases. Performance measures also link information gathering and decision making processes which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. This research will concentrate on examine the effect of the performance appraisal on an individual as well as on the organizations. The sample size of 100 has been chosen from the north Indian states. The data used for the study is primary data collected through the help of questionnaire filled by the samples. The data was evaluated with the help of statistical tools i.e., descriptive statistics, regression, correlation, residual analysis and chi square test. The findings of the research show that

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there is a noticeable effect of the performance appraisal on the organization as well as on the individual.

Pay systems have long been known to influence employee's levels of job performance, satisfaction, and withdrawal behavior (Lawler, 2010). A highly appropriate research agenda for students of organizations is the identification of those working conditions that may adversely affect the psychological well-being of employees expose d to them (Brief & Atieh, 2011). Our theoretical premise was that pay systems have a unique impact on employees emotional distress. We hypothesized that the more variable (i.e contingent upon employees performance) the pay system, the higher its deleterious impact on employees' emotional distress. We further hypothesized that these effects were partially mediate d by the extent to which their jobs were perceived or objective assessed to be monotonous. In work organizations, pay systems have traditionally been themost extensive manipulated organizational reward. They have been manipulated primarily to increase employees' motivation to achieve higher levels of individual and group performance. Performance -contingent pay systems, such as piece-rate incentive plans, have been used for this purpose (Lawler, 2010).

Grant (2011) sought to determine the impact of training and development on public sector organizations using Ghana Ports and Harbors Authority (GPHA) as a case study. The study assessed the training and development process of GPHA and whether training has improved employee performance. He designed a structured questionnaire to collect primary data from employees of GPHA. Personal interviews were also held with some management staff of the organization. The results indicated that GPHA's employees were not well informed about training and development programmes in the organization. Most of the employees were of the view that training and development were effective tools for both personal and organizational success.

1.1.3 Human Resource Management Practices in Kenya

As a country, Kenya has recognized that a modern performance-focused public service is a prerequisite for the country's socio-economic transformation. Various strategic measures have been initiated since 2004 to enhance service delivery. These include embracing modern business management practices, providing transformative leadership and promoting a corporate culture that enhances ethical practices and good citizenship behaviour. The ultimate objective is to transform work attitude and behaviour, and to create a citizen-focused and performance-oriented public service, which can contribute to national growth and development.

The concept of organizational performance is important. Iravo, Ongori and Munene (2013) evaluated the questions why some organizations succeed while others fail. The good performance of parastatals is important for Kenyan economy. Njuguna (2008) highlighted performance measurement as one of the tools which helps organizations in monitoring performance, identifying the areas that need attention, enhancing motivation, improving communication and strengthening accountability. Parastatal managers, like any other managers, can use the feedback on performance to make adjustments to policies and other modes of organizational operations. Fwaya (2006) views performance as a formula for the assessment of the functioning of an organization under certain parameters such as productivity, employee' morale and effectiveness.

Performance management and improvement is at the heart of strategic management because a lot of strategic thinking is geared towards defining and measuring performance (Nzuve & Nyaega, 2012). Odhiambo (2009) identified three approaches to performance in an organization, which are the goal, systems resource, and process perspective approaches. The goal approach states that an organization pursues definite identifiable goals. This approach describes performance in terms of the attainment of these goals. The second approach is the systems resource approach which defines performance as a relationship between an organization and its environment. This concept defines performance according to an organization's ability to secure the limited

and valued resources in the environment. The third approach is the process perspective which defines performance in terms of the behaviour of the human resource of an organization (Waiganjo, Mukulu & Kahiri, 2012).

HRM strategies can improve productivity by; increasing employee skills and abilities; promoting positive attitudes and increasing motivation, and providing employees with expanded responsibilities so that they can make full use of their skills and abilities (Mahoney & Watson, 1993). Performance indicators include: financial (profits), market share, efficiency, reliability, flexibility among others (Kiragu, 2005). The aim of human resource strategy is to devise ways of managing people in order to assist in achievement of organizational objectives. Participation of individuals and team transforms exchanges from economic to social. According to Mahoney and Watson (1993), employee involvement has a beneficial impact on performance.

Kiragu (2005) highlights performance in terms of four perspectives which are the financial, customer, internal processes and innovativeness. The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital (Omondi, Magutu, Onsongo, & Abong'o, 2011). This study focused on returns on assets and returns on sales ratios as indicators of financial performance. The customer focus described performance in terms of brand image, customer satisfaction, customer retention and customer profitability. This study used employee and customer satisfaction indices to measure performance of parastatals. Internal processes involve the efficiency of all the systems in the organization while innovativeness is concerned with the ease with which a firm is able to adapt to changing conditions. Human resource management combines financial, strategic and operating principles to gauge how an institution is able to meet its targets.

Organization's performance is positively impacted by the presence of Human Resource Management (HRM) practices which tend to create a significant contribution on organizational competencies, and this in turn becomes a great boost for further

enhancing innovativeness (Noe Hollenbeck, Gehart & Wright,2003; Youndt, Subramaniam, & Snell,2004; Waiganjo, Mukulu & Kahiri, 2012). According to Horngren (2000), organizations link the maximization of performance with SHRM practices. As a result of intensive competition, and need to meet society needs, organizations constantly search for newer sources of effectiveness, one of the most important being HRM, that has the potential to improve and determine an organization's fate (Kelliher & Perrett,2001). Organizations today have increasingly become aware of the importance of HRM in sustaining growth and effectiveness unless there are strategies that complement its operations.

The changing society needs, is a recurring theme examined by academicians, consultants and practitioners. The frequent and uncertain changes, greater competition between institutions, the need for continuous innovations, quality enhancement and cost reduction force institutions to face the challenge of improving their competitiveness and consequently their performance. This realization has propelled HRM as a major field of study and Wright, Gardner, Moynihan and Allen (2005) asserts that the renewed interest has facilitated the development of newer approaches in managing organizations and Human Resource (HR). According to Armstrong (2009), Human Resource Management (HRM) emphasizes the need for the HR plans and strategies to be formulated within the context of overall organizational strategies and objectives and to be responsive to the changing nature of the organization's external environment. There are a number of studies focusing on the main competitive factors of organizations because of their contribution in the global economy (Huselid, 2015; Wright et al. 2015). The quest for competitive advantage has long been a central tenet of the field of strategic management (Armstrong, 2009).

The HRM practices of parastatals have received little specific attention from researchers. As in many other areas of scholarly inquiry, empirical research in strategic human resource management has tended to focus on large private sector (Guest, Michie, Conway & Sheehan, 2013; Miller & Cardinal, 2011). In recent years while much

attention has been given to private sector by policy makers, politicians, practitioners and academics, little research has been done on strategic management practices within the government parastatals. This is surprising in view of the importance of parastatals as critical engines of economic growth, public service and employment creation. The under representation of parastatals in terms of strategic management research data seems inappropriate when the scale of this sector is considered. This fact, together with the key role parastatals inevitability plays in economic prosperity, strongly suggests the importance of increasing our understanding of the management of strategy in these organizations in Kenya.

According to Kenya Economic Development report (2004), parastatals in Kenya are among the largest employers in Kenya, in addition to the tax opportunities they present. These organizations have great potential in driving Kenyan economy. These organizations need to respond to greater global and national imperatives and challenges to compete effectively in local and global markets. This study focused on the fitness of perceived HRM strategies of Kenya's parastatals. There is need to understand the effect of perceived HRM strategies on parastatal performance since currently there is a lot of interest in this area. In particular there is need to have documented information on the effect of recruitment and selection, training and development strategies, decentralized teams strategies and reward strategies on the perceived performance of parastatals in Kenya.

The relationship between HRM practices and parastatal performance may be moderated by various variables including corruption. Corruption may take various forms including bribery, nepotism and tribalism. Bribery is the act of paying or receiving undue inducement to acquire certain services. Nepotism and tribalism in parastatals describes situations in which an appointed public official exploits his or her position to favour relatives or tribesmen in obtaining jobs, advancement, or other preferential treatment (Below, 2013). Public officials may hire or promote their relatives or tribesmen over better-qualified candidates (Farahmand, 2013). Nepotism and tribalism in Kenya is

indeed a real phenomenon in organizations (Gommans and Musumbu, 2014). It persists since it provides an avenue via which goodies and favours trickle down from those in power to their kin and tribesmen. There may be no meritocracy as people are given jobs based on relationship regardless of their qualifications (Jones, 2012). There is need to understand the influence of perceived corruption on the relationship between perceived HRM practices adopted by the parastatal and its performance.

1.1.4 Parastatals in Kenya

A parastatal is a public sector or state corporation which is that part of the economy that is controlled by the government for the purpose of providing basic government services. Kenya has 185 parastatals as outlined by the report of the presidential taskforce on parastatal reforms of 2013. These parastatals are categorized into five categories according to their mandate; Purely Commercial State Corporations (32), State Corporations with Strategic Functions(21), State Agencies - Executive Agencies (62), State Agencies - Independent Regulatory Agencies (25), State Agencies - Research Institutions, Public Universities, Tertiary Education and Training Institutions (45). For the purpose of this study, 10 parastatals were studied in the purely commercial state corporations category. These parastatals are facing several challenges which have been affecting their performance. These challenges include shortage of skilled staff, poor infrastructure, insecurity, lack of strategic plans and poor organizational processes among other challenges (GOK, 2013). In 2011/12, eleven commercial State Corporations made losses, compared to twelve in 2010/11 and sixteen in 2009/10 (GOK, 2013). This represents 21%, 23% and 31% respectively of all commercial oriented Government Owned Entities (GOK, 2013).Kenya has been experiencing turbulent times with regard to its organizational practices in the last two decades especially in the public sector. This has resulted in generally low profits across the economy and this picture is fairly well replicated in most purely commercial parastatals (Namusonge, Kabare & Mutua, 2012).

1.2   Statement of the Problem

According to the report by a taskforce on parastatal reforms in Kenya 2013, the performance of parastatals has been poor in an environment where resources are scarce and needs have been mounting. Key among the policy issues and challenges facing parastatals in Kenya, include: poor governance leading to embezzlement of funds; a large number of officially authorized and institutional frameworks that produce numerous reporting and answerability lines; ambiguity on the task that parastatals ought to play in the economy, which heightens the weaknesses of boards and chief managers; majority of the boards running parastatals been weak and/or ineffective, leading to their inability to offer direction that is strategic; weak institutional and human resource ability to draw and maintain the skillfulness that is required to propel performance also included is an insufficient structure on performance management that fails to rightly relate the performance of parastatals to countrywide development objectives (Republic of Kenya, 2013).

The parastatals are still using the traditional approach to manage people which have an emphasis on administrative procedures associated with hierarchical model of public services, where administrative rules are determined by national government and implemented by public organizations. This approach is seen as undermining performance and demotivating individuals (Kamoche, 2013). According to Lankeu and Maket (2012), modern HRM involves putting in place strategies that will ensure the maximum utilization of people in an organization. This is done in a systematic and planned method by ensuring that there is a shift in the way employees of parastatals are managed to ensure that they deliver results as required, to achieve these changes the leaders should be equipped with knowledge and experience on modern or advanced human resource management.

Most studies examining the relationship between HRM practices and organization's performance have been conducted mostly in developed countries like United States and United Kingdom (Grant, 2018). The theories of HRM have been generated relying on

western organizations but not from all parts of the world (Grant, 2018). Besides, most studies conducted in Kenya mainly focused on private sector players (Dimba & K'Obonyo, 2009; Njuguna, 2008; Kidombo, 2007). Kidombo (2007) studied effects of HRM on performance of private manufacturing firms in Kenya. More importantly, considering that the research findings obtained in the private sector locally and globally have limited generalizability to the Kenyan parastatals, lead to the support to the current study, which sought to fill the existing knowledge gaps. Most reviewed studies focused on direct relationship between HRM practices and organizational performance, studies on the moderating effect of perceived corruption on the relationship between HRM practices and parastatals performance is lacking. It is against this background that this study was undertaken in order to address the research gap, by determining the moderating effect of perceived corruption on the relationship between perceived HRM Practices on performance parastatals in Kenya.

1.3   Objectives of the Study

This section presents the objectives of the study both general and specific objectives.

1.3.1 General Objective

This study investigated the perceived effect of Human Resource Management (HRM) practices on the performance of parastatals in Kenya.

1.3.2 Specific Objectives

i.   To determine the perceived effect of recruitment and selection on the performance of commercial parastatals in Kenya.

ii.   To investigate the perceived effect of decentralized teams on the performance of commercial parastatals in Kenya.

iii. To assess the perceived effect of training on the performance of commercial parastatals in Kenya.

iv.   To examine the effect of perceived reward on the performance of commercial parastatals in Kenya.

v. To determine the moderating effect of perceived corruption on the relationship between perceived human resource management practices and performance of commercial parastatals in Kenya.

1.4   Research Hypotheses

A hypothesis is a logical conjectured relationship between two or more variables expressed in the form of testable statements. In order to achieve the objectives designed for this study, the following research hypotheses were stated based on the revelations in the review of literature concerning HRM strategies and organizations' performance:

Ho1: Perceived recruitment and selection has no significant effect on the performance of commercial parastatals in Kenya.

Ho2: Perceived training have no significant influence on the performance of commercial parastatals in Kenya.

Ho3: Perceived decentralized teams have no significant influence on the performance of commercial parastatals in Kenya.

Ho4: Perceived reward have no significant influence on the performance of commercial parastatals in Kenya.

Ho5: Perceived corruption has no significant moderating effect on the relationship between perceived human resource management practices and performance of commercial parastatals in Kenya

1.5 Significance of the Study

The results of this study were of great importance to different beneficiaries. They include;

1.5.1 Government

The findings of this study would assist the Government to evaluate the role of HRM strategies in enhancing organizational performance. Not all corporate organizations have high growth potential; therefore, research and policy makers seek potential sources of growth with notions of competitive advantage, competitiveness, productivity and structural changes. It would also open up new opportunities for increasing the performance of other organizations which have not embraced HRM. The study aims at giving an insight into the role of HRM in enhancing performance of organizations. The growth in competition, liberalization of the economy and the environmental changes put additional challenges to organizations. As such, they need to respond to greater market imperatives and challenges. There is lack of a theoretically grounded understanding of the strategies underlying organization's success or failure in general (Coplin, 2002). The question posited is how a model can be created to the established organizations or those entering the market to perform well, succeed or produce a sustainable competitive advantage.

1.5.2 Parastatals Management

The study results can enable the management in planning for the development and implementation of effective and efficient human resource management strategies that will lead to improved performance of the parastatals. This can in turn help in ensuring economic growth and stability of the country. The findings of this study may be valuable to researchers and academicians in providing more knowledge on contributions of HRM strategies to organization's performance. Theories of HRM were generated relying on western organizations but not in all parts of the world and many writings on

HRM describe the application of HRM strategies mostly in theoretical context in western developed countries (Grant, 2018).

1.5.3 Policy Makers

It is against this background that this study was conducted in order to extend research to different parts of the world. This study provided an opportunity for empirically testing the theories in developing countries, particularly in Kenya. The moderating effect of corruption on the relationship between HRM practices and parastatal performance was assessed. Information obtained was useful in policy formulation. To Policy Makers (State Corporation Advisory Board, Inspectorate of State Corporations, and Board of Directors in State corporations) this study would improve the policy making capacity and also apply innovation in policy implementation.

1.5.4 Academicians and Researchers

Other researchers who may need reference to information on role of human resource management practices on organizational performance also can benefit by being able to assess previous approaches used to solve similar management questions and revise their research on human resources management. In addition they can be able to spot flaws in the logic, errors in assumptions or even management questions that are not adequately addressed by the objectives and designs. The study also advanced literature by moderating (corruption) the relationship between human resources management practices and organization performance of parastatals.

1.6   Scope of the Study

The study was carried out in Kenya. There are 185 parastatals in Kenya as outlined by the report of the presidential taskforce on parastatal reforms of 2013 (GOK, 2013). The parastatals studied are 32 parastatals that are purely commercial. These parastatals are facing stiff competition from other industry players. This study covered the commercial parastatals in Kenya to establish the effect of HRM practices on organizational performance. The parastatals are the key players in the public sector. The justification

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for this is that they are the engine that is supposed to drive government business and ineffectiveness of government policies and programs can directly be traced to the actions or inactions of employees working in these parastatals. This study was done in 2017.

1.7   Limitations of the Study

The objective of this study was to establish the effect of Human Resource Management (HRM) practices on the performance of parastatals in Kenya. Some of the bottlenecks experienced were lack of cooperation from the respondents to fill correctly the questionnaire as they may overlook the significance of the study. However, attempt of lack of commitment from the participants was used by the researcher to take time to meet with all potential respondents and clarify to them the scope of the study and its significance to the organization.

The respondents were also unwilling to give responses due to fear of the unknown and in that the information collected may be used to intimidate them or print a harmful image about them or their respective parastatals. Some respondents even turned down the request to fill questionnaires. This was mitigated by obtaining a letter of introduction from Jomo Kenyatta of Agriculture and Technology University, which assured the respondents of the academic purpose of the study and that it would be treated with maximum confidentiality.

Another issue is the fact that this research was conducted in the parastatals only without involving firms in the private sector. This means that the results obtained cannot allow for generalization in other sectors. This was mitigated by recommending a study of other selected public sectors. There was also inadequate of current studies dealing with HRM in the public sector especially in developing countries and specifically in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1   Introduction

This chapter reviewed the information from other researchers who have carried out research in the same field of study in prior years. It also offers a critical analysis of previous studies that have been done by other scholars in the area. It finally presents the research gap which this research intends to examine.

2.2   Theoretical Framework

This study is supported by the following theories; Universalistic theory, Configurational theory, Resource based theory, Ability, Motivation, Opportunity Theory (AMO Theory), and Bureaucratic theory. Universalistic scholars argue that there is a set of superior HRM practices which if adopted by an organization, would lead to enhanced performance. The Configurational theory emphasizes on the importance of achieving both internal and external fit in the organization. Resource based value theory focuses on satisfying the human capital requirements of the organization. Ability, Motivation, Opportunity theory proposes that performance at individual level depends on high motivation, possession of the necessary skills and abilities and an appropriate role and understanding of that role. Human Capital theory posits that organization needs to invest to increase employee skills, knowledge, and abilities. Bureaucratic theory proposes that bureaucracies have superior performance compared to traditional forms of organizing (based on nepotism, tribalism and cronyism, among other things).

2.2.1   Universalistic Theory

This theory is also referred to as the best practice model, which is based on the assumption that there is a set of superior/best HRM practices, and that adopting them will inevitably lead to superior organizational performance (Luthans & Summer, 2005). The notion of best practice was identified initially in the early US models of HRM, many of which mooted the idea that the adoption of certain 'best' human resource

practices would result in enhanced organizational performance, manifested in improved employee attitudes and behaviors, lower levels of absenteeism and turnover, higher levels of skills and therefore higher productivity, enhanced quality and efficiency and of course increased profitability (Marchington & Wilkinson, 2008). HRM practices like proper employee recruitment and selection, training and development, decentralized teams and employee reward may therefore enhance firm performance. Firms should therefore have focused their attention to strategies like recruitment of competent employees, adopt proper management of employees, giving employees enhanced capacity for functioning as well as adequate motivation.

Thus, universalistic perspective maintains that firms will see performance gains by identifying and implementing best practice irrespective of the product market situation, industry or location of the firm (Pfeffer, 2001). However, the notion of a single set of best HRM practices has been overstated. There are examples in every industry of firms that have very distinctive management practices. These distinctive human resources management practices shape the core competences that determine how the firms compete. What works well in one organization may not necessarily work well in another because it may not fit its strategy or working practices. According to Becker, Huselid and Urich (2001), organizational high performance work systems are highly idiosyncratic and must be tailored carefully to each firm's individual situation and specific context in order to provide maximum performance. These high performance work practices will only have a strategic impact therefore, if they are aligned and integrated with each other and if the total HRM system supports key business priorities.

The idea of best practice might be more appropriate for identifying the choices of practices as opposed to the practices themselves. The good practices that do well in one successful environment should not be ignored altogether. Benchmarking is a valuable way of identifying areas of innovation and development that are practiced to good effect elsewhere by leading firms. Nepotism in organizations is not a good practice. It prevents organizations from performing optimally. It compromises on recruitment of employees,

allocation of training and development opportunities, employees working environment and the reward system. Each organization must therefore adopt its unique HRM practices that would enable it to perform well. This theory anchors this study since it links the best human resource management practices to performance, and by adopting them will inevitably lead to superior organizational performance.

2.2.2   Configurational Theory

A strategy's success turns on combining external fit and internal fit. A firm with bundles of HR practices should have a high level of performance (Marchington & Grugulis, 2000). Emphasis is given to the importance of bundling HRM practices so that they are interrelated and therefore complement and reinforce each other. Employee performance is a function of both ability and motivation. A key theme that emerges in relation to best-practice HRM is that individual practices cannot be implemented effectively in isolation but rather combining them into integrated and complementary bundles is crucial (Storey, 2007). MacDuffie (2005) argues that a 'bundle' creates the multiple, reinforcing conditions that support employee motivation, given that employees have the necessary knowledge and skills to perform their work effectively (Storey & Sisson).

In the configuration school, cohesion is thought likely to create synergistic benefits which in turn enable the organization's strategic goals to be met. The aim of bundling is to achieve coherence which exists when a mutually reinforcing set of HR practices have been developed that jointly contribute to the attainment of the organization's strategies for matching resources to organization needs, improving performance and quality and achieving competitive advantage in commercial enterprises. The approach of bundling is holistic as it is concerned with the organization as a total entity and addresses what needs to be done as a whole in order to enable it to achieve its corporate strategic objectives. The notion of a link between business strategy and the performance of every individual in the organization is central to 'fit' or vertical integration. Internal fit advocates bundles of practice, to ensure that organizations gain benefits from

implementing a number of complementary practices rather than only a single practice (MacDuffie, 2005).

Most models of best fit focus on ways to achieve external fit. The most influential model of external fit is that from Schuler and Jackson (1987) which argues that business performance will improve if their HR practices support their choice of appropriate strategies. Under this model, organizations need to work out the required employee behaviors to implement a chosen strategy and devise supporting HR practices to enable those behaviors to be encouraged in the workforce. Vertical integration can be explicitly demonstrated through the linking of a business goal to individual objective setting, to the measurement and rewarding of attainment of that business goal.

The Configurational approach represents non-linear synergistic effects and high-order interactions that can result in maximum performance (Delery & Doty, 2000). Wilkinson (2002) note that the key point about configurational perspective is that it seeks to derive an internally consistent set of HR practices that maximize horizontal integration and then link these to alternative strategic configurations in order to maximize vertical integration and therefore organizational performance. Thus put simply, HRM according to configuration theorists requires an organization to develop a HR system that achieves both horizontal and vertical integration. The configuration approach contributes to the HRM debate in recognizing the need for organizations to achieve both vertical and horizontal fit through their HR practices and therefore be deemed strategic. The best HR practices on employee recruitment and selection, training and motivation should be adopted. Thus, the acquisition of the right employees for the right tasks is of paramount importance. Firms should allocate sufficient budgets for recruitment and selection of employees with relevant skills, knowledge and attitudes. Once the right employees are recruited, their capacity to perform should be enhanced through training and development. Motivation of the employees also affects their performance which in turn has a major impact on firm performance. Multiple incentives to enhance motivation should be sought. This can be through different forms of financial and non-financial

rewards. The influence of this bundle of HR practices on performance of Kenyan parastatals needs to be investigated. This theory supports two variables which are employee recruitment and decentralized teams.

2.2.3   Resource Based Theory

The genesis of the resource-based model can be traced back to Selznick (1957), who suggested that work organizations possess 'distinctive competence' that enables them to outperform their competitors, and to Penrose (1959) who conceptualized the firm as a 'collection of productive resources'. The theory was further supported by Barney (1991). This theory is generally accepted as a background for understanding the relationship between strategic human resource management and organizational performance. According to Schuler, Jackson and Storey, (2001) there are three types of resources associated with organization; physical resources(plant; technology and equipment); human resources (employees experience and knowledge), and organizational resources (structures, system for planning, monitoring, and controlling activities; social relations within and between organization and external contingencies).

A resource can be considered to be a source of sustained competitive advantage if it meets the criteria of value, rarity, non-substitutability, and inimitability (Wright et al.2005; Guestet al., 2003; Barney, 1995, 1991, 2001)**.** Human resources may be viewed as the accumulated stock of knowledge, skills, and abilities that individual possess, which the organization has built up overtime into an identifiable expertise. This view focuses on the quality of the human resource available to the organization and their ability to learn and adapt more quickly than their competitors. These resources include the human resources such as the experience, training, judgments, intelligence, relationships and insights of individual managers and workers in an organization.

According to this theory, the sum of people's knowledge and expertise, and social relationships, has the potential to provide non substitutable capabilities that serve as a source of competitive advantage (Cappelli & Singh, 1992). Perce and Robinson (2007)

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argue that the resource based view of a firm helps improve upon the SWOT analysis by examining a variety of different yet specific types of resources and capabilities any firm possesses and then evaluating the degree to which they become the basis for sustained competitive advantage based on industry and competitor considerations. Thus theoretical work on the resource based view of the firm supports the notion that HRM may be an important source of competitive advantage (Barney, 1991; Perce & Robinson, 2007). Effective recruitment and selection of employees, coupled with training and development of enables the organizational to get the best skills and enhance them to retain a higher performance. Proper management systems ensure high productivity of the skilled manpower, such as use of decentralized teams. Mechanisms that retain the expertise engaged like motivation should be put in place. All these factors give an organization a competitive advantage over its competitors. However, corruption can compromises on the quality of employees. This will ultimately prevent the organization from operating at its full potential. The RBV theory is relevant to the current study because organizations need to identify their resources and how they can use such resources to deliver quality services and thus remaining competitive in the market marked by stiff competition. This theory thus addresses the third variable of the study on the effect of training on performance of parastatals in Kenya.

2.2.4   Ability, Motivation, Opportunity Theory (AMO Theory)

This theory owes its genesis from Vroom (1964). Appelbaum, Bailey, Berg and Kalleberg, (2000) and Katou (2008) also supported this theory. The theory proposes that performance at individual level depends on high motivation, possession of the necessary skills and abilities and an appropriate role and understanding of that role (Savaneviciene & Stankeviciute, 2010). According to Vroom (1964), the effects of motivation on performance are dependent on the level of ability of the worker, and the relationship of ability to performance is dependent on the motivation of the worker. The effects of ability and motivation on performance are not additive but interactive. Vroom proposed the following formula showing that performance is a function of ability and motivation:

Performance = f(A, M).Boxall and Purcell (2003) summarize it as: P = f(A,M,O) Where P is performance, A is ability, M is motivation, and O is opportunity. In other words, HR systems will be most effective when they foster ability, motivation, and opportunity to contribute to effectiveness (Purcell & Hutchinson, 2007; Boselie,Dietz & Boon,2005).Different HR practices/policies have many effects on ability, motivation, and to some degree, ability requirements/opportunity (Katou, 2008; Lepak, Liao, Chung& Harden, 2006; Purcellet al., 2003).

Recruitment, training policies are expected to have their primary effect on ability (and related expectancy motivation perceptions). Job design and job analysis primarily determine ability requirements/opportunity and to some degree, (intrinsic) rewards offered. Motivation needs/values are primarily influenced by employee selection and training as well as employee reward. Thus the AMO theory thus states that performance is the function of employee ability, motivation and opportunity (Musah, 2008).Scholars have argued that a skilled, motivated, and flexible workforce can help develop a company's sustainable core competencies (Musah, 2008; Hsi-An,Yun-Hwa& Chu-Chun, 2006). Committed and motivated workers are less likely to want to leave the organization (Gould-Williams & Davies, 2012).

The AMO theory claims that people will perform well when they are able to do so (because they have the necessary knowledge and skills to the job), they have the motivation to do so (they will do the job because they want to) and finally, there will be enhance performance if their work environment provides the necessary support (for example through functioning technology) (Musah, 2008). Whitener (2001) argued that the organization may adopt a high-commitment strategy, including employment practices, appraisal, competitiveness, fair reward, and comprehensive training and development in order for employees to have high commitment and motivation.

This theory encourages high skills and abilities for employees, for example careful selection and high investment in training. It advocates for high employee motivation, for

example employee involvement and performance-related pay; and an appropriate role structure and role perception, for example job design and extensive communication and feedback. According to proponents of this theory, organizational performance is a function of motivation. Employee involvement, capacity building, shared responsibilities and employee reward, plays a major role in employee motivation. If nepotism is allowed to thrive, it may lead to recruitment of employees that are not qualified. Promotions, training and development may not be done on merit. This may demoralize the employees and hence lower their output. This can ultimately be reflected in enhanced parastatal performance. This theory addresses the fourth variable of the study on employee rewards which is associated with performance.

2.2.5 Bureaucratic Theory

Bureaucracy refers to a situation where there is stringent following of organizational structure, rules and procedures. This theory was proposed by Max Weber in 1922 as shown by Weber 1947. The formal organizations both as a concept and a reality emerged largely as a result of industrialization in the Western society (Henslin, 2012). The rationalization of society as a historical shift in people's thinking and behavior is associated with modernization and accompanying it economic processes, and involves many characteristics of a contemporary world where bureaucracy is a main form of organizations. The term itself, definition and list of characteristics originated in the magnum opus "The Economy and Society" (first published in 1922) of Max Weber. The six main operation principles of a bureaucracy are: 1) a clear hierarchy with top-down assignments and bottom-up accountability levels (pyramid); 2) a division of labor; 3) written rules; 4) written communication and records; 5) impersonality; 6) merit-based recruitment of workers. He believed that formal organizations tend to develop into bureaucracies and in general, large organizations tend to be more bureaucratic (Weber, 1978).

In the above sense, parastatals are large bureaucracies. Weber linked the advance of bureaucratic organization with its "technical superiority", framework of organization strictly oriented on the result and thus being universal (Downs, 1967). The bureaucratic model is important because, by and large, parastatals generally strive to uphold the main characteristics described by Weber. The model in its nature is universal and the ideal structure of it is 'cemented' in the six principles above. Weber noted that bureaucracies (where nepotism is constrained by tests and other human-resources systems that seek to foster decisions based on impersonal assessments of merit) have superior performance to what he called traditional forms of organizing (based on nepotism and cronyism, among other things). Although the issue is universal, a need in case-studies for comparative approach and analysis is strong (Vinton, 1998). In different parts of the world this phenomenon is associated with different attitudes and consequences ("Nepotism", 2009).

The point of any social phenomenon as large as nepotism is its 'situatedness' in uniquely shaped environments. The level of corruption, nepotism and tribalism may be different with different organizations (Wated &Sanchez, 2012). This deeper-level difference manifests itself when nepotism and tribalism policies meet an environment where family and tribal bonds are a basis of collective survival penetrating all levels of organizational hierarchy (Hatch & Cunliffe, 2006). Talking on these terms, there is a conflict between inherent ways of running organizations as suggested by Weber. Corruption, Nepotism and tribalism contradict the sixth principle of Weber for organizations that posits that workers should be recruited purely on merit. Perceptions of employees concerning an organization may persist for long. Pearce and Huang (2014) reported that once employees believe that rewards are based on nepotism and tribalism rather than merit, those perceptions do not change easily even with changes in the administrative system.

Corruption is regarded as unprofessional and unethical practices with detrimental effect on job satisfaction and the achievement of organizational goals (Arasli & Tumer, 2008). Nepotism and tribalism are seen as unethical because of their clash with traditional core

values of self-reliance and fairness in an organization. They are also connected with discrimination and other pragmatic issues in an organization. There have been substantial concerns regarding the possibilities of employers who might have suffered certain form of bias in terms of preferences for hiring and nepotism and tribalism to survive in organization, ethical issues notwithstanding.

That corruption damages organizational performance has been documented in numerous studies. In his large study of Overseas Chinese firms, Redding (1990) found that these family-based organizations were characterized by extensive political infighting among siblings and cousins, and usually split into separate small organizations to provide each family member with their own organization to keep the peace. Supervisors were autocratic and employees unhappy. Thus, bureaucratic systems pose a challenge to managers, who may therefore use them to harm rather than to benefit the organization. There is need to determine the influence of corruption on the relationship between HRM practices and parastatal performance. This theory addressed the last variable on corruption, which highlighted issues affecting the human resource practices in parastatals such as nepotism and tribalism.

2.3   Conceptual Framework

A conceptual framework is the diagrammatic presentation of variables, showing the relationship between the independent variable, moderating variables and the dependent variables (Zikmund, 2012).The conceptual model considers how HRM can be utilized in decision making to achieve high quality decisions that would enhance organizations performance (Youndt, Subramaniam & Snell, 2004).When human capital attributes are effectively utilized, an organization can yield significant benefits. HRM practices are the independent variable in this study, whereas organization performance is the dependent variable. Corruption was expected to moderate the relationship between HRM practices and performance of parastatals in Kenya (Figure 2.1).
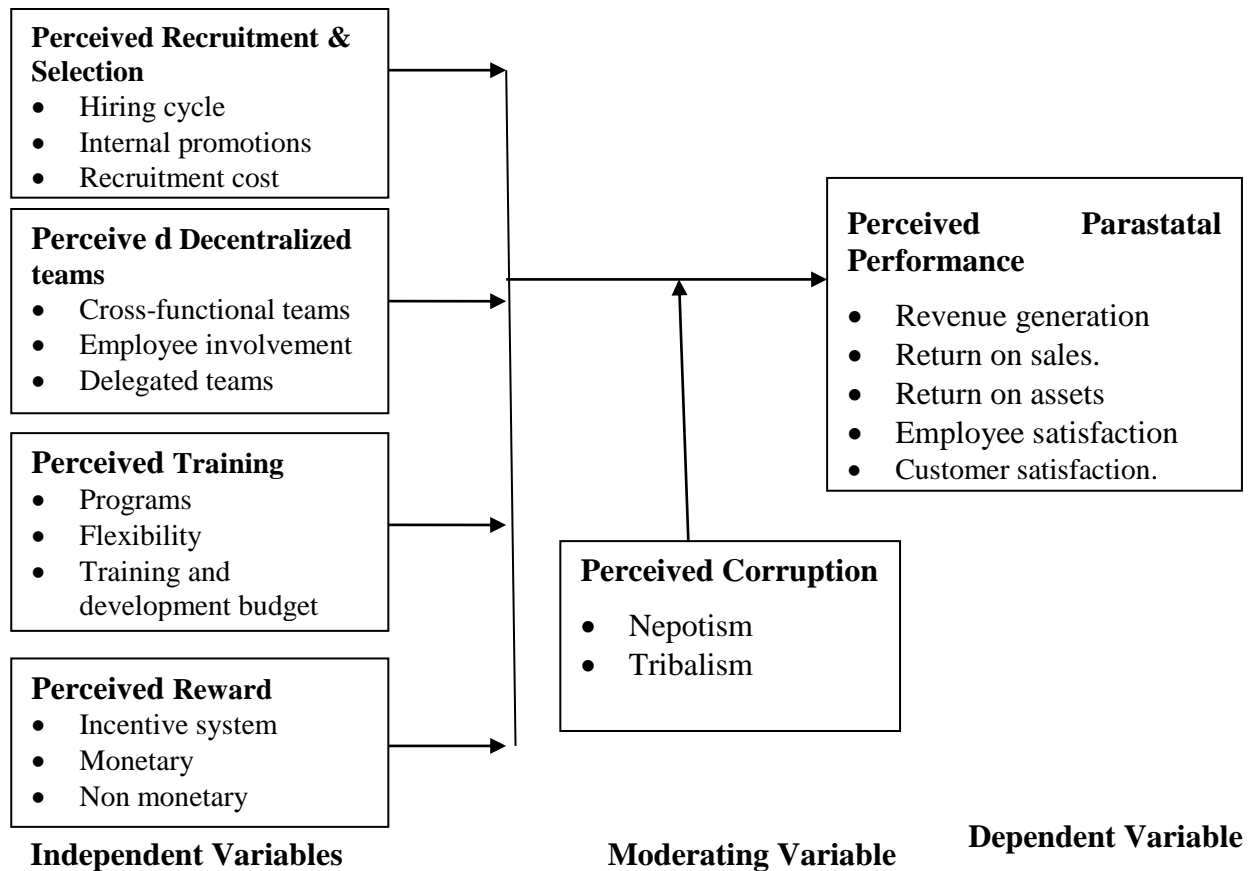
Figure 2.1: Conceptual Framework

2.3.1 Recruitment and Selection

Organizations exhibit higher performance when they recruit and acquired employees possessing competencies consistent with the organization's strategies. Recruitment is central to any management process and its failure can increase difficulties for any organization including an adverse effect on its profitability and inappropriate levels of staffing or skills (Soliman, 2010).The basic idea in selection process is to solicit maximum possible information about the candidates to ascertain their suitability for employment and given the fact that there are factors which affect the seeking of such information (Prasad, 2005).Armstrong (2012) observes that candidates can be selected using different methods in order to assess their suitability for a certain role. These methods include; individual interviews, interviewing panels, selection boards, and

assessment centres. Despite a well-drawn plan on recruitment and selection and involvement of qualified management team, recruitment processes adopted by organizations can face significant obstacles in implementation. This study determined the hiring cycles, internal promotions and recruitment costs in Kenyan parastatals. The effect of recruitment on parastatal performance in Kenya was also determined.

2.3.2   Decentralized teams

Decentralization has been regarded as the practice of delegating work process authority to employees, which constitutes one component of HRM (Becker & Gerhart, 2006). The delegation of work achievement authority, which is generally known as employee involvement, is theoretically based on the motivation-based thinking that expanding work achievement autonomy heightens employee work volition and improved productivity (Cotton, 2013). Moreover, it is supposed that work achievement authority delegation practices promote employee learning and information sharing among employees through total quality management and problem-solving groups, and have effects on work organization problem solving, product and service quality improvements and other fronts (Cappelli & Neumark, 2011). More and more, employees are required to work in teams, make joint decisions, and undertake common initiatives in order to meet the objectives of their team and organization. Decentralized teams can affect firm growth in two ways: firstly, a surplus of junior managers in a firm may create and support dynamics of firm growth (Flamholtz & Randle, 2010) and secondly, it promotes employee commitment participation and create a sense of attachment coupled by higher levels of employment security, and satisfaction for workers (Batt, 2014; Tata & Prasad, 2014). This study examined the cross-functional teams, employee involvement and delegated teams in parastatals in Kenya. The effect of delegated teams on performance of parastatals in Kenya was also assessed.

2.3.3 Training

In order to ensure that employees are equipped with the right kind of skills, knowledge and abilities to perform their assigned tasks, training and development plays a crucial role. Choosing the right type of training, ensure that the employees possess the right skills for our business, and the same need to be continuously updated in the follow up of the best HR practices. To meet current and future business demands, training and development process has assumed its strategic role and in this regard studies by Stavrou, Brewste and Charalambous (2004) and Apospori et al. (2008), have attained much importance as these highlight the training and development practices in cross-national contexts. Apospori et al. (2008) had deduced that there is a considerable impact of training on organizational performance. The need for developing the employees is compelling because a sound training and development plan has its contributions to increase productivity and quality of work. The development strategy reduces staff turnover and absenteeism and also helps in improving motivation among the employees. In order to stay ahead of the competition, training and development must be at the core of any organization and must become part of an organization's strategy and linked to business goals and organizational performance. This study determined the training and development programs, their flexibility budget for different parastatals in Kenya. The effect of training on performance of parastatals in Kenya was also assessed.

2.3.4 Reward

To motivate behavior, the organization needs to provide an effective reward system. Managers often use rewards to reinforce employee behavior that they want to continue. According to Perce and Robinson (2012) reward power is available when the manager confers rewards in return for desired actions and outcomes. Rewards systems are often implemented within organizations as a key management tool that can contribute to a firm's effectiveness by influencing individual behavior and motivating employees at work (Fareed et al., 2013).Employees' job satisfaction is affected by both financial and nonfinancial rewards (Armstrong, Reilly & Brown, 2011; Ali & Ahmad, 2009).

Organizations tend to focus on financial rewards, and non-financial rewards have become increasingly being overlooked (Fareed et al., 2013). Rewards can be extrinsic or intrinsic, extrinsic rewards are tangible rewards and these rewards are external to the job or task performed by the employee. External rewards can be in terms of salary/pay, incentives, bonuses, promotions, job security, among others. Intrinsic rewards are intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal (Ali & Ahmad, 2009).This study determined the incentive system, and monetary as well as non monetary rewards adopted by parastatals in Kenya. The effect of rewards on performance of parastatals in Kenya was also examined.

2.3.5 Corruption

Many researchers have found that corruption, nepotism and tribalism are a common phenomenon that occurs in many organizations (Arasli & Tümer, 2008). According to Hanekom and Thornhill (1983), nepotism and tribalism is the act of awarding a gratuitous offer or position to someone in close family or tribal relation. When employees have these relationships, they may make a conscious effort to give favours to their relatives even when it is not due to them (Okyere-Kwakye, Nor & Nor, 2010). Price and Cybulski (2005) argue that due to the sharing of tribes, employees may exhibit certain common behaviors. Issues of nepotism ,tribalism and bribery may negatively affect organization's performance(Okyere-Kwakye, Nor & Nor, 2010).This study determined the extent of relationships in terms of family and tribal ties in parastatals in Kenya. The moderating effect of corruption on the relationship between human resource management practices and performance of parastatals in Kenya was also assessed.

2.3.6 Parastatal Performance

The measurement of organizational performance is not easy for business organizations with multiple objectives of profitability, employee satisfaction, productivity, growth, social responsibility and ability to adapt to the ever changing environment among other objectives. Although performance has been traditionally conceptualized in terms of

financial measures, some scholars have proposed a broader performance construct that incorporates non-financial measures. Extant research findings have shown that perceived measures of performance can be a reasonable substitute of objective measures of performance (Wan-Jing & Tung, 2005) and have a significant correlation with objective measures of financial performance. To minimize the effects of random errors, researchers have suggested the use of multiple items to assess performance. Given this scenario, this study will use multiple items in order to assess the performance of parastatals. The financial outcomes to be assessed are revenue generation, return on sales and return on assets while non-financial items to be assessed items are employee and customer satisfaction

2.4   Empirical Literature Review

2.4.1   Recruitment and Selection and Performance

According to Noe (2008) staffing strategy refers to a company's decision regarding where to find employees, how to select them and the mix of employee skills and statuses. The objective of HRM resourcing strategies is to obtain the right basic material in the form of workforce endowed with the appropriate qualities, skills, knowledge and potential for future training (Armstrong, 2010). The selection, recruitment of workers best suited to meeting the needs of the organization ought to form a core activity upon which most other HRM policies geared towards development and motivation should be built (Armstrong, 2010). Organizations can take one of three actions to fulfill their employee resourcing: 1) reallocate tasks between employees, so that existing staff take on more or different work. 2) re-allocate people within the company; and 3) recruit new staff from the external job market. The emphasis is on flexible working practices, requiring multi-skilled workers and sophisticated assessment and development programmes. According to Johnson, Scholes and Whittington, (2012) recruitment is a key method of improving the performance of an organization. According to Hitt, Ireland and Hoskin, (2001) the right people should be placed in positions that fit them best. This

is based on the fact that failure to properly allocate employees would result in low organizational performance.

2.4.2 Decentralized Teams and Performance

More and more, employees are required to work in teams, make joint decisions, and undertake common initiatives in order to meet the objectives of their team and organization. Self-managed teams can affect firm growth in two ways: Firstly, a surplus of junior managers in a firm may create and support dynamics of firm growth. The growth stage is perhaps the most dynamic stage of a firm's lifecycle. As the business expands, new levels of management are added. Decision-making becomes more decentralized, middle managers gain authority and self-managed teams proliferate as the firm adds more and more projects and customers (Flamholtz & Randle, 2010; Miller & Friesen, 2014).

Secondly, teamwork and decentralization of decision making promotes employee commitment participation and create a sense of attachment, thus indirectly affecting firm performance (Tata &Prasad, 2014).Several studies identified self-managed teams and decentralization as important high-performance HRM practices (Singer & Duvall, 2010; Pfeffer, 2008). Jayaram, Droge and Vickery, (2009) found that decentralised teams have a positive effect on two dimensions of the performance, time and flexibility. Collins and Clark (2013) examined the role of human resource practices in creating organizational competitive advantage and found that top management team social networks (practices such as mentoring, incentives, etc.) mediated the relationship between HR practices and firm performance. Haleblian and Finkelstein (2013) examined the effects of top management team size and chief executive officer (CEO) dominance on firm performance in different environments.

Results showed that firms with large teams performed better and firms with dominant CEOs performed worse in a turbulent environment than in a stable one. Tata and Prasad (2014) found that a company with micro level of centralization is a receptive

environment for self-managed teams. In a study of differential outcomes of team structures for workers, supervisors, and middle managers in a large unionized telecommunications company, Batt (2014) found that participation in self-managed teams is associated with significantly higher levels of employment security, and satisfaction for workers and the opposite for supervisors. Black, Lynch and Krivelyova (2004) examined the impact of organizational change on workers and found evidence that self-managed teams are associated with greater employment reductions.

2.4.3   Training and Performance

Employee training is an important determinant of organizational performance. According to Noe (2006) development refers to formal education, job experiences, relationships and assessments of personality and abilities that help employees perform effectively in their current or future jobs and organization. HollenBeck, Gerhart and Wright (2006) argue that employee development is a key contributor to a business strategy based on developing intellectual capital. According to Nzuve (1999) training is the process that enables people to acquire new knowledge, learn new skills and perform tasks better than before. According to Barker (2010) training is the planned provision of learning that equips us with skills. Training and development helps the company create a workforce that is able to cope with change, meet the increasing demands of consumers and prepare the future leadership of the company (Noe, 2008).

Barker (2010) argues that training helps employees to maintain standards or improve their competence hence their performance. A variety of human resource management practices are related to the development of human resource of the organization. For strategic purposes it is important to target much more specifically on the development of competences which can provide a competitive advantage (Johnson, Scholes & Whittington, 2012).Barker (2010) argues that developing somebody's skills enables an organization to achieve greater productivity, improved job performance, greater empowerment, more satisfactory recruitment and selection and reduced labour turnover. Training can help employees develop skills needed to perform their jobs, which directly

affects the business performance. Giving employees opportunities to learn and develop creates a positive work environment which supports the business strategy by attracting talented employees as well as motivating and retaining current employees. Training can also be used to prepare employees for increased responsibilities in their current human resource plan (Johnson, Scholes & Whittington, 2012).According to Hitt, Ireland, Hoskin, Sheppard and Rowe,(2006) human resource managers need to be well trained to ensure proper staffing skills, change management, counseling, project management and organizational design.

2.4.4   Reward and Performance

To motivate behavior, the organization needs to provide an effective reward system. A reward strategy is a declaration of intent that defines what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of the stakeholders (Armstrong, 2010). An effective reward system has four elements: rewards need to satisfy the basic needs of all employees; rewards need to be included in the system and be comparable to ones offered by a competitive organization in the same area; rewards need to be available to people in the same positions and be distributed fairly and equitably (Goel, 2008). According to Perce and Robinson (2012), reward power is available when the manager confers rewards in return for desired actions and outcomes. A reward is a work outcome of positive value to the individual (Armstrong, 2010). A reward strategy should enhance commitment and engagement and provide more opportunities for the contributions of people to be valued and recognized.

According to Rudman (2003) paying for performance is a big issue in contemporary human resources management. Studies have found a positive relationship between performance related pay and performance (Goel, 2008; Huselid, 1995). People receive extrinsic rewards, for example, pay bonuses, promotions, time off, special assignments, office fixtures, awards and verbal praise or intrinsic rewards (Armstrong, 2008; Goel, 2008). Intrinsic rewards are self-administered (Dessler, 2006). The overall reward

system needs to be multifaceted. Because all people are different, managers must provide a range of rewards - pay, time off, recognition, or promotion (Armstrong, 2008). According to Armstrong and Murlis (2006), it is also important to consider non financial rewards which vary according to the nature of the employment relationship and also the personal characteristics of the employee. Lewis, Thornhill and Suanders (2009) identify the following non financial rewards: feeling part of a community, a sense of personal achievement, social recognition and social and societal responsibility.

2.4.5   Perceived Corruption

Corruption has permeated many sectors of the Kenyan economy including parastatals. According to a report by presidential taskforce on parastatals, corruption is one of the contributing factors to poor performance of parastatals (GOK, 2013). In current international use, it's defined as the misuse of entrusted power for private gain. This definition acknowledges that "corruption" cannot be prevented as a single behaviour or offence. Instead it is more a convenient term for many types (Gorta, 2008) or even syndromes (Johnston, 2013) of behaviour that have in common a breach of a relationship of trust that undermine a specific historical or social institution, in this case government (Miller, Roberts & Spence, 2012). The costs of corruption identified in this period included lost resources wasted on unproductive expenditure (such as bribes) and misallocated to those with power or money, public official effort diverted from the public interest to self-dealing and, at the political level, unstable government and alienated citizens (Johnston, 2013). Over time other unfavorable consequences of corruption have been documented including increased costs of doing business, unfair allocation of public entitlements, poor quality consumer products and reduced public safety (Rose-Ackerman, 2008).

The term nepotism has its root in the medieval Catholic Church and is thought to be widely connected to cronyism and favoritism. The word nepotism originates from the Latin word for *"nephew",* relating especially to the "nephews" of the prelates in medieval times (Arasli & Tümer, 2008). In his work, Farahmand (2013) reported that

nepotism affects the quality of human resource in an organization as candidates are hired due to their affiliations family ties rather than their requisite skill. According to Arasliet al. (2006) nepotism is an unprofessional phenomenon that provides benefits merely to the family members. Therefore nepotism paralyzes human resources practices and affects the level of satisfaction among employees. According Lakshminarasimhan (2011) unfortunately, not all family members and relatives come with the right merit to be employed for a particular position or a role. Nepotism allows rules to be broken and can lead to a chaotic situation for business owners (Lakshminarasimhan, 2011).

Tribalism involves engagement of employees based on tribal affiliation. According to Hilder (2004), tribalism may affect the effectiveness of teams in that, in a team when two or more members share a common tribe they would form a cleavage within the team which would lead to ethnocentrism where other members of the group will feel isolated. Hilder (2004) denotes that tribalism controls the behavior and attitude of people within the organization. Thus, employees who possess the same tribal behavior may attract each other and as such the cohesion in the team will weaken since there would be "teams within team". They may cause conflicts within organizations which would disrupt the activities and eventual productivity of the organizations.

According to Okyere-Kwakye, Nor and Nor (2010) nepotism and tribalism affects the quality of human resource in an organization as candidates are hired due to their family or tribal affiliations rather than their requisite skill. They place a negative and unproductive cost on the existing employees in the organization and impede organizational justice, motivation and harmony resulting in a higher rate of turnover on the part of productive employees. Nepotism and tribalism leads to discriminatory practices in an organization which negatively impact organizational efficiency (Bellow, 2013).

From the foregoing, most empirical researches recognizes that hiring or even promoting an employee in an organization for any other reasons other simply such an employee

connection either of kinship, blood affiliate, family ties, friendship among others, amount to nepotism in such an organization (Arasli & Tumer, 2008). According to Arasli and Tumer (2008) nepotism, tribalism and bribery negatively affects work environment. Teams are unable to function optimally. It is likely to affect access to training and development opportunities amongst the employees within the organization. It is likely to compromise on reward system. All these may demoralize the employees and consequently lowering parastatal performance.

Khatri and Tsang (2013) argue that when nepotism is common in an organization. It is associated with consequences that are divided into horizontal and vertical nepotism. They argue that horizontal nepotism happens between counterparts such as business partners, friends and colleagues, while vertical nepotism is related to the superior and subordinate relationships. The size and type of ownership of an organization affects its exposure risk to nepotism (Hayajenh, Maghrabi & Al-Dabbagh, 2004). Al-Aiban and Pearce (2008) found that in Saudi Arabia, where cultural obligations to protect and advance family members are strong, managers in for, profit businesses reported less nepotism and bribery in their organizations than did managers in governmental organizations, where performance pressures were weaker.

Hellman, Jones and Kaufmann (2010) and Kaufmann and Kraay (2008) have provided rich data on how nepotism and tribalism produces poorer economies. They reported that potential employees without connections are shut out and the inefficient in the organizations are protected. Mulder (2008) argues that previous work experience and education are two important factors in today's modern nepotism and tribalism. He explains that people who enter into the organization based on the relationship and bribery lack the necessary competencies and qualifications (Khatri & Tsang, 2013). Laker and Williams (2003), distinguishes between optional and mandatory nepotism. Optional nepotism and bribery occurs when an individual decides to accept a job in the organization while he/she strongly believes that it is a personal choice and desired career

path. On the other hand, mandatory nepotism occurs when an individual accepts a job that is forced to accept it based on the kinship ties or nepotism.

Pearce et al. (2011) reported that nepotism and tribalism not only affect first-level employees. Managers change the way they manage when personal relationships are pervasive in the workplace. Dependence on personal relationships lead managers to withhold information from their subordinates because keeping critical personal relationships secret is important to their legitimacy. This leads to over-centralization (Pearce et al., 2011). According to Pearce, Branyczki and Bakacsi (1994), nepotism and tribalism places loyalty and obligations to one's family and tribe over obligations to one's employer. It cannot reasonably be expected for people to abandon the love and support of their families for a particular job. Nepotism and tribalism is damaging because any claims that family and tribe members make must take precedence over any organizational requirements (Pearce, Branyczki & Bakacsi, 1994). Nepotism , tribalism and bribery damages exactly the kinds of social relationships that make for a humane and tolerable workplace that foster organizational performance (Pearce et al., 2011). Nepotism and tribalism are bad for employees who are forced to weigh conflicting obligations, it's bad for co-workers who become demoralized when they suspect the worst, and they are bad for organizational performance (Pearce et al., 2011).

2.4.6   Organizational performance

Performance has been used synonymously with productivity, efficiency, effectiveness and competitiveness. According to Bohlander and Snell (2007) organizational performance comprises; employee recruitment and selection strategies, employee motivation, employee commitment, training and development strategies, employee reward strategies, firm size, technology, capital intensity, culture, and employee relations strategies. It's the actual output or results of an organization measured against its intended outputs (organizational goals and objectives). Various scholars have defined performance management in different ways, for example, Armstrong (2010) defines

performance management as a systematic process for improving organizational performance by developing the performance of individuals and teams.

Performance management and governance is therefore an essential feature of modern organizational management (Armstrong, 2010). It enables an organization to continuously monitor and improve its performance in order to achieve its strategic goals (Dessler, 2005). Research has shown that a company emphasizes performance when a substantial portion of its employees pay is tied to individual or group contributions and the amount received can vary significantly from one person or group to another (Gomez-Meija, Balkin & Cardy, 2008).Performance indicators include: financial (profits), market share, efficiency, reliability, flexibility among others. The aim of human resource strategy is to devise ways of managing people in order to assist in achievement of organizational objectives. Participation of individuals and team transforms exchanges from economic to social. According to Mahoney and Watson (1993) employee involvement has a beneficial impact on performance.

HRM is a new paradigm in managing HR in the modern organization which is hinged on the understanding that the most critical resource that any organization must provide itself of is HR, since it is the HR that is responsible for coordinating other factors of production to spur corporate performance. Schuler, Jackson, and Storey (2001) described the evolution of SHRM from personnel management in terms of a two-phased transformation, first from personnel management to traditional HRM (THRM), and then from THRM to SHRM. To improve firm performance and create competitive advantage, a firm's HR must focus on a new set of priorities which are more business and strategic oriented and less oriented to traditional HR functions such as staffing, training, appraisal and rewards. Strategic priorities include team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive provision.

Cooke, Shen and McBride (2005) asserted that HRM is an efficient function that copes with environmental changes. It directly and indirectly benefits companies because it changes passivity into initiative, transmits organizational goals clearly and encourages

the involvement of line managers. Marchington and Wilkinson (2008) argue that HRM positively influences firm performance because it generates structural cohesion, an employee generated synergy that propels a company forward, enabling the firm to respond to its environment while still moving forward. Cooke, Shen and McBride (2005) investigated the HRM practices of firms in declining industries. They found that most high performance firms adopted HRM measures. Conversely, low performance firms tended to employ conventional methods. Various researchers (Appelbaum *et al.* 2000; Guest *et al*. 2000;Purcell and Kinnie,2007) have found a positive relation between HRM practices and firm financial performance. They found that the strategic orientation of HR in high productivity firms differed obviously from that in low productivity firms.

2.5   Critique of Existing Literature

The independent variables of this study are the following human resource management strategies: recruitment and selection, decentralized teams, training and development, employee reward. These strategies affect ability and commitment of employees to work and this in turn affects the dependent variable of the study which in this case is organizational performance. The effect of recruitment and selection processes and procedures, decentralized teams, training and development and reward and motivation on organization financial performance, employee customer satisfaction and the moderating role of Corruption on SHRM practices and parastatal performance was determined.

While many studies have been done on the effect of human resource strategies on performance most of them have been done in the private sector which makes it impossible to generalize on the public service. Moreover, most of them are conducted outside Kenya. For example, a study by Cook (2010) found a positive relationship between human resource strategies and performance in the manufacturing sector in Britain. This clearly may have minimal relationship with the public sector due to the nature of the human resource tasks involved in both. At the same time as mentioned by

Mullins (2015) there are national differences on what constitute performance goals, therefore what may be high performance in Britain may not be so in Kenya.

As explained by Harzing and Ruysseveldt (2014) there are cultural differences in performance goals and based on the nature of the two countries it may not be possible to draw a link between a study in Britain and apply it in the Kenyan situation. The two countries are also at different levels in their economic development, while Kenya is a developing country that is still at its young stages Britain is a first world economy. As explained by Perkins and Shortland (2006) employers in the industrialized markets and economies have had to restructure and emphasize on labour efficiency and cost control in the wake of increasing competition. At the same time the employment levels in the two countries are different; in Kenya there is a lot of unemployment and therefore employees may commit their energies towards achievement of organizational goals not because the strategies are good but because they are afraid of not meeting their targets leading to them been declared redundant. As explained by Perkins and Short land (2006) growing unemployment has sapped the strength of workers and their unions. Thus a tougher employer's stance and the introduction of HRM practices have been observed. In Britain this may not be the case and employees are able to work without such fears because there are low unemployment rates hence the employees may not fear losing jobs.

A review of the literature linking HR practices to business strategy shows conflicting perspectives in HRM. The universalistic perspective suggests that there is a universal set of best practices that any business can adopt to improve organizational performance. Conversely, the contingency perspective suggests that business performance improves when there is fit between business strategy and HR policies. Redman (2006) identifies both methodological and theoretical problems with the universalistic approach. Methodologically, the degree and direction of causation can be questioned. Adopting best practice may just be of one the several factors that improve business performance.

Furthermore, it may only be successful firms who can afford to adopt these practices thus reversing the perceived direction of causation.

Research suggests that best practices models are only seen in higher value added sectors. A lot of businesses have proven to be successful without using best practices, as confirmed by Wood and DeMenezes (2005).From a theoretical position, the wide range of models and lists of best practices creates a problem. It is the unique context of each business that matters when developing a HR strategy. In addition, the intention of best practice should benefit both shareholders and workers. But as with most models of best practice, there is little reference to the role of unions or the differing and objectives each group has in the workforce. For example, Marchington and Grugulis (2000) suggest that Pfeffer (2001) takes a unitary view and doesn't take into account the complexities of managing a diverse and differentiated workforce. The best practice approaches are also not culturally sensitive. Models that tend to reflect the individualist values of the USA will not be suitable for more collectivist cultures such as Germany or Japan. National context of each country play a fundamental role in SHRM.

This severely implicates the usefulness of best practice model. The simplistic models of matching HRM and strategies imply a top down deterministic strategy planning process. But in reality, many strategies tend to evolve from the input of numerous stakeholders as a multi-level, multi-stage, incremental and political process (Legge, 2005). Moreover, many businesses avoid a unified strategy as they operate in many different business or geographic markets with a different strategy for each market. This makes it difficult to match HRM with one particular strategy. This criticism indicates there should be a hybridization of the several strategies and the need for HR to respond accordingly.

2.6 Research Gaps

The rapid growth of private sector , high degree of competition, increase in labor turnover and high costs of employee replacement have organizations to aggressively compete for the best employees. This has led organizations to focus on strategic

management of its employees. The shift by organizations to strategic management has created a lot of interest on the effect of SHRM practices on organizational performance. A vast majority of empirical research on strategic management has focused on the performance issue and most studies show that well directed human resource practices increase firm performance (Armstrong & Baron, 2009; Katou, 2008; Huselid, 2007; Ahmad & Schroeder, 2003).

There is need to question the veracity of the link between HRM and performance. Analysis of data relating to the question of a link between HRM and performance reveals there is uncertainty as to the direction of the link. Guest et al. (2003) study confirms an association between HRM and performance but fails to show a causal relationship between HRM and performance. Purcell et al.(2003) have noted that while some of the studies have been able to show an association between HRM and firm performance, they have not clearly explained when, why and how this association existed and to identify the inter-connections.

Despite these findings, most HRM studies have been characterized by lack of a solid theoretical foundation explaining the mechanisms causing the observed enhanced performance. For instance, so far there is no consistent agreement on how to measure HRM practices and what to measure with regards to organizational performance (Wright et al. 2005).The available literature also indicates a serious lack of empirical studies designed to investigate exactly how a good alignment between HRM leads to improved performance (Katou, 2008). The literature points out that the link between SHRM and organizational performance is like a 'black box', that is, lack of clarity regarding 'what exactly leads to what'(Katou, 2008; Gerhart, 2005).

Serious gaps still remain with respect to the causal ordering ofthe variables involved in the HRM - performance relationship (Katou, 2008; Wrightet al., 2005; Purcellet al.2003).Consequently, there is need for additional robust and quantitative evidence to support the HRM performance link and investigations from different contexts with

different practices. Considering that previous researchers do not agree on the SHRM practices, policies, and systems employed, and accordingly the constructs developed scholars such as Lepaket al. (2006), Boselie, Dietz and Boon (2005) and Wright et al. (2005), have argued that the results derived from these studies are not comparable. Without a clearly delineated theoretical model of effects on performance, scholars cannot adequately validate the efficacy of such practices, let alone provide useful suggestions to practitioners. There is a great need for additional evidence to support the HRM-performance relationship to show exactly what leads to what (Gerhart, 2007).Information on the influence of employee recruitment and selection, delegated teams, training and employee reward on parastatal performance is limited and inconsistent.

Literature reviewed has revealed that most studies examining the relationship between HRM and organizational performance have been conducted mostly in a few developedcountries like US and UK. Furthermore, only a few researchers have investigated this relationship in public service sector. There is a great need for more studies on HRM-performance relationship in developing countries like Kenya in order to fill the existing knowledge gap, especially for parastatals. Despite corruption, nepotism and tribalism being real phenomena in Kenya today, there is limited literature that investigated their influence on parastatal performance.

There is need to extend research in Kenya's organizations given the increasing importance of HRM in creating firm competitive advantage. Addressing these research gaps can help more researchers beyond overly simplistic models of HRM towards a much fuller understanding of the role of HRM in organizations. The extent of corruption particularly nepotism, tribalism and bribery issues in Kenya parastatals is not well documented. It is against this background that this study was undertaken in order to investigate the effect perceived HRM practices on the performance of the parastatals in Kenya and provide a better understanding of the effect of perceived corruption,

nepotism, tribalism and bribery issues on the relationship between perceived HRM practices and parastatal performance.

2.7 Summary

This chapter reviewed the relevant literature on effect of HRM on organization performance. The aim of strategic human resource management is to devise ways of managing people in order to assist in achievement of organizational objectives. It is now commonly accepted that employees create an important source of competitive advantage in organizations (Barney, 1991; Pfeiffer, 1994). The way in which HRM is applied has an impact on organizational performance. This trend has led to increased interest on the impact of human resource strategies on organizational performance and a number of studies have found a positive relationship between high performance work practices (Huselid, 1995) and different measures of company performance.

The review of the theories supporting this study indicates a link between HRM practices and organizational performance. Universalistic theory shows superior HRM practices should be adopted by organization for improved performance. The Configurational theory emphasizes on the importance of achieving both internal and external fit in the organization. Resource based theory advocates for satisfaction of firm's human capital requirements. Ability, Motivation, Opportunity theory proposes that employee performance depends on motivation, possession of the necessary skills and abilities and understanding of their appropriate roles. Bureaucratic theory proposes that proper bureaucracies should be adopted as they enhance organization's performance.

Furthermore there is some empirical support for the hypothesis that organizations which align their human resource management practices with their business strategy will achieve superior outcomes (Dyer & Reeves, 2010; Guest, 2007; Becker & Huselid, 2008).The emerging field of human resources management on performance suffers from lack of unity in theory and inconsistency in research methodology. Recently efforts have been made by human resources management theorists to try to establish a causal link

between strategic human resource management and performance (Cook, 2010).According to Barney (2010) organizations that use resources and capabilities to exploit opportunities and neutralize threats will see an increase in their net revenues or a decrease in their net costs or both and vice versa. Conclusively, employee recruitment, training, decentralized teams, employee reward and corruption, nepotism and tribalism contribute to organization's performance. However, not much research has been done on the effect of these practices in the parastatals in Kenya and how they affect the performance of parastatals.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design that was used in the study. This helped in adequate planning for the study. The chapter further goes ahead and discussed the study population, sampling design and sample size, data collection methods, tools and procedures and the data analysis procedures that were used. The measures used to ensure validity and reliability of the study instruments are also discussed in this chapter. In addition, this chapter also presented the measures that were put in place to ensure that the study was done in an ethical manner.

3.2 Research Philosophy

Research philosophy relates to foundation of knowledge upon which important assumptions and predispositions of a study are based. A research philosophy is a belief about the way in which data about a phenomenon should be gathered, analyzed and used. In social sciences, there are two main research philosophies, namely; positivism (scientific) and phenomenology (interpretivism) which may also be viewed in terms of two perspectives, namely quantitative and qualitative approaches (Coopers & Schindler, 2012).

Positivist philosophy premises that knowledge is based on facts and that no abstractions or subjective status of individuals is considered. Positivism thus derives a quantitative perspective which holds that there is an objective reality that can be expressed numerically, with explanatory and predictive power (Neuman, 2006; Furrer, Thomas & Goussevkaia, 2008). Under this paradigm, knowledge is valid only if it is based on values of reason and facts, gathered through direct observations and experience, measured empirically using quantitative methods and statistical analysis. Under this paradigm, theoretical models can be developed that are generalizable to explain cause

and effect relationships (Saunders, Lewis & Thornhill, 2009). Consequently, problem solving under this approach follows a pattern of formulating hypotheses in which assumptions of social reality are made and hypotheses tested often using quantitative techniques (Creswell, 2012).

The philosophical foundation adopted for this study was positivism where scientific processes were followed in hypothesizing fundamental laws then deducing the observations so as to determine the truth or falsity of the said hypotheses. Further according to Beardwell and Claydon (2007) positivism underpins many organizational activities such as psychometric testing for selection and HRM models. Esmoyol and Jonasova (2013) underscore the importance of understanding HRM thinking, through the development of the best-fit approach, the configurational approach, the resource-based view approach, and find the contribution HRM can make to organizational performance, through increased competitive advantage and added value. The positivist's view in this case considers the context of HRM practice and fragments the relevant variables in order to establish the relationships among them through several hypotheses. Further the positivist route help the researcher come up with findings that validate HR's long-cherished route to be a strategic partner.

3.3   Research Design

A research design is a framework that guides the collection and analysis of the data and is a detailed plan for how research study is conducted according to the data required in order to investigate the research questions in an economical manner (Mugenda & Mugenda, 2003). The study adopted a descriptive survey research design using both quantitative and qualitative approaches (Mugenda & Mugenda, 2003). Quantitative approach emphasizes measurement and data is analyzed in a numerical form to give precise description. According to Mugenda and Mugenda (2003), quantitative approach, also known as the scientific method, has been considered as the traditional mode of inquiry in both research and evaluation. Quantitative approach places emphasis on methodology, procedure and statistical measures to test hypothesis and make

predictions. According to Berg (2001), quantitative research helps in analyzing information in a systematic way in order to come to some useful conclusions and recommendations on the social settings and the individuals who portray those characteristics.

This research adopted quantitative approach because the data to be collected through questionnaires from respondents was analyzable using the standard statistical tools. This approach was used to measure return on sales and return on assets. Qualitative approach was also adopted in this study because qualitative data is more in depth and provides detailed answers (Berg 2001). It provides information about the phenomenon being studied, and established patterns, trends and relationships from the information gathered. The qualitative research provided greater depth to response and understanding which forms a link with the respondents. Qualitative research is typically rich with detail and insights into participants 'experiences of the world and thus more meaningful. It helps in gaining new perspectives on things about which much is already known (Berg, 2001). This approach was used to measure customer and employee satisfaction and extent of nepotism in parastatals.

3.4   Target Population

Target population refers to the larger population to which the researcher ultimately would like to generalize the results of the study (Berg, 2001). It is thus the entire group of individuals, events or objects having a common observable characteristic. There are 185 parastatals in Kenya with an estimated staff of 92,000 (GOK, 2013). These parastatals are categorized into five categories according to their mandate; Purely Commercial State Corporations (32), State Corporations with Strategic Functions (21), State Agencies - Executive Agencies (62), State Agencies - Independent Regulatory Agencies (25), State Agencies - Research Institutions, Public Universities, Tertiary Education and Training Institutions(45). This study targeted 32 purely commercial parastatals (See Appendix I) which were the unit of analysis with a total population of

9,600 employees. The target population for this study consisted of C.E.Os, managers, supervisors and other support staff of the purely commercial parastatals.

3.5   Sampling Frame

A sampling frame is a list of all items where a representative sample is drawn for the purpose of research. In this study, the sampling frame was a list of 10parastatals distributed across six sectors; Agriculture, Livestock& Fisheries (Agro-Chemical and Food Company, Kenya Meat Commission and Muhoroni Sugar Company), Education, Science &Technology(Kenya Literature Bureau), East African Affairs, Commerce & Tourism (Sunset Hotel Kisumu), Industrialization &Enterprise Development (New Kenya Co-operative Creameries and Kenya Wine Agencies Ltd), Lands, Housing &Urban   Development   (National   Housing   Corporation),   National   Treasury (Consolidated Bank of Kenya and Kenya National Assurance Co. Ltd). A list of purely commercial parastatals in Kenya was provided (See Appendix IV). These parastatals are facing competition from other industry players in Kenya.

3.6   Sampling Technique and Sample Size

A sample is a portion or part of the population of interest. The purpose of sampling is to gain an understanding about some features or attributes of the whole population based on the characteristics of the sample. The sampling technique used wascluster sampling as it allowed the study of parastatals in the cluster as they deal with different businesses (Mugenda & Mugenda, 2003). Cluster sampling technique guarantees that each cluster is represented in the sample and is more accurate in reflecting the characteristics of the population (Kothari 2004). In this sampling method, sampling error was considerably reduced. Using the sampling frame, 10 parastatals were selected from 32 purely commercial parastatals that are in different categories. This number represented more than the 30% of the accessible population that is generally recommended by Mugenda & Mugenda (2003) who recommend that 30 % of the accessible population is enough.

The sample size determination formula by Mugenda and Mugenda (2003) was adopted to determine the sample size and calculated according to the following formula (Equation 1):

n=z² pq, 1

   d²

Where: n= Sample size

z = Confidence level at 95% (standard value of 1.96)

p = Proportion in the target population estimated to have the characteristics being measured (80%)

   q=1-p

   d=level of statistical significance (=0.05)

n= (1.96)² * (0.8) * (0.2) = 240
         (0.05)²

This formula gave a sample size of 240 respondents. This study estimated that around 80% of the parastatals have embraced HRM practices.

Table 3.1: Representative samples of different categories for the ten parastatals

Population Category	Number per parastatal	Representative Sample (n)
CEOs	1	10
Managers	3	30
Supervisors	6	60
Other support staff	14	140
Total	**24**	**240**

3.7   Data Collection Instruments

The study relied on both primary and secondary data. Primary data included use of questionnaires and interview guide while secondary data was collected by use of a secondary data collection sheet which gathered actual performance of parastatals.

Questionnaires were used in this study to obtain primary data, whereby one questionnaire was given to each of the target individuals in the sampled parastatals to generate both qualitative and quantitative data (see Appendix I). Questionnaire was in the form of open-ended, structured questions, contingency questions and Matrix questions (Likert scale like). Respondents were presented with descriptive statement in a 5-point Likert rating scale to rate various indicators of variables by scoring. The lowest rating of 1 signified a low opinion by the respondents while a high rating of 4 signified a high rating by the respondent while that of 5 signified a very high rating. Questionnaires have been chosen because administration of questionnaires to individuals helps to establish relationships with the respondents while introducing the survey (Satirenjit, Alistair & Martin, 2012).

Questionnaires provide the clarifications sought by respondents and they may even be collected immediately after they are completed. The data collection phase involved administration of the research questionnaires to all selected 10 parastatals Kenya. This was mainly used to assess the effects of SHRM practices and nepotism on parastatal performance. Person to person oral interviews were conducted to get further clarification on some issues parastatals. An interview guide was used to conduct the oral interview (See Appendix II). This was particularly helpful in assessing the performance indicators of employee and customer satisfaction.

The interviews were recorded in a recorder order to miss on any information provided. The time for interviews was determined by the extent of issues that required clarification but should not exceed one hour. In this study, secondary data was obtained through the review of parastatal documents, books of accounts, reports and manuals. It was also obtained from information collected from government reports, for example inspectorate of parastatals, internet and other forms of documents whose source can be verified. The documents provided information especially of performance indicators to show the actual performance of the selected parastatals. A secondary data collection sheet and document analysis guide (Appendix III and IV) was used to obtain secondary data.

3.8   Data Collection Procedures

The management of the parastatals that was targeted was briefed concerning the purpose of the study. The data collection procedures involved getting the authority letter from the University to facilitate data collection. An authority letter was also sought from the relevant parastatals earmarked for the study. The questionnaires were administered through drop and pick method, within a two weeks given for filling them. If a respondent did not fill the questionnaire after two weeks a follow up was made through a phone call and they were collected at a time that was conveniently arranged between the researcher and the respondents. Interview was conducted on person to person basis especially on the top managers of the parastatals. This was because they are more knowledgeable on the organizations they lead. Each oral interview was scheduled to take less than one hour and recorded. The parastatals selected were visited in order to obtain information deemed important for this study, especially on financial reports. This aided the study in obtaining secondary data.

3.9   Pilot Study

The questionnaire was pre-tested on pilot units of 24 respondents, representing 10 % of sample population. This proportion was according to recommendation by Mugenda and Mugenda (2003). This was done to assess comprehension, logic and relevance. Respondents in the pre-test were drawn from parastatals which were similar to those in the actual survey in terms of background characteristics, familiarity with the topic of research, attitudes and behaviour of interest. The parastatals pre-tested were not part of the target population of study. The pilot study population was picked from Nairobi County from various categories (see Table 3.2). The parastatals used in the pilot testing were excluded in the final sample of the research. Zikmund, Babin, Carr & Griffin,(2009) recommend that the questionnaire pre-tests will be done by personal interviews in order to observe the respondents reactions and attitudes. All aspects of the questionnaire was pre-tested including question content, wording, sequence, form and

layout, question difficulty and instructions. The feedback obtained was used to revise the questionnaire before administering it to the study respondents.

Table 3.2: Pilot Test Sample Size

Category	Sample size	Proportion	Pilot size
CEOs	10	0.04	1
Managers	30	0.125	3
Supervisors	60	0.25	6
Other support staff	140	0.58	14
Total	**240**	**1:00**	**24**

3.9.1   Validity Test

An instrument is valid if it measures what it is intended to measure and accurately achieves the purpose for which it was designed (Patten, 2004). According to Patten (2004) validity is a matter of degree and no test instrument is perfectly valid. The instrument used should result in accurate conclusions (Wallen & Fraenkel, 2001). Validity involves the appropriateness, meaningfulness, and usefulness of inferences made by the researcher on the basis of the data collected (Wallen & Fraenkel, 2001). Validity can often be thought of as judgmental. According to Patten (2004) content validity is determined by judgments on the appropriateness of the instrument's content. Patten (2004) identifies three principles to improve content validity: use a broad sample of content rather than a narrow one; emphasize important material; and write questions to measure the appropriate skill. These three principles were addressed when writing the survey items. Instrument validation was achieved in several ways.

To provide additional content validity of the survey instrument, a pre-test was done by administering the instrument to conveniently selected focus group of five experts in the field of HRM to provide input and suggestive feedback on survey items. Members of the focus group were senior employees of the parastatals and other employees who have worked in the sector for more than five years. The five employees were requested to evaluate the statement items for relevance, meaning and clarity. On the basis of their

response, the instrument was adjusted appropriately before embarking on data collection. Validation was also done by dividing the instrument into several sections. Each section carefully checked to ensure that it conveyed the necessary message and attracted the relevant feedback, as per the specific themes of the research objectives.

Convergent validity refers to the extent to which several indicators of a construct that should theoretically be related actually show a relation. It can be assessed by calculating the average variance extracted (AVE) which quantifies the amount of variance that a construct captures from its indicators in comparison to the amount resulting from measurement errors (Fornell & Larcker,1981)

$$AVE= \frac{(\sum_i \lambda_i)^2}{\sum_i \lambda_i^2 + \sum_i var(\mathcal{E}i)},2$$

Convergent validity is indicated by AVE values of 0.50 and higher. This threshold signals that the latent construct explains more than half of the variance of its indicators (Hair *et al.*, 2011).

3.9.2 Reliability Test

Reliability relates to the consistency of the data collected (Wallen & Fraenkel, 2001). The survey instrument was tested in its entirety, and the subscales of the instrument were tested independently. Reliability analysis was used to assess internal consistency among the variables of study. A three-step measure was used to achieve reliability. First, those items that had been tested for reliability by other researchers were adopted, with slight modification to suit the context. Second, the researcher collected data from employees in participating parastatals. In most cases, clarification on questionnaires was provided where and when necessary. This raised further the reliability of the instruments and data to be collected.

Construct or composite reliability is an estimate of the internal consistency of the construct under study and reflects the degree to which the indicators comprehensively

measure their respective construct. It can be quantified using the composite reliability measure that requires a construct's indicators to show high levels of correlation. Construct reliability values of above 0.70 are regarded as satisfactory for more advanced research fields and 0.60-0.70 for exploratory research(Hair *et al.*, 2011). Contrary, no reliability can be assumed for values below 0.60 (Hair *et al.*, 2011). Composite reliability can be calculated as (Fornell & Larcker, 1981):

Composite reliability = $\dfrac{(\sum_i \lambda_{ij})^2}{(\sum_i \lambda_{ij})^2 + (\sum_i var(\mathcal{E}ij))}$, **3**

with λ_{ij}being the loading of indicator *i* of a construct $\mathcal{E}i$, referring to the measurement error of the construct to which *i* belongs, and *j* indicating the pathindex for the reflective measurement model.

Lastly, reliability of the study measures was also assessed by computing Cronbach's Alpha coefficient for all items in the questionnaire and the overall assessment was given (Sekaran &Bougie, 2010). The Cronbach's alpha coefficient ranges between 0 and 1 with higher alpha coefficient values being more reliable. As a rule of thumb, acceptable alpha should be at least 0.70 or above. A questionnaire with a good internal consistency should have high alpha coefficients. Factor Analysis was carried out to test for construct validity and highlight variability among observed variables and also to check for any correlated variables in order to reduce redundancy in data (Sekaran &Bougie, 2010).

Cronbach's alpha is a general form of the Kunder- Richardson $(K - R)_{20}$ formula.

The formula is as follows (Equation 4):

$$KR_{20} = \dfrac{(K)\ (S^2 - \Sigma\ S^2)}{(S^2)\ (K - 1)} \quad , 4$$

Where;

KR_{20} = Reliability coefficient of internal consistency

K= Number of items used to measure the concept

S^2 = Variance of all scores

S^2= Variance of individual items

After pilot testing, the questionnaire was revised to incorporate the feedback that was provided. The researcher used the most common internal consistency measure known as Cronbach's Alpha (α) which was generated by SPSS. The recommended value of 0.7 was used as a cut–off of reliability for this study.

3.10   Test for Multicollinearity and Normality of Data

Multicollinearity exists when there is a strong correlation between two or more predictors in a regression model, and poses a problem only for multiple regression and not on simple regression (Field, 2009). Muliticollinearity poses several problems such as increases in the standard errors of the β coefficients, meaning that the βs have relatively higher variability across samples and less likely to represent the population. The second problem is limiting the size of *R,*-the measure of the multiple correlation between the predictors and the outcome, and *R2*-the variance of the outcome for which the predictors account, making the second predictor to account for very little of the remaining variance. The other problem posed by multicollinearity is that it reduces the importance of predictors, making it difficult to assess the individual importance of a predictor.

Variance inflation factor (VIF) was used to diagnose the collinearity of the data. The VIF indicates whether a predictor has a strong linear relationship with other predictors with concern raised if VIF is 10 and above (Field, 2009). At each level of the predictor variable(s), the variance of the residual terms is expected to be constant (homoscedasticity). If variances are very unequal, there is said to be heteroscedasticity (Field, 2009). The data was subjected to Levene's test, which tests the null hypothesis that the variances in different groups are equal. The residual terms were tested for autocorrelation, where residuals are said to be correlated instead of being independent as expected (Field, 2009). Finally, tests for normality of data were undertaken. The probability-probability plots (P-P plots) was used for visual test of normality of data,

while Kolmogorov-Smirnov (K-S) test and Shapiro-Wilk test, which compares the scores in the sample to a normally distributed set of scores (Field, 2009), was carried out.

3.11   Data Analysis and Presentation

The collected quantitative data was analyzed by calculating response rate with descriptive statistics such as mean, median, standard deviation and proportions using Statistical Package for Social Sciences (SPSS) version 24. The variables to be measured were dined and labeled. The responses were coded with numbers including the open ended questions. After data have been collected, it was screened and cleaned to find out whether there are errors that can be corrected. The significance was tested at 95% confidence level. Responses were assigned numerical values which was consistent with numerical codes. Inferential data analysis was carried out by the use of factor analysis and correlation analysis to determine the strength and the direction of the relationship between the dependent variable and the independent variables. Regression models were fitted and hypothesis testing carried using multiple regression analysis and standard F tests and t tests.

Qualitative data was collected using a structured interview guide, and that involved taking down field notes when interviewing the informants. From these field notes, keywords/phrases that keep on re-occurring were identified and manual themes developed which became the basis of the codes. The code categories was based on the research questions of the study and was entered into a computer that developed pattern codes to group the summaries of data into a smaller number of sets, themes or constructs, and using SPSS, frequencies of the emerging themes were analyzed; usually the frequency of appearance of a particular idea is obtained as a measure of content (Krishnaswamy, Sivakumar &Mathirajan, 2006). Data analysis involved factor analysis for all components of the practices. Component matrix was prepared. Principal component analysis was carried out to determine the role the factors. Results were presented in tables and figures (graphs and pie charts).

Further analyses were carried out to address specific research questions. For commercial parastatals to be profitable they need to be strategic in recruitment and selection of the required staff. This is achieved through proper hiring cycles and retention of the employees with exceptional skills and knowledge reflected in their performance. To assess the understanding employees of the parastatals on recruitment and selection process, respondents were asked to indicate using a five-point likert, on whether the selection system followed by the parastatals was scientific and rigorous. Using the same scale, respondents were requested to indicate whether there are standardized tests and recruitment policy. Analysis of variance was done to compare the difference in responses from the respondents. Simple linear regression to investigate the effect of recruitment and selection process on the parastatal performance was conducted (Equation 5).

Firm Performance = f (Recruitment and selection), **5**

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

Y= Firm Performance, β_0= intercept, X1= Recruitment and selection, β_1= coefficient, ε= Error term

One of the strategies needed by parastatals is to adopt decentralized authority**.** This is reflected in the decision making process and teamwork. The level of decentralization and teamwork activity was assessed using Likert scale and open and closed ended questions. Analysis of variance was done to compare if the difference in responses obtained was significant. Pearson's correlation was used to establish the relationship between employee involvement and teamwork and parastatal performance. Simple linear regression was conducted to investigate the effect of recruitment and selection process on the parastatal performance (Equation 6).

Firm Performance = f (Decentralized teams)   , **6**

$Y = \beta_0 + \beta_1 X_2 + \varepsilon$

Y= Firm Performance, β_0= intercept, X2= Decentralized teams, β_1= coefficient, ε= Error term

Training and development are important processes that influence parastatal performance. Likert scale coupled open and close ended question were used to determine whether parastatals have adequate training programs and training budgets. Analysis of variance was used to establish the difference in training and development programs as indicated by respondents. Chi-square test was done to establish whether the observed responses differed significantly from the expected. Simple regression analysis was used to investigate the effect of training and development on parastatal performance (Equation 7).

Firm Performance = f (Training and development), **7**

$Y = \beta0 + \beta1X3 + \varepsilon$
Y= Firm Performance, $\beta0$= intercept, X3= Training and development, $\beta1$= coefficient, ε= Error term

Employee reward was important in retaining and motivating employees. A motivated work force leads to improved performance. Using Likert scale and open and close ended questions, respondents was requested to indicate whether parastatals have incentive systems in place in terms of rewards. Chi-square test was done to establish whether the observed responses differed significantly from the expected for this variable. Analysis of variance was used to establish whether the responses differ significantly. Further, simple linear regression was performed to establish the relationship between employee reward and parastatal performance (Equation 8).

Firm Performance = f (Employee reward),**8**

$Y = \beta0 + \beta1X4 + \varepsilon$
Y= Firm Performance, $\beta0$= intercept, X4= Employee reward, $\beta1$= coefficient, ε= Error term

The Kinship in Public Office (KPO) indicator, which is taken as a proxy measure of nepotism in the public sector captures k in connectivity among government officials.

The KPO is defined as the number of existing family connections in a given organization relatively to the universe of possible connections, scaled by 100. The indicator, scaled for readability, ranges from 0 (no family connection in the entity) to 100 (every single person in the entity is connected with every other person). KPO is a proxy indicator for the prevalence of nepotism in the organization. The KPO indicator is defined as the percentage of interpersonal connections among public officials (whether appointed or elected) that are based on kinship. The indicator computed for public entity j can be formulated as follows (Equation 9):

$$KPO_j = 100 \frac{\sum_{i=1}^{N} f_i}{N(N-1)}, 9$$

Where, f_i is the number of public officials in entity j with a family tie to official i

N is the total number of public officials in entity j.

Multiple regression analysis was used to investigate the moderating effect of corruption issues of nepotism, tribalism and bribery on the relationship between SHRM practices and parastatal performance

The performance of the parastatals was assessed in terms of revenue generation, return on sales, return on assets, employee satisfaction and customer satisfaction. Ratio of earnings before interest and tax on sales and ratio of earnings before interest and tax on total assets was assessed where data was obtained from parastatal records. Return on Asset was obtained by dividing the profit after tax by book value of total asset and took the form of the below model (Equation 10):

ROA = M (PAT)/M (TA) , 10

Where:

M (PAT) is the mean of the total Profit After Tax of the parastatals under study, and

M (TA) is the mean of the Total Assets of the parastatals

To assess the employee and customer satisfaction, respondents were asked to score on a five-point likert scale. Further, the scale was used to determine the effect of human resource management strategies on financial performance of the parastatals. Data on the financial performance was obtained from financial records obtained from the parastatal under study for the last three years; 2013, 2014 and 2015. Analysis of variance was used to establish whether differences in returns on sales and assets over years for different parastatals are significant. Simple linear regressions were used to establish the relationship between customer and employee satisfaction and parastatal performance. Chi-square ($\chi 2$) analysis was used to assess whether customer and employee satisfaction changes over time are significant. It was also used to evaluate the observed from expected level of nepotism, tribalism and bribery in establishing the KPO. In addition, some items in the questionnaire asked respondents to indicate their opinion on the perceived customer satisfaction. Frequencies of these scores were computed and presented. To assess the relationship between HRM practices on the performance of the parastatals, multiple regression analysis was performed (Equation 11):

To facilitate the application of the joint effect regression model, weighted averages of the three independent variables was computed using the following equation:

HRM Practices=$\sum$ (W$_1$X$_1$+W$_2$X$_2$+W$_3$X$_3$+W$_4$X$_4$)/4,

Where

HRM Practices= Composite index of recruitment and selection, decentralised teams, training and development and Employee Reward

W$_1$, W$_2$, W$_3$, W$_4$= Relative weight given to each component in a particular variable

/= Division

Y=β_0+β_4HRM Practices +ε , 11

Where

Y = Organization performance

HRM Practices= Human Resource Management Practices

β_0= Constant

β_5= Beta coefficient

ε_i is called the *error term*, *disturbance term*, or *noise*.

Multiple regression models indicated below was used to determine the moderating effect of corruption issues on nepotism, tribalism and bribery on the relationship between HRM practices and parastatal performance (Equation 12)

Y=β_0+β_4HRM Practices + β_5HRM Practices *Z+ε, **12**

Where; Y=firm performance; β_0=constant; $\beta_i$is the coefficient;

HRM Practices= Composite of recruitment & Selection, decentralised teams, training and Employee Reward;

SHRM Practices *Z= HRM Practices x Perceived Corruption

Z= corruption (moderator)

ε = error term

X_iZ= Product term / interaction term of a perceived corruption parameters of nepotism, tribalism and bribery with the independent variables (HRM Practices).

Table 3.3 below shows how the various hypotheses were attained.

Table 3.3: Hypothesis Testing

Hypotheses	Hypothesis Test	Regression Model
Hypothesis 1: H_{01}: Perceived recruitment and selection have no significant effect on the performance of parastatals in Kenya	H_0: $\beta_1=0$ vs Ha: $\beta_1\neq 0$ Reject H_0 if p <0.05, Otherwise fail to reject the H_0	$Y = \beta_0 + \beta_1 X_1 + \varepsilon$ Where: Y= Performance. β_0= intercept β_1 = Coefficient for X_1 X_1= Recruitment ε = Error term
Hypothesis 2: H_{o2} Perceived training have no significant influence on the performance of parastatals in Kenya	H_0: $\beta_2=0$ vs H_a: $\beta_2\neq 0$ Reject H_0 if p <0.05, Otherwise fail to reject the H_0	$Y = \beta_0 + \beta_2 X_2 + \varepsilon$ Where: Y= Performance. β_0= intercept β_2= Coefficient for X_2 X_2= Training ε = Error term
Hypothesis 3: H_{o3} Perceived decentralized teams have no significant influence on the performance of parastatals in Kenya	H_0: $\beta_3=0$ vs H_a: $\beta_3\neq 0$ Reject H_0 if p <0.05, Otherwise fail to reject the H_0	$Y = \beta_0 + \beta_3 X_3 + \varepsilon$ Where: Y= Performance β_0= intercept β_3= Coefficient for X_3 X_3= Decentralized teams ε = Error term
Hypothesis 4: H_{o4} Perceived reward have no significant influence on the performance of parastatals in Kenya	H_0: $\beta_4=0$ vs H_a: $\beta_4\neq 0$ Reject H_0 if p <0.05, Otherwise fail to reject the H_0	$Y = \beta_0 + \beta_4 X_4 + \varepsilon$ Where: Y= Performance β_0= intercept β_4= Coefficient for X_4 X_4= Employee Reward ε = Error term
Hypothesis 5: H_{o5} Perceived corruption has no significant moderating effect on the relationship between human resource management practices and performance of parastatals in Kenya	H_0: $\beta_5=0$ vs H_a: $\beta_5\neq 0$ Reject H_0 if p <0.05, Otherwise fail to reject the H_0	$Y=\beta_0+\beta_4$HRM Practices + β_5HRM Practices $*Z+\varepsilon$ Where: Y= Performance β_0= intercept β_4,β_5= Coefficient HRM = composite of recruitment, decentralized teams, training, reward. Z= Perceived Corruption ε = Error term

Using SPSS, the regression model was tested on how well it fits the data. The significance of each independent variable was also tested. Fischer distribution test called F-test was applied. It refers to the ratio between the model mean square divided by the error mean square. F-test was used to test the significance of the overall model at a 5 percent confidence level. The p-value for the F-statistic was applied in determining the robustness of the model. The conclusion was based on the basis of p-value where if the null hypothesis of the beta was rejected then the overall model was significant and if null hypothesis was accepted the overall model was insignificant. In other words, if the p-value was less than 0.05 then it was concluded that the model was significant and had good predictors of the dependent variable and that the results are not based on chance. If the p-value was greater than 0.05 then the model was not significant and was not used to explain the variations in the dependent variable.

Similarly the t-test statistic was used to test the significance of each individual predictor or independent variable and hypothesis. The p-value for the F-statistic was applied in determining the robustness of the model. The benchmark for this study for failure to reject or failure to accept the null hypothesis was a level of significance of 5 percent. If the p-value was less than 5 percent the null hypothesis failed to be accepted and the alternate hypothesis would fail to be rejected. Also if the p-value was greater than 5 percent the null hypothesis failed to be rejected and the alternate hypothesis failed to be accepted, i.e.

Reject H_0: $\beta x = 0$; if p <0.05,

Otherwise fail to reject the H_0: $\beta x = 0$

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1   Introduction

This chapter deals with the analysis of data. The data analysis is in harmony with the specific objectives where patterns were investigated, interpreted and inferences drawn on them. The specific objectives of the study addressed were to determine the effect of employee recruitment and selection, decentralized teams, employee reward on the performance of parastatals and to determine the moderating effect of corruption on the relationship between strategic human resource management practices and performance of parastatals in Kenya. This chapter disclosed the study findings in relation to the variables of study. A detailed discussion has also been provided as the current findings are compared to findings of other studies in related areas.

4.2   Response Rate

The number of questionnaires, administered to all the respondents, was 240. A total of 187 questionnaires were properly filled and returned from the parastatals in Kenya. This represented an overall successful response rate of 78%. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good.

Table 4.1: Response Rate

Response rate	Frequency	Percent
Returned	187	78%
Unreturned	53	22%
Total	240	100%

4.3   Reliability Test Findings

Reliability was tested using Cronbach's coefficient Alpha. Cronbach's Alpha measures how well a set of items or variables, measure a single uni-dimensional latent construct that is a coefficient of reliability or consistency. Reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test. A threshold of a Cronbach Alpha of 0.7 and above is acceptable (Cronbach, 1951). Cronbach Alpha was used to test the reliability of the proposed constructs. The findings indicated that, recruitment and selection had a coefficient of 0.861, decentralized teams had a coefficient of 0.843, training had a coefficient of 0.874, reward had a coefficient of 0.89, perceived corruption had a coefficient of 0.866 and performance had a coefficient of 0.866 .All constructs depicted that the value of Cronbach's Alpha were greater or equal to 0.7000 and thus, the study constructs were reliable. The reliability results are presented in Table 4.2 below.

Table 4.2: Reliability Test Results

Variable	Cronbach's Alpha	No. of Items
Recruitment and Selection	0.861	11
Decentralised teams	0.843	10
Training	0.874	10
Reward	0.89	11
Perceived Corruption	0.866	7
Performance	0.866	9

4.4   Demographic Characteristics of Respondents

4.4.1   Gender of the Respondents

The respondents were asked to indicate their gender. Results were presented in Figure 4.1. Sixty Four percent (64%) of the respondents were male and 36% were female. This implies that parastatals is a male dominated field is a male dominated field. According

to Ellis et al. (2007), in spite of women being major actors in Kenya's economy, and notably in agriculture and the informal business sector, men dominate in the formal sector citing the ratio of men to women in formal sector as 0.74 : 0.26.
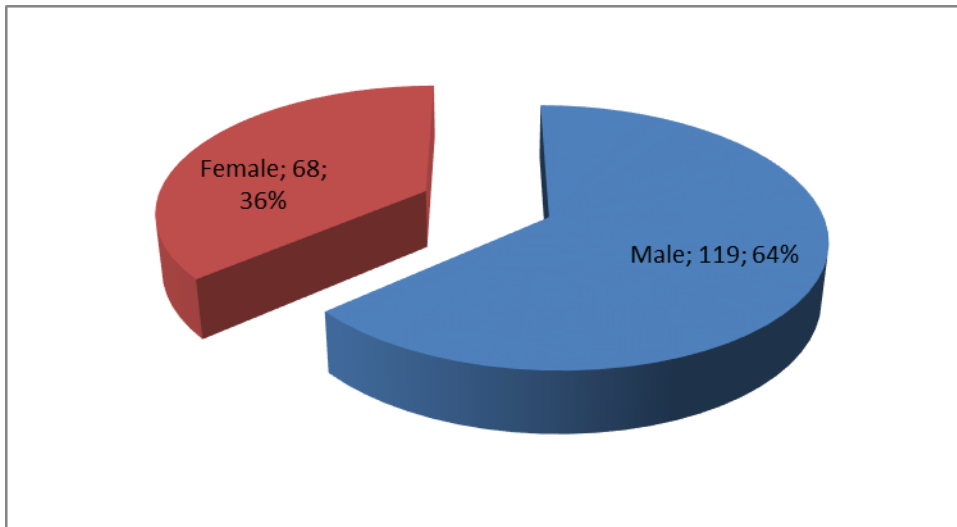
Figure 4.1: Gender of the Respondents

4.4.2   Age Bracket

The respondents were asked to indicate their age brackets. Results in Figure 4.2 revealed that 46.5% of the respondents were aged between 31- 40 years while 26.2% of the respondents were aged between 21 to 30 years and 11.8% were between 41 and 50 years. The finding of the study implies that the industry is dominated by young people who are at their career peak and thus knowledgeable on human resource strategic practices in parastatals that can enhance performance in their respective firms.
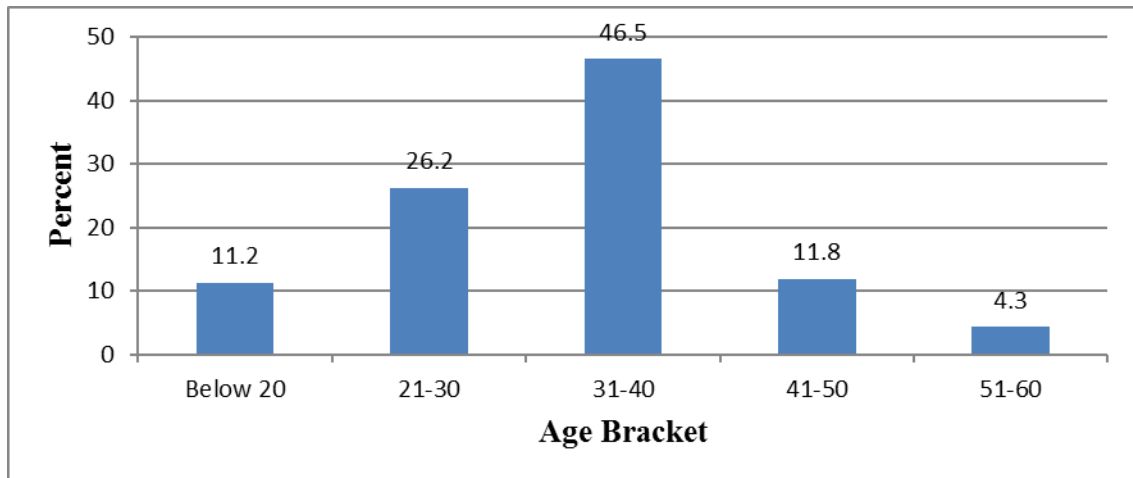
Figure 4.2: Age Bracket of the Respondents

4.4.3 Level of Education

The respondents were asked to indicate their highest level of education. The findings in Figure 4.3 illustrates that 36.4% of the respondents had reached university level, while 25.7% of the respondents had attained a diploma and 26.7% had attained masters level. Only 7% of the respondents had attained KCSE certificates. The findings imply that most of the respondents had high level of education which could have contributed to accurate responses. The high level of education of respondent indicates that many employees have attained a given level of education and qualifications to secure their jobs.
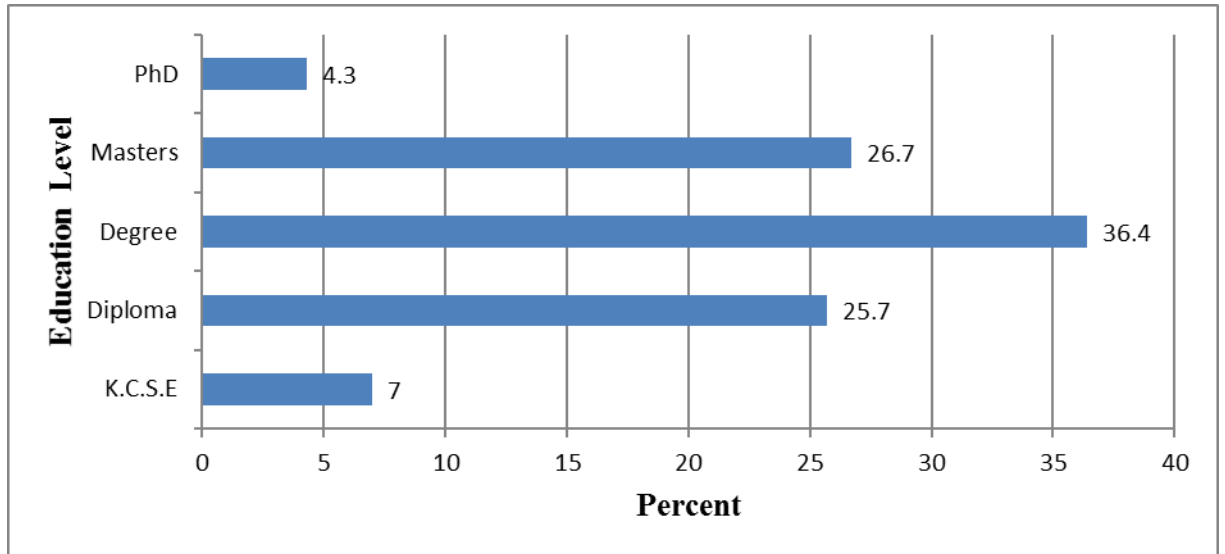
Figure 4.3: Level of Education

4.4.4 Length of Employment

The study sought to find out the years the respondents had worked in the organization. Table 4.3 shows that 30.5% of the respondents indicated they had worked in the organization for 5 to 10 years while 25.7% indicated below 5 years, 18.2% of the respondents indicated between 11 to 15 years and 16.6% indicated 16-20 years. Only 9.1% of the respondents had worked for over 20 years. The findings imply that the respondents had worked long enough in the firms and hence had knowledge about the issues that the researcher was looking for.

Table 4.3: Length of Employment

Length of Employment	Frequency	Percent
Below 5	48	25.7
5 to 10	57	30.5
11 to 15	34	18.2
16-20	31	16.6
Over 20	17	9.1
Total	187	100

4.4.5 Monthly Salary

The study sought to find out the monthly salary the employees were paid. Figure 4.4 reveals that 28.9% of the respondents earned between 60001- 80000, 22.5% indicated over 80000 while 21.9% indicated 20001-40000 and 16.6% indicated between 40001-60000 shillings. Ten point two percent (10.2%) indicated less than 20,000 shillings only. The findings imply that the employees were from different job groups and thus different salary scales.
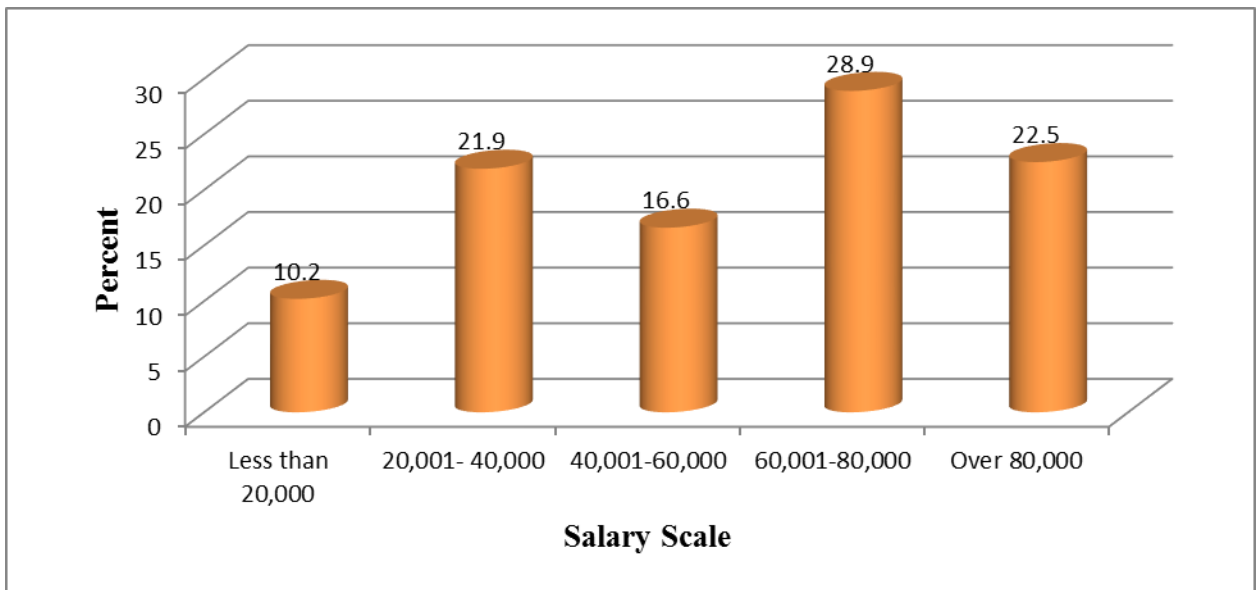
Figure 4.4: Monthly Salary

4.4.6 Category of Parastatal

The respondents were asked to indicate the category of parastatals they belong in. Table 4.4 indicates that 46% were in industrialization and enterprise development while 35.8% were in lands, housing and urban development and 9.1% were in education, science and technology.

Table 4.4: Category of Parastatal

Category of Parastatal	Frequency	Percent
Agriculture, Livestock& Fisheries	4	2.1
Education, Science &Technology	17	9.1
East African Affairs, Commerce & Tourism	10	5.3
Industrialization &Enterprise Development	86	46
Lands, Housing &Urban Development	67	35.8
National Treasury	3	1.6
Total	187	100

4.4.7 Number of Employees

The study sought to find out the number of employees in the organization. Table 4.5 indicates that 49.2% of the respondents indicated 151-200 employees while 31% indicated 201-250 employees and 11.8% indicated 101-150 employees. The findings imply that the parastatals and large number of employees and thus appropriate for the study to find out how the human resource practices can influence performance of the organizations.

Table 4.5: Number of Employees

	Frequency	Percent
51 – 100	10	5.3
101-150	22	11.8
151 – 200	92	49.2
201 – 250	58	31
251- 300	3	1.6
Over 300	2	1.1
Total	187	100

4.5 Perceived Performance

4.5.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.6 showed that the KMO statistic was 0.831 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 685.453 with 36 degrees of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.6. These results provide an excellent justification for further statistical analysis to be conducted.

Table 4.6: Performance KMO Sampling Adequacy and Bartlett's Sphericity Tests

Kaiser-Meyer-Olkin Measure	0.831
Bartlett's Chi- Square	685.453
Bartlett's df	36
Bartlett's Sig.	0

4.5.2 Factor Analysis

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 9 statements on performance can be factored into 1 factor. The total variance explained by the extracted factor is 47.12% as shown in Table 4.7.

Table 4.7: Perceived Performance Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.241	47.12	47.12	4.241	47.12	47.12
2	1.138	12.646	59.766			
3	0.886	9.848	69.614			
4	0.771	8.571	78.184			
5	0.637	7.083	85.267			
6	0.423	4.695	89.963			
7	0.371	4.124	94.086			
8	0.287	3.189	97.275			
9	0.245	2.725	100			

Extraction Method: Principal Component Analysis.

Table 4.8 shows the factor loadings for performance statements. All the nine factors attracted coefficients of more than 0.4 hence all the statements were retained for analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.8: Perceived Performance Factor Analysis Component Matrix

Statement	Component
Compared to the previous year, the level of employee productivity in our organization is higher.	0.58
Our firm profitability has increased over the last 3 years	0.683
Our firm financial leverage has increased over the last 3 years	0.732
Our firm has experienced an increase in total revenue collected over the last 3 years	0.682
Our firm has experienced an increase in assets over the last 3 years	0.692
Our firm has a higher market value	0.764
Our customers have been highly satisfied for the last 3 years	0.799
There has been a low level of employee turnover for the last 3 years	0.715
Our firm has experienced an increase in sales over the last 3 years	0.474

4.5.3   Descriptive Statistics

The general objective of the study was to investigate the perceived effect of Human Resource Management (HRM) practices on the performance of parastatals in Kenya. Table 4.9 shows that 88.2% of the respondents agreed that compared to the previous year, the level of employee productivity in their organization was higher, 78.1% agreed that their firm profitability had increased over the last 3 years and 71.7% agreed that their firm financial leverage had increased over the last 3 years. In addition, 69.5% of the respondents agreed that their firm had experienced an increase in total revenue collected over the last 3 years, 64.2% agreed that their firm had experienced an increase in assets over the last 3 years and 78.6% agreed that their firm had a higher market value. Seventy seven point six percent of the respondents agreed that their customers had been highly satisfied for the last 3 years, 83.4% agreed that there had been a low level of employee turnover for the last 3 years and 73.8% agreed that their firm had experienced an increase in sales over the last 3 years. The mean score for this section was 4.00 which indicated that many employees agreed to the statements regarding performance of parastatals in Kenya.

Table 4.9: Perceived Performance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
Compared to the previous year, the level of employee productivity in our organization is higher.	1.1%	6.4%	4.3%	28.3%	59.9%	4.4
Our firm profitability has increased over the last 3 years	4.3%	8.0%	9.6%	47.1%	31.0%	3.93
Our firm financial leverage has increased over the last 3 years	1.6%	5.3%	21.4%	38.0%	33.7%	3.97
Our firm has experienced an increase in total revenue collected over the last 3 years	3.2%	10.7%	16.6%	40.1%	29.4%	3.82
Our firm has experienced an increase in assets over the last 3 years	4.3%	13.9%	17.6%	38.5%	25.7%	3.67
Our firm has a higher market value	4.3%	6.4%	10.7%	36.9%	41.7%	4.05
Our customers have been highly satisfied for the last 3 years	2.7%	13.9%	5.9%	28.9%	48.7%	4.07
There has been a low level of employee turnover for the last 3 years	3.7%	8.0%	4.8%	23.0%	60.4%	4.28
Our firm has experienced an increase in sales over the last 3 years	4.8%	10.7%	10.7%	46.5%	27.3%	3.81
Average	3.3%	9.3%	11.3%	36.4%	39.8%	4.00

The respondents were asked to indicate the extent to which they are satisfied with the services and products offered by the parastatals. Table 4.10 indicates that 45.5% were satisfied and 29.9% were very satisfied with the services and products offered by the parastatal, while 37.4% indicated were satisfied while 35.8% were very satisfied with the services and products offered by the parastata. Finally, 42.2% of the respondents indicated satisfied and 33.2% were very satisfied with the services and products offered by the parastatal.

Table 4.10: Service Satisfaction

Statement	Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied
Indicate the extent to which you are satisfied with the services and products offered by the parastatal	5.9%	7.5%	11.2%	45.5%	29.9%
Indicate the extent to which you are satisfied with the services and products offered by the parastatal	3.2%	14.4%	9.1%	37.4%	35.8%
Indicate the extent to which you are satisfied with the services and products offered by the parastatal	2.7%	11.8%	10.2%	42.2%	33.2%

Figure 4.5 shows the trends analysis for total revenue, total assets and profit before tax from 2010 to 2014 of parastatals in Kenya. Data was collected from the 10 parastatals and was illustrated on the graph below. Results show that total revenue and total assets have been increasing from year to year which means better performance.
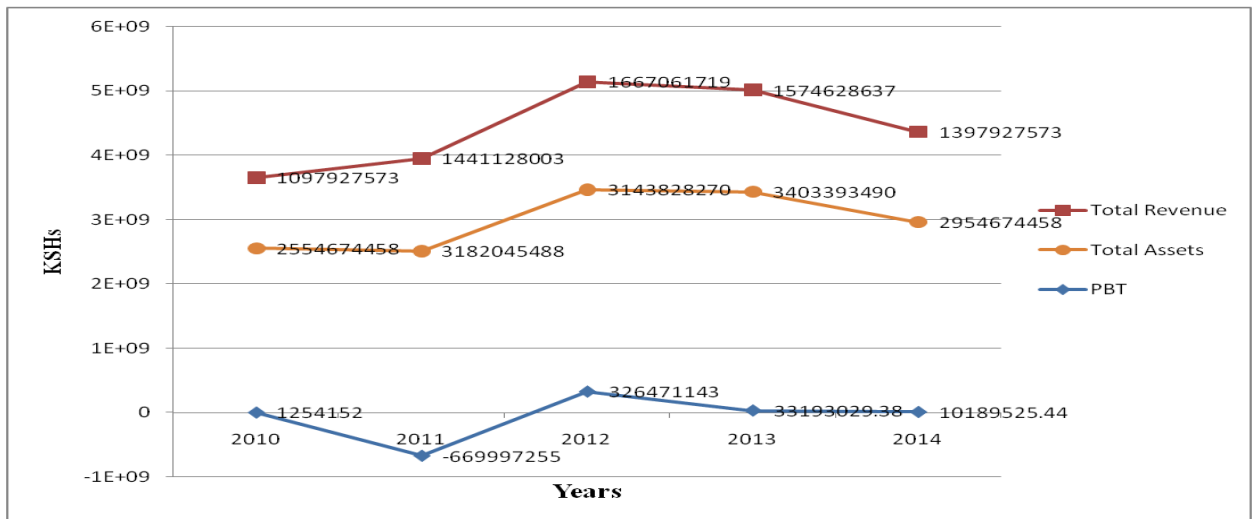
Figure 4.5: Trend Analysis for Total Revenue, Total assets and Profit Before Tax

Figure 4.6 below shows the trend analysis for ROE and ROA for the years 2010 to 2014. Results show that there has been a declining trend in return on assets and returns on equity therefore implying poor performance in the parastatals.
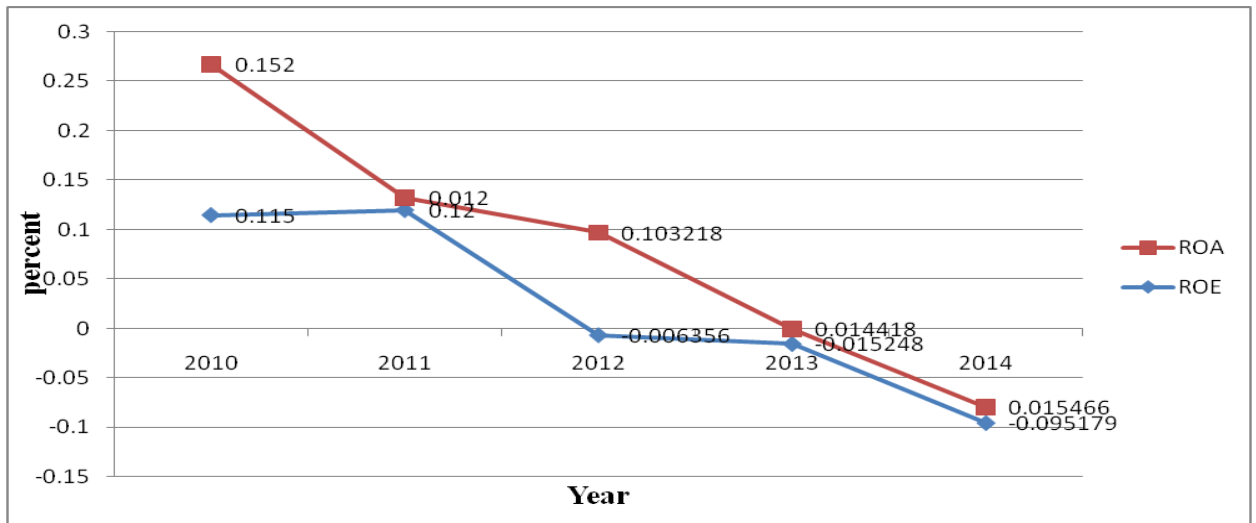
Figure 4.6: Trend Analysis of ROE and ROA

4.5.4 Normality Test for Performance

Performance measures were subjected to normality test. Unlike the independent variables of the study, Performance being the dependent variable of the study was further subjected to a One-Sample Kolmogorov-Smirnov Test to test its normality. The following null and alternative hypotheses were as used:

H₁: The data is normally distributed

H₀: The data is not normally distributed

The results obtained in Table 4.11 indicated that Kolmogorov-Smirnov Z is 2.625 (p-value=.000) the p-value is less than 0.05; we fail to accept the null hypothesis and accept the alternative hypothesis and conclude that the data was normally distributed.

Table 4.11:   One-Sample Kolmogorov-Smirnov Test

		Performance
N		187
Normal Parametersa,b	Mean	3.9761
	Std. Deviation	0.74565
Most Extreme Differences	Absolute	0.192
	Positive	0.105
	Negative	-0.192
Kolmogorov-Smirnov Z		2.625
Asymp. Sig. (2-tailed)		0.000

a Test distribution is Normal.
b Calculated from data.

Figure 4.7 shows the results on the normality test of performance. From the graph it is evident that performance as the dependent variable of the study was normally distributed and the outliers were few. These results imply that majority of the responses were closer to the normality line as a result of effective data which was suitable for all type of statistical analysis including parametric and regression analysis.
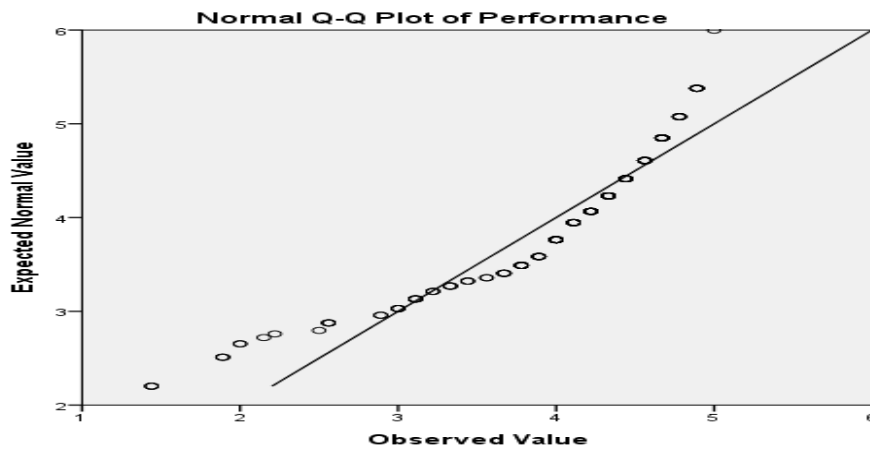
Figure 4.7: Normality Plot of Performance

4.5.5 Testing Assumptions of Regression Model - Multi-Collinearity test

Multicollinearity in the study was tested using Variance Inflation Factor (VIF). A VIF of more than 10 (VIF $\geq$ 10) indicate a problem of multicollinearity. According to Montgomery (2001) the cutoff threshold of 10 and above indicate the existence of multicollinearity while tolerance statistic values below 0.1 indicate a serious problem while those below 0.2 indicate a potential problem as shown in Table 4.12. The results in table 4.12 indicate that the VIF value for recruitment and selection was established to be 2.879 while its tolerance statistic was reported to be 0.347, decentralized teams had a VIF value of 2.65 and tolerance value of 0.377, training (tolerance statistics = 0.263, VIF value =3.798), employee reward (tolerance statistics = 0.273, VIF value =3.658) and corruption (tolerance statistics = 0.826, VIF value =1.211). Based on these the assumption of multicollinearity between predictor variables was thus not rejected as the reported VIF and tolerance statistics were within the accepted range

Table 4.12: Results of Collinearity Diagnostics

	Collinearity Statistics	
	Tolerance	VIF
Recruitment and selection	0.347	2.879
Decentralised Teams	0.377	2.65
Training	0.263	3.798
Reward	0.273	3.658
Perceived Corruption	0.826	1.211

4.6 Perceived Recruitment and Selection

4.6.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as

adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.13 showed that the KMO statistic was 0.847 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 1130.71 with 55 degree of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.13. These results provide an excellent justification for further statistical analysis to be conducted.

Table 4.13: Recruitment and Selection KMO Sampling Adequacy and Bartlett's Sphericity Tests

Kaiser-Meyer-Olkin Measure	0.847
Bartlett's Chi- Square	1130.71
Bartlett's df	55
Bartlett's Sig.	0.000

4.6.2   Factor Analysis

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 11 statements on recruitment and selection can be factored into 1 factor. The total variance explained by the extracted factor is 49.097% as shown in Table 4.14.

Table 4.14: Recruitment and Selection Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.401	49.097	49.097	5.401	49.097	49.097
2	1.431	13.01	62.107			
3	1.002	9.112	71.22			
4	0.71	6.458	77.678			
5	0.652	5.926	83.604			
6	0.514	4.677	88.281			
7	0.326	2.961	91.242			
8	0.311	2.826	94.068			
9	0.258	2.343	96.411			
10	0.226	2.053	98.464			
11	0.169	1.536	100			

Extraction Method: Principal Component Analysis.

Table 4.15 shows the factor loadings for recruitment and selection statements. All the eleven factors attracted coefficients of more than 0.4 hence all the statements were retained for analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.15: Recruitment and Selection Factor Analysis Component Matrix

Statement	Component
The selection systems followed in the parastatal are highly scientific and rigorous.	0.533
In the parastatal, line managers and HR managers participate in selection.	0.518
Valid and standardized tests are used when required in the selection process.	0.779
Selection systems in the parastatal select those having the desired knowledge, skills and attitudes.	0.797
To be selected in this parastatal you must know someone	0.761
The parastatal takes measures to attract good quality employees	0.829
The parastatal always selects only the highest quality employees	0.838
There is relationship between recruitment and selection of employees and parastatal performance	0.703
You must give a bribe to be recruited in the parastatal	0.739
You must have to be related to somebody by family or tribe to be employed in the parastatal	0.461
Nepotism and tribalism plays a major role on recruitment and selection of employees	0.619

Extraction Method: Principal Component Analysis.

a 1 components extracted.

4.6.3   Descriptive Statistics

The first objective of the study was to determine the effect of recruitment and selection on the performance of parastatals in Kenya. Table 4.16 shows that 79.1% of the respondents agreed that the selection systems followed in the parastatal are highly scientific and rigorous, 80.8% agreed that in the parastatal, line managers and HR managers participate in selection, and 79.7% agreed that valid and standardized tests are used when required in the selection process. In addition 77.1% of the respondents agreed that selection systems in the parastatal select those having the desired knowledge, skills and attitudes, 83.5% agreed that to be selected in this parastatal you must know someone and 77.6% agreed that the parastatal takes measures to attract good

quality employees. Furthermore, 78.1% of the respondents agreed that the parastatal always selects only the highest quality employees, 75.4% agreed that there was relationship between recruitment and selection of employees and parastatal performance and 72.4% agreed that you must give a bribe to be recruited in the parastatal. Finally 77.5% of the respondents agreed that you must have to be related to somebody by family or tribe to be employed in the parastatal and 80.7% agreed that nepotism and tribalism plays a major role on recruitment and selection of employees. The mean score for responses for this section was 4.06 which indicates that majority of the respondents agreed that recruitment and selection was a key determinant of performance of parastatals. However the employees felt that as much as recruitment and selection was carried out in the parastatals; corruption, nepotism and tribalism played a major role on the people employed in different parastatals and thus have similar tribes in different organizations.

The findings concur with the assertions of Johnson, Scholes and Whittington (2012) who opined that recruitment is a key method of improving the performance of an organization. According to Hitt, Ireland and Hoskin, (2010) the right people should be placed in positions that fit them best. This is based on the fact that failure to properly allocate employees would result in low organizational performance. These findings were in agreement with findings by Stewart (2010) that organizations that fail to link their recruitment and selection policy with the overall corporate strategy often ends up recruiting non-competitive staff which in turn affects realization of the organization performance goals.

Table 4.16: Recruitment and Selection Descriptive Statistics

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
The selection systems followed in the parastatal are highly scientific and rigorous.	3.2%	10.2%	7.5%	35.8%	43.3%	4.06
In the parastatal, line managers and HR managers participate in selection.	4.3%	7.0%	8.0%	47.1%	33.7%	3.99
Valid and standardized tests are used when required in the selection process.	1.6%	9.1%	9.6%	36.9%	42.8%	4.1
Selection systems in the parastatal select those having the desired knowledge, skills and attitudes.	2.1%	9.1%	11.8%	31.6%	45.5%	4.09
To be selected in this parastatal you must know someone	1.1%	9.1%	6.4%	36.4%	47.1%	4.19
The parastatal takes measures to attract good quality employees	3.7%	10.2%	8.6%	34.8%	42.8%	4.03
The parastatal always selects only the highest quality employees	1.6%	9.1%	11.2%	31.6%	46.5%	4.12
There is relationship between recruitment and selection of employees and parastatal performance	3.2%	9.6%	11.8%	36.9%	38.5%	3.98
You must give a bribe to be recruited in the parastatal	1.6%	14.6%	11.4%	38.9%	33.5%	3.88
You must have to be related to somebody by family or tribe to be employed in the parastatal	2.7%	9.1%	10.7%	38.5%	39.0%	4.02
Nepotism and tribalism plays a major role on recruitment and selection of employees	2.1%	6.4%	10.7%	35.8%	44.9%	4.15
Average	**2.5%**	**9.4%**	**9.8%**	**36.8%**	**41.6%**	**4.06**

The respondents were asked to indicate whether their organization had a staff recruitment and selection policy. Figure 4.8 illustrates that 77% indicated yes while 23% indicated that their organization did not have a staff and recruitment and selection policy. In regards to whether the parastatals adhere to the recruitment policy; 78.1% indicated yes while 21.9% indicated that the parastatals did not adhere to the recruitment policy. The respondents were asked to indicate whether the parastatal recruitment process ensured that the very qualified staffs are attracted to the organization, 79.1% of the respondents indicated Yes while 20.9% indicated that the recruitment process did not attract the qualified staffs. The findings are in line with those of Armstrong (2010) who asserted that the objective of HRM resourcing strategies is to obtain the right basic material in the form of workforce endowed with the appropriate qualities, skills, knowledge and potential for future training. The selection, recruitment of workers best suited to meeting the needs of the organization ought to form a core activity upon which most other HRM policies geared towards development and motivation should be built (Armstrong, 2010).
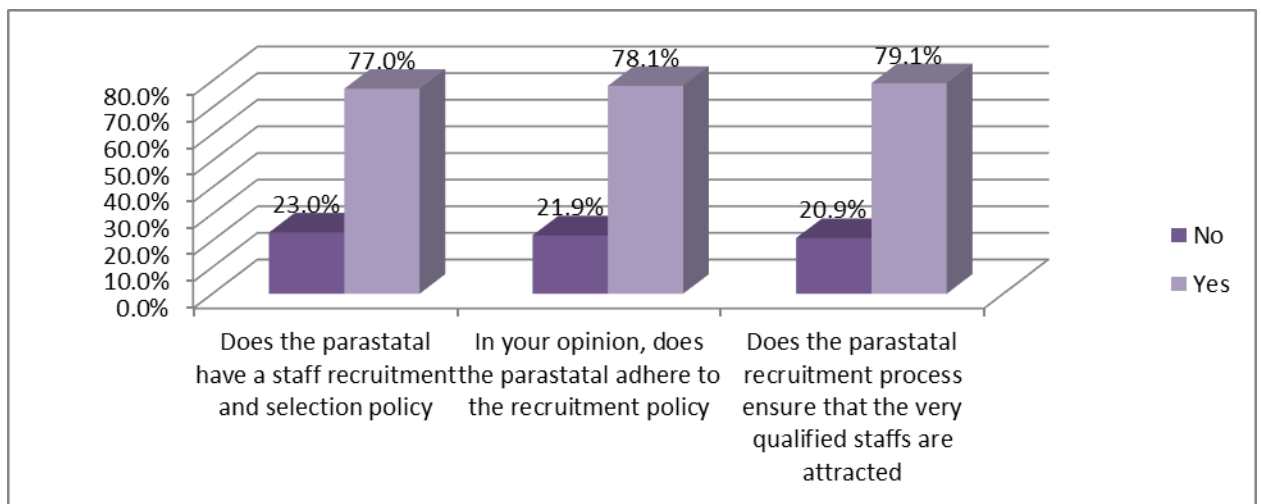
Figure 4.8: Recruitment and Selection Policy

4.6.4   Relationship between Recruitment & Selection and Performance

Figure 4.9 shows the scattered plot for recruitment & selection and performance. Results show that there is a positive relationship between recruitment and selection and performance thus an increase in effectiveness in recruitment and selection will positively increase the performance of parastatals in Kenya. This findings are consistent with findings from similar studies by Alalha et al. (2012); Chenevert and Trembly (2009) and Vlachos (2008) which found that recruitment has a positive effect on performance. According to Taylor, (2012), the major components of employee resourcing are staffing (recruitment and selection), performance and administration. The objective of employee recruitment and selection is 'to obtain the right workforce endowed with the appropriate qualities, skills, knowledge and potential for future training.
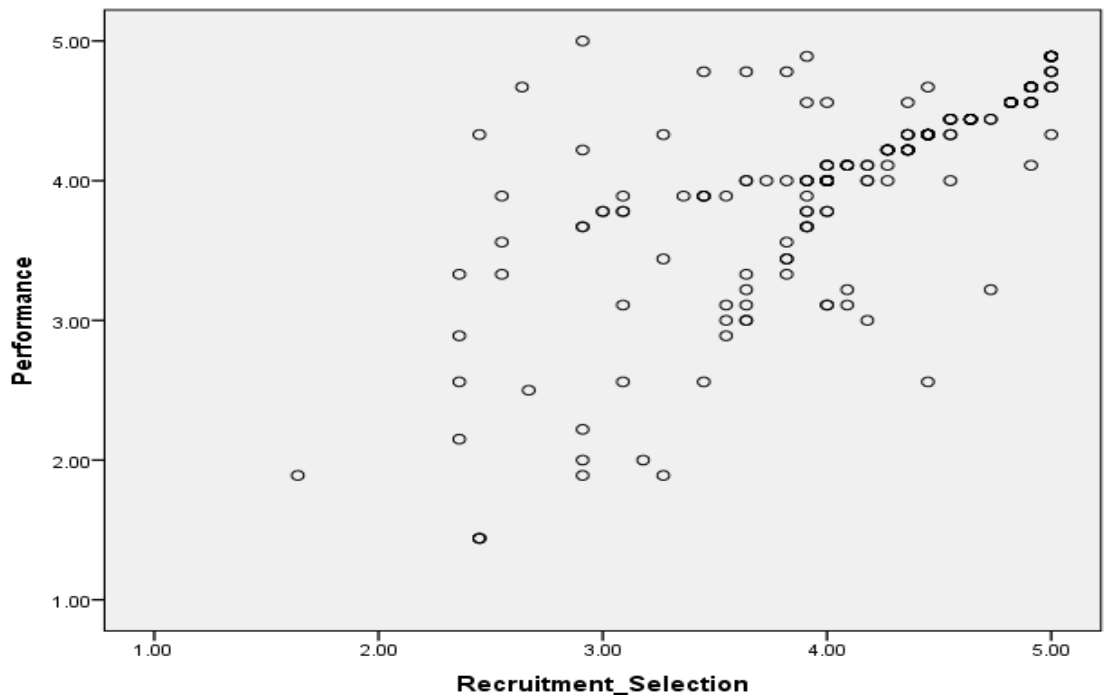
Figure 4.9: Scatter Plot on Relationship between Recruitment & Selection and Performance

Table 4.17 presents Pearson's correlation of recruitment and selection and performance of parastatals. Results show that recruitment and selection was positively correlated performance. This is supported by a significant value of 0.000 and a positive correlation of 0.714. This implies that an increase in recruitment and selection effectiveness in parastatals will increase the performance of commercial parastatals in Kenya. These findings are consistent with Terpstra and Rozell's (2013) study of the relationship between recruiting/selection practices and firm performance, where they found a significant and positive link between extensiveness of recruiting, selection and the use of formal selection procedures and firm performance.

Table 4.17: Relationship between Recruitment and selection and Performance

Variable		Performance	Recruitment &Selection
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Recruitment and selection	Pearson Correlation	0.714	1
	Sig. (2-tailed)	0.000	

Figure 4.10 presents graphical representation of the linear relationship between recruitment and performance. The results show that there is a positive relationship between the two.
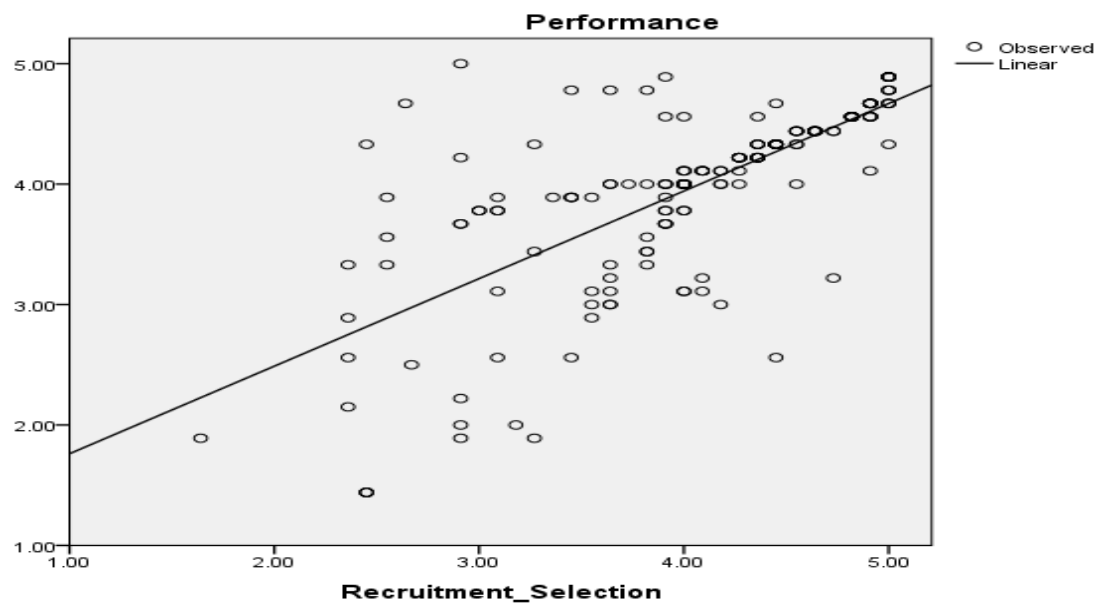
Figure 4.10: Linear Relationship between Recruitment & Selection and Performance

4.6.5   Regression Analysis on Recruitment & Selection and Performance

Regression analysis was conducted to empirically determine whether recruitment and selection was a significant determinant of performance in purely commercial parastatals in Kenya. Regression results in Table 4.18 indicate the goodness of fit for the regression between recruitment and performance was satisfactory. An R squared of 0.51 indicates that 51% of the variations in performance are explained by the variations in recruitment effectiveness. This implies that 49% of the unexplained variations in performance is accounted for by the other variables including training, decentralized teams and employee reward. Results are in tandem with Gurbuz and Mert (2011) who found that selection and development had a positive impact on the perceived financial and market performance, the organizational performance, and the job satisfaction. It had a negative effect on the turnover.

Table 4.18: Model Summary for Recruitment and Selection

Indicator	Coefficient
R	0.714
R Square	0.51
Adjusted R Square	0.508
Std. Error of the Estimate	0.52319

The overall model significance is presented in table 4.19. An F statistic of 192.803 indicated that the overall model was significant. The ANOVA test shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a significant relationship between recruitment and selection and performance of commercial parastatals. The findings imply that recruitment and selection was statistically significant in explaining performance of parastatals in Kenya. These findings are consistent with Terpstra and Rozell's (2013) study of the relationship between recruiting/selection practices and firm performance, where they found a significant and positive link between extensiveness of recruiting, selection and the use of formal selection procedures and firm performance.

Table 4.19: ANOVA for Recruitment and Selection

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	52.775	1	52.775	192.803	0.000
Residual	50.639	185	0.274		
Total	103.414	186			

The recruitment coefficients are presented in table 4.20. The results show that recruitment contributes significantly to the model since the p-value for the constant and gradient are less than 0.05. The findings imply that one positive unit change in recruitment and selection led to a change in performance at the rate of 0.727. This confirms the positive effect of recruitment and selection on performance. The fitted equation is as shown below

Y= 1.034 + 0.727X$_1$

Table 4.20: Coefficients of Recruitment and Selection

Variable	Beta	Std. Error	t	Sig.
Constant	1.034	0.215	4.805	0.000
Recruitment and Selection	0.727	0.052	13.885	0.000

4.7   Perceived Decentralized Teams

4.7.1   Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.21 showed that the KMO statistic was 0.807 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 794.861 with 45 degrees of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.21. These results provide an excellent justification for further statistical analysis to be conducted.

Table 4.21: Perceived Decentralized Teams KMO Sampling Adequacy and Bartlett's Sphericity Tests

Kaiser-Meyer-Olkin Measure	0.807
Bartlett's Chi- Square	794.861
Bartlett's df	45
Bartlett's Sig.	0

4.7.2   Factor Analysis

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 10 statements on decentralized teams can be factored into 1 factor. The total variance explained by the extracted factor is 40.465% as shown in Table 4.22.

Table 4.22: Perceived Decentralized Teams Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.047	40.465	40.465	4.047	40.465	40.465
2	2.108	21.084	61.549			
3	0.827	8.272	69.821			
4	0.715	7.146	76.967			
5	0.562	5.616	82.583			
6	0.485	4.846	87.429			
7	0.388	3.884	91.313			
8	0.323	3.226	94.539			
9	0.306	3.061	97.6			
10	0.24	2.4	100			

Extraction Method: Principal Component Analysis.

Table 4.23 shows the factor loadings for decentralized teams statements. All the ten factors attracted coefficients of more than 0.4 hence all the statements were retained for analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.23: Perceived Decentralized Teams Factor Analysis Component Matrix

Statement	Component
The parastatal encourages decentralized decision making	0.599
The parastatal uses teams to decide about production issues	0.532
Teams are regularly used to perform various tasks	0.511
The parastatal involves the departments in making decisions that affect employees	0.652
Team formation and maintenance is encouraged	0.662
During problem solving sessions, you always make an effort to get all team members opinions and ideas before making a decision	0.749
There is relationship between decentralized teams and parastatal performance	0.736
Corruption plays a role in team formations	0.696
Teams are affected by family and tribal relations	0.618
Teams are mainly based on family and tribal relationships	0.558

Extraction Method: Principal Component Analysis.
a 1 components extracted.

4.7.3   Descriptive Statistics

The second objective of the study was to determine the effect of perceived decentralized teams on the performance of parastatals in Kenya. Table 4.24 shows that 81.9% of the respondents agreed that the parastatal encouraged decentralized decision making, 82.9% agreed that the parastatal used teams to decide about production issues and 76.4% agreed that teams are regularly used to perform various tasks. Seventy two point eight percent of the respondents agreed that the parastatal involved the departments in making

decisions that affected employees, 70.6% agreed that team formation and maintenance was encouraged and 80.2% agreed that during problem solving sessions, they always made an effort to get all team members opinions and ideas before making a decision. In addition, 69% of the respondents agreed that there was relationship between decentralized teams and parastatal performance, 66.3% agreed that corruption plays a role in team formations and 60.5% agreed that teams were affected by family and tribal relations. Finally, 60.4% of the respondents agreed that teams were mainly based on family and tribal relationships. The mean score for responses for this section was 3.89 which indicates that majority of the respondents agreed that decentralized teams was a key determinant of performance of parastatals. The findings imply that the organizations had formed teams to enhance performance however they were challenges along the tribal lines. The study findings agree with those of Tata and Prasad (2014) who found that a company with micro level of centralization is a receptive environment for self-managed teams. In a study of differential outcomes of team structures for workers, supervisors, and middle managers in a large unionized telecommunications company, Batt (2014) found that participation in self-managed teams is associated with significantly higher levels of employment security, and satisfaction for workers and the opposite for supervisors. Black, Lynch and Krivelyova(2014)examined the impact of organizational change on workers and found evidence that self-managed teams are associated with greater employment reductions.

Table 4.24: Perceived Decentralised Teams Descriptive Statistics

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
The parastatal encourages decentralized decision making	2.1%	8.6%	7.5%	36.4%	45.5%	4.14
The parastatal uses teams to decide about production issues	1.6%	6.4%	9.1%	46.0%	36.9%	4.1
Teams are regularly used to perform various tasks	3.2%	9.6%	10.7%	34.2%	42.2%	4.03
The parastatal involves the departments in making decisions that affect employees	3.7%	11.2%	12.3%	39.6%	33.2%	3.87
Team formation and maintenance is encouraged	2.1%	13.9%	13.4%	32.1%	38.5%	3.91
During problem solving sessions, you always make an effort to get all team members opinions and ideas before making a decision	1.1%	8.0%	10.7%	32.1%	48.1%	4.18
There is relationship between decentralized teams and parastatal performance	2.7%	13.9%	14.4%	36.4%	32.6%	3.82
Corruption plays a role in team formations	3.2%	13.9%	16.6%	38.5%	27.8%	3.74
Teams are affected by family and tribal relations	6.4%	17.6%	15.5%	36.4%	24.1%	3.54
Teams are mainly based on family and tribal relationships	8.6%	16.0%	15.0%	27.8%	32.6%	3.6
Average	3.5%	11.9%	12.5%	36.0%	36.2%	3.89

The study sought to find out whether there the decentralized teams are functional in the organization. Figure 4.11 illustrates that 81% of the respondents indicated that yes while 19% indicated that the decentralized teams were not functional.

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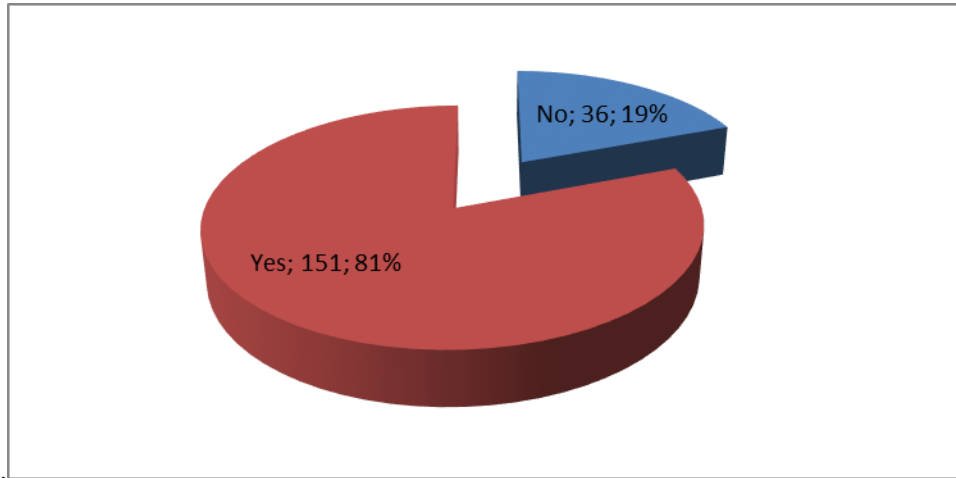
Figure 4.11: Functional Decentralised Teams

4.7.4   Relationship between Perceived Decentralised Teams and Performance

Figure 4.12 shows the scattered plot for decentralized teams and performance. Results show that there is a positive relationship between decentralized teams and performance thus an increase in effectiveness in decentralized teams will positively increase the performance of parastatals in Kenya. These findings are consistent with Jayaram, Droge and Vickery, (2009) who found that decentralized teams have a positive effect on two dimensions of the performance, time and flexibility.
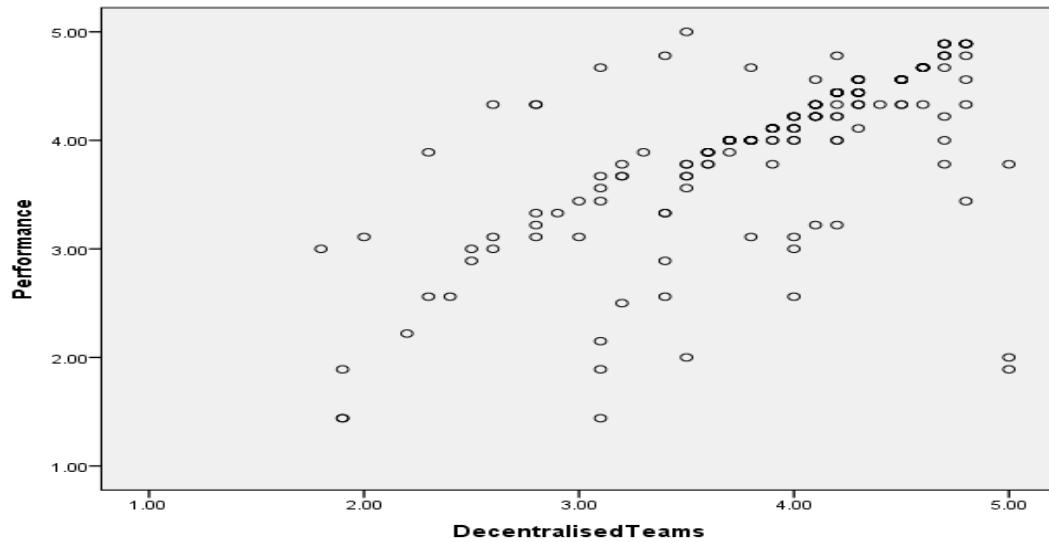
Figure 4.12: Scatter Plot on Relationship between Perceived Decentralised Teams and Performance

Table 4.25 presents Pearson's correlation of decentralized teams and performance of parastatals. Results show that decentralized teams was positively correlated performance. This is supported by a significant value of 0.000 and a positive correlation of 0.657. This implies that an increase in decentralized teams effectiveness in parastatals will increase the performance of commercial parastatals in Kenya. Results are in line with those of Collins and Clark (2013) who examined the role of human resource practices in creating organizational competitive advantage and found that top management team social networks (practices such as mentoring, incentives) mediated the relationship between HR practices and firm performance.

Table 4.25: Relationship between Perceived Decentralised Teams and Performance

Variable		Performance	Perceived Decentralised Teams
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Perceived Decentralised Teams	Pearson Correlation	0.657	1
	Sig. (2-tailed)	0.000	

Figure 4.13 presents graphical representation of the linear relationship between perceived decentralized teams and performance. The results show that there is a positive relationship between the two.
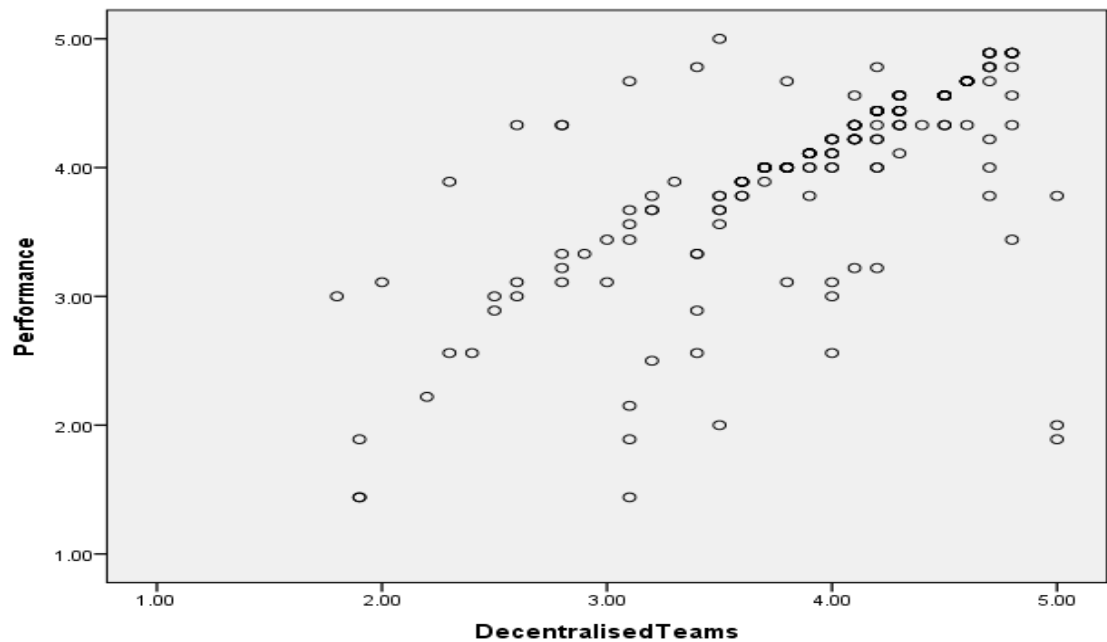
Figure 4.13: Linear Relationship between Perceived Decentralised Teams and Performance

4.7.5 Regression Analysis on Perceived Decentralised Teams and Performance

Regression analysis was conducted to empirically determine whether decentralized teams were a significant determinant of performance in purely commercial parastatals in Kenya. Regression results in Table 4.26 indicate the goodness of fit for the regression between decentralized teams and performance was satisfactory. An R squared of 0.431 indicates that 43.1% of the variations in performance are explained by the variations in decentralized team. This implies that 56.9% of the unexplained variations in performance is accounted for by the other variables including recruitment and selection, training and development and employee reward. Results showed that firms with large teams performed better and firms with dominant CEOs performed worse in a turbulent

environment than in a stable one. Tata and Prasad (2014) found that a company with micro level of centralization is a receptive environment for self-managed teams. In a study of differential outcomes of team structures for workers, supervisors, and middle managers in a large unionized telecommunications company, Batt (2004) found that participation in self-managed teams is associated with significantly higher levels of employment security, and satisfaction for workers and the opposite for supervisors.

Table 4.26: Model Summary for Perceived Decentralised Teams

Indicator	Variables
R	0.657
R Square	0.431
Adjusted R Square	0.428
Std. Error of the Estimate	0.5638

The overall model significance is presented in table 4.27. An F statistic of 140.332 indicated that the overall model was significant. The ANOVA test shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a significant relationship between decentralized teams and performance of commercial parastatals. The findings imply that decentralized teams were statistically significant in explaining performance of parastatals in Kenya. The study findings are in agreement with Black, Lynch and Krivelyova (2014) who examined the impact of organizational change on workers and found evidence that self-managed teams are associated with greater employment reductions.

Table 4.27: ANOVA for Perceived Decentralised Teams

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	44.608	1	44.608	140.332	0.000
Residual	58.806	185	0.318		
Total	103.414	186			

The decentralized team coefficients are presented in table 4.28. The results show that decentralized teams contribute significantly to the model since the p-value for the constant and gradient are less than 0.05. The findings imply that one positive unit change in decentralized teams' effectiveness led to a change in performance at the rate of 0.703. This confirms the positive effect of decentralized teams on performance. The fitted equation is as shown below

$Y = 1.239 + 0.703X_1$

Table 4.28: Coefficients of Perceived Decentralized Teams

Variable	Beta	Std. Error	t	Sig.
Constant	1.239	0.235	5.28	0.000
DecentralisedTeams	0.703	0.059	11.846	0.000

4.8   Perceived Training

4.8.1   Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.29 showed that the KMO statistic was 0.819 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 794.861 with 45 degrees of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.29. These results provide an excellent justification for further statistical analysis to be conducted.

Table 4.29: Perceived Training KMO Sampling Adequacy and Bartlett's Sphericity Tests

Kaiser-Meyer-Olkin Measure	0.819
Bartlett's Chi- Square	742.564
Bartlett's df	45
Bartlett's Sig.	0

4.8.2   Factor Analysis

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 10 statements on training and development can be factored into 1 factor. The total variance explained by the extracted factor is 43.256% as shown in Table 4.30.

Table 4.30: Perceived Training Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.326	43.256	43.256	4.326	43.256	43.256
2	1.435	14.353	57.609			
3	0.975	9.753	67.361			
4	0.781	7.806	75.167			
5	0.594	5.94	81.108			
6	0.567	5.665	86.773			
7	0.419	4.194	90.967			
8	0.359	3.59	94.557			
9	0.333	3.332	97.889			
10	0.211	2.111	100			

Extraction Method: Principal Component Analysis.

Table 4.31 shows the factor loadings for training statements. All the ten factors attracted coefficients of more than 0.4 hence all the statements were retained for analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.31: Perceived Training Factor Analysis Component Matrix

Statement	Component
The parastatal conducts extensive training programs for its employees in all aspects of quality.	0.496
Employees in each job will normally go through training programs every year.	0.701
Training needs are identified through a formal performance appraisal mechanism.	0.487
New knowledge and skills are imparted to employees periodically.	0.605
Training needs identified are realistic, useful and based on the business strategy of the organization.	0.648
The parastatal has a training budget every year	0.799
Employees are trained to take up more responsibilities and other jobs in the future	0.799
There is relationship between training and development and parastatal performance	0.744
Corruption is involved in accessing training and development opportunities	0.622
Training opportunities are shared based on family and tribal relations	0.588

Extraction Method: Principal Component Analysis.

a 1 components extracted.

4.8.3 Descriptive Statistics

The third objective of the study was to assess the effect of training on the performance of parastatals in Kenya. Table 4.32 shows that 71.1% of the respondents agreed that the parastatal conducted extensive training programs for its employees in all aspects of quality, 72.7% agreed that employees in each job normally went through training programs every year and 68.5% agreed that training needs were identified through a

formal performance appraisal mechanism. In addition, 71.1% agreed that new knowledge and skills were imparted to employees periodically, 72.7% agreed that training needs identified are realistic, useful and based on the business strategy of the organization and 73.2% agreed that the parastatal had a training budget every year. Seventy eight point six percent of the respondents agreed that employees are trained to take up more responsibilities and other jobs in the future while 75.4% agreed that there was relationship between training and development and parastatal performance and 73.8% agreed that corruption was involved in accessing training and development opportunities. Finally 66.9% of the respondents agreed that training opportunities were shared based on family and tribal relations. The mean score for responses for this section was 3.84 which indicate that majority of the respondents agreed that training and development was a key determinant of performance of parastatals.To meet current and future business demands, training and development process has assumed its strategic role and in this regard studies by Stavrou, Brewste and Charalambous (2004) and Apospori et al. (2008), have attained much importance as these highlights the training and development practices in cross-national contexts. Apospori et al. (2008) had deduced that there is a considerable impact of training on organizational performance. The need for developing the employees is compelling because a sound training and development plan has its contributions to increase productivity and quality of work. The development strategy reduces staff turnover and absenteeism and also helps in improving motivation among the employees.

Table 4.32: Perceived Training Descriptive Statistics

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
The parastatal conducts extensive training programs for its employees in all aspects of quality.	4.3%	8.0%	16.6%	44.4%	26.7%	3.81
Employees in each job will normally go through training programs every year.	5.9%	11.8%	9.6%	43.3%	29.4%	3.79
Training needs are identified through a formal performance appraisal mechanism.	2.1%	12.3%	17.1%	50.3%	18.2%	3.7
New knowledge and skills are imparted to employees periodically.	2.7%	10.7%	15.5%	58.8%	12.3%	3.67
Training needs identified are realistic, useful and based on the business strategy of the organization.	3.2%	8.0%	16.0%	44.9%	27.8%	3.86
The parastatal has a training budget every year	3.2%	12.3%	11.2%	37.4%	35.8%	3.9
Employees are trained to take up more responsibilities and other jobs in the future	4.3%	9.1%	8.0%	41.7%	36.9%	3.98
There is relationship between training and development and parastatal performance	0.0%	4.8%	19.8%	35.8%	39.6%	4.1
Corruption is involved in accessing training and development opportunities	3.7%	13.9%	8.6%	43.3%	30.5%	3.83
Training opportunities are shared based on family and tribal relations	2.1%	15.5%	15.5%	38.0%	28.9%	3.76
Average	3.2%	10.6%	13.8%	43.8%	28.6%	3.84

The study sought to find out whether the training programs for new employees are adequate. Figure 4.14 illustrates that 78.6`% of the respondents indicated Yes while 21.4% indicated that the training programs for new employees were adequate. The

respondents were also asked to indicate whether the training programs are adequate, 80.2% indicated Yes while 19.8% indicated No. The findings are in support of Barker (2010) who argued that training helps employees to maintain standards or improve their competence hence their performance. A variety of human resource management practices are related to the development of human resource of the organization. For strategic purposes it is important to target much more specifically on the development of competences which can provide a competitive advantage (Johnson, Scholes & Whittington, 2012)
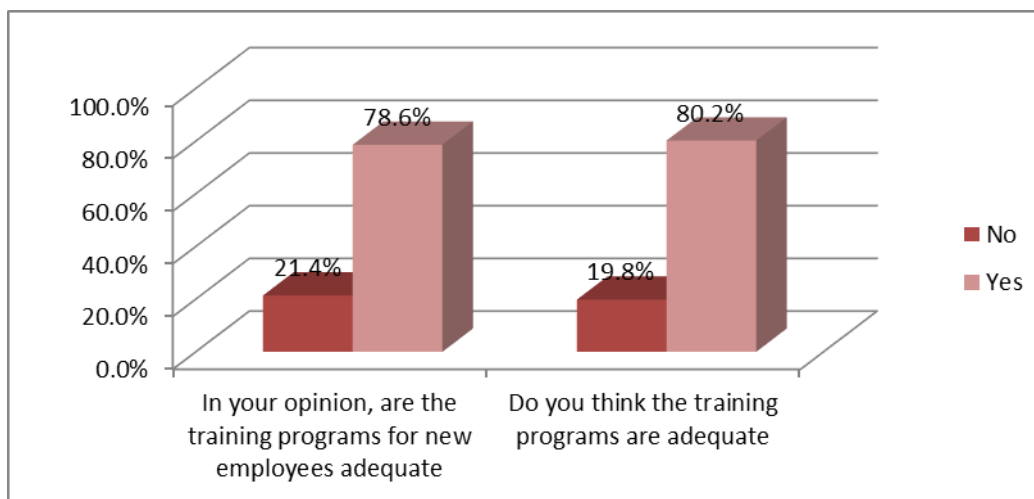
Figure 4.14: Perceived Training and Development

4.8.4   Relationship between Perceived Training and Performance

Figure 4.15 shows the scattered plot for training and performance. Results show that there is a positive relationship between training and performance thus an increase in effectiveness in training will positively increase the performance of parastatals in Kenya. These findings are consistent with those of Barker (2010) who argued that developing somebody's skills enables an organization to achieve greater productivity, improved job performance, greater empowerment, more satisfactory recruitment and selection and reduced labour turnover. Training can help employees develop skills needed to perform their jobs, which directly affects the business performance. Giving

employees opportunities to learn and develop creates a positive work environment which supports the business strategy by attracting talented employees as well as motivating and retaining current employees.
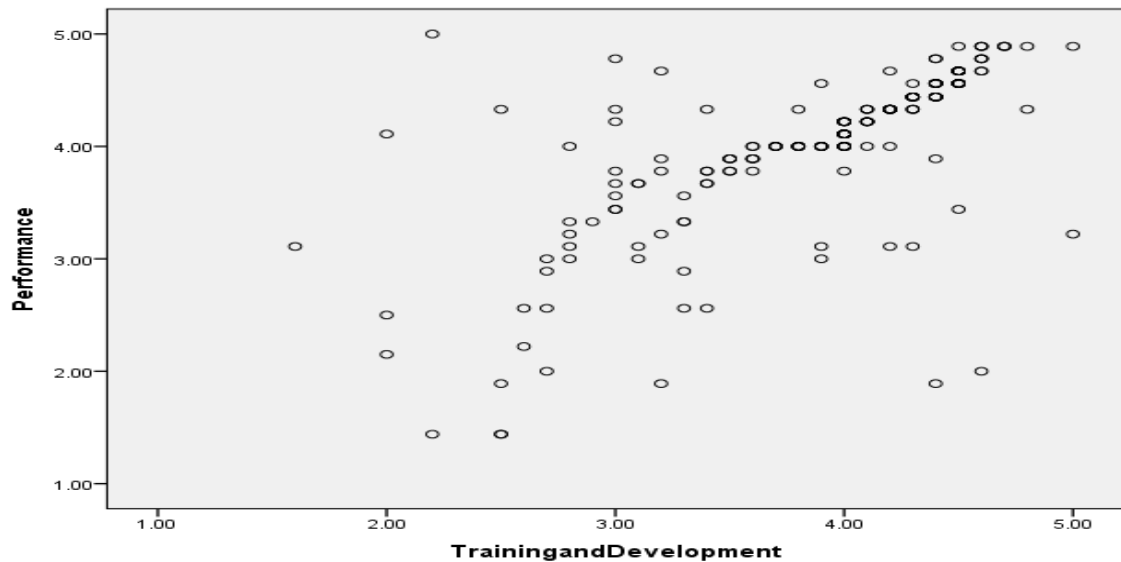
Figure 4.15: Scatter Plot on Relationship between Perceived Training and Performance

Table 4.33 presents Pearson's correlation of training and performance of parastatals. Results show that training was positively correlated with performance. This is supported by a significant value of 0.000 and a positive correlation of 0.663. This implies that an increase in training effectiveness in parastatals will increase the performance of commercial parastatals in Kenya. The study findings are in support of Dimba (2010) who suggested that there is a significant impact of training and development on organizational performance and Niazi (2011) who mentioned that training and development could influence organisational performance because employees' skills, knowledge and abilities can be enhanced and up to date.

Table 4.33: Relationship between Perceived Training and Performance

Variable		Performance	Training
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Training	Pearson Correlation	0.663	1
	Sig. (2-tailed)	0.000	

Figure 4.16 presents graphical representation of the linear relationship between training and performance. The results show that there is a positive relationship between the two.
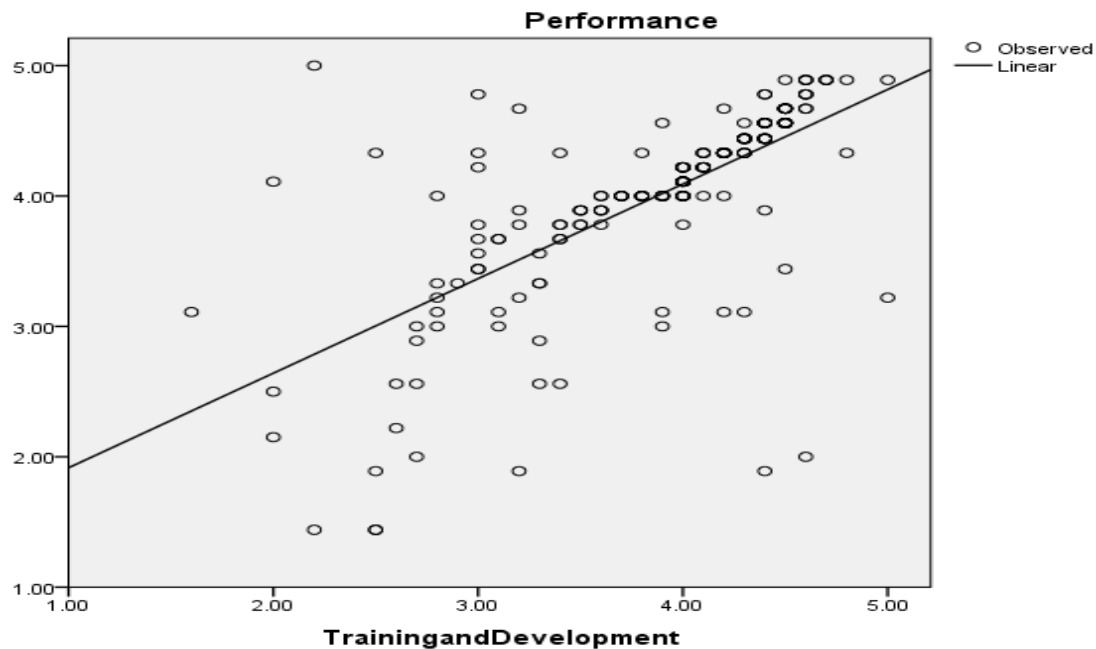
Figure 4.16: Linear Relationship between Perceived Training and Performance

4.8.5 Regression Analysis on Perceived Training and Performance

Regression analysis was conducted to empirically determine whether training was a significant determinant of performance in purely commercial parastatals in Kenya. Regression results in Table 4.34 indicate the goodness of fit for the regression between training and performance was satisfactory. An R squared of 0.44 indicates that 44% of

the variations in performance are explained by the variations in training. This implies that 56% of the unexplained variations in performance is accounted for by the other variables including recruitment and selection, decentralized teams and employee reward. These findings are consistent with the findings from a previous study by Rowden (2002) who suggests that training is an efficient tool for improving ones job satisfaction hence leading to better employee performance. These results are also consistent with the study by Keep (1989) who found that strategic training and development activities are central to the reality of anything that can meaningfully be described as human resource management.

Table 4.34: Model Summary for Perceived Training

Indicator	Coefficient
R	0.663
R Square	0.44
Adjusted R Square	0.437
Std. Error of the Estimate	0.55939

The overall model significance is presented in table 4.35. An F statistic of 145.484 indicated that the overall model was significant. The ANOVA test shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a significant relationship between training and performance and performance of commercial parastatals. The findings imply that training and development were statistically significant in explaining performance of parastatals in Kenya. Results are in tandem with Garcı´a (2005) and Tharenou, Saks and Moore (2007) who found out that training and development had a positive effect on performance. The findings of this study are also consistent with a study by Khan et al (2011) on the impact of training and development on organizational performance which found that training and development, on the job training, training design and delivery style have significant positive effect on organizational performance.

Table 4.35: ANOVA for Perceived Training

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	45.524	1	45.524	145.484	0.000
Residual	57.89	185	0.313		
Total	103.414	186			

The coefficients are presented in table 4.36. The results show that training and development contributes significantly to the model since the p-value for the constant and gradient are less than 0.05. The findings imply that one positive unit change in training effectiveness led to a change in performance at the rate of 0.725. This confirms the positive effect of training on performance. The fitted equation is as shown below

$Y = 1.19 + 0.725X_1$

Table 4.36: Coefficients of Perceived Training

Variable	Beta	Std. Error	t	Sig.
Constant	1.19	0.235	5.075	0.000
Training	0.725	0.06	12.062	0.000

4.9   Perceived Reward

4.9.1   Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.37 showed that the KMO statistic was 0.816 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 797.214 with 55 degrees of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.37. These results provide an excellent justification for further statistical analysis to be conducted.

Table 4.37: Perceived Reward KMO Sampling Adequacy and Bartlett's Sphericity Tests

Kaiser-Meyer-Olkin Measure	0.816
Bartlett's Chi- Square	797.214
Bartlett's df	55
Bartlett's Sig.	0

4.9.2 Factor Analysis

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 11 statements on reward can be factored into 1 factor. The total variance explained by the extracted factor is 41.312% as shown in Table 4.38.

Table 4.38: Perceived Reward Total Variance Explained

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.544	41.312	41.312	4.544	41.312	41.312
2	1.577	14.333	55.645			
3	0.898	8.163	63.807			
4	0.781	7.104	70.911			
5	0.754	6.857	77.768			
6	0.63	5.723	83.491			
7	0.531	4.832	88.322			
8	0.419	3.805	92.127			
9	0.33	3.002	95.13			
10	0.303	2.75	97.88			
11	0.233	2.12	100			

Extraction Method: Principal Component Analysis.

Table 4.39 shows the factor loadings for reward statements. All the eleven factors attracted coefficients of more than 0.4 hence all the statements were retained for analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.39: Perceived Reward Factor Analysis Component Matrix

Statement	Component
In the parastatal, salary and other benefits are comparable to the market.	0.522
In the parastatal, rewards are decided on the basis of competence orability of the employee.	0.7
The rewards for all employees is directly linked to his/her performance.	0.474
In the parastatal, profit sharing is used as a mechanism to reward higher performance.	0.575
The rewards offered by the parastatal have an effect on employee performance	0.692
The rewards offered attract and retain high quality employees	0.743
Rewards affect the market share of the parastatals by attracting customers	0.786
Employee rewards affects the rate of growth of a parastatal	0.712
There is relationship between reward of employees and parastatal performance	0.686
Corruption plays a significant role in employee rewarding	0.597
Rewards are based on family, tribal relations and bribery rather than merit	0.492

Extraction Method: Principal Component Analysis.
a 1 components extracted.

4.9.3 Descriptive Statistics

The fourth objective of the study was to examine the effect of reward on the performance of parastatals in Kenya. Table 4.40 shows that 74.4% of the respondents agreed that in the parastatal, salary and other benefits are comparable to the market, 79.2% agreed that in the parastatal, rewards are decided on the basis of competence orability of the employee and 67.4% agreed that the rewards for all employees were directly linked to his/her performance. Sixty nine percent of the respondents agreed that in the parastatal, profit sharing was used as a mechanism to reward higher performance, while 71.7% agreed that the rewards offered by the parastatal had an effect on employee performance and 77.6% agreed that the rewards offered attracted and retained high quality employees. Furthermore, 79.1% of the respondents agreed that rewards affected

the market share of the parastatals by attracting customers, 69% agreed that employee rewards affected the rate of growth of a parastatal and 79.1% agreed that there was relationship between reward of employees and parastatal performance. Finally 70.6% of the respondents agreed that corruption plays a significant role in employee rewarding and 74.4% agreed that rewards were based on family, tribal relations and bribery rather than merit. The mean score for responses for this section was 3.87 which indicates that majority of the respondents agreed that employee reward was a key determinant of performance of parastatals. Performance-based reward is the dominant HR practice that firms use to evaluate and reward employees' efforts (Collins & Clark, 2013). Evidently, performance-based reward has a positive effect upon employee and organizational performance (Brown & Ostroff,2014; Cardon & Stevens, 2014). However, there is scarce evidence on the effects of reward policy of firm growth. Empirical studies on the relationship between performance-related pay and company performance have generally found a positive relationship, but a growing body of empirical evidence suggests that it is not just pay level that matters, but also pay structure as well (Wimbush, 2005; Singh, 2005).

Table 4.40: Perceived Reward Descriptive Statistics

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
In the parastatal, salary and other benefits are comparable to the market.	3.7%	8.0%	13.9%	41.2%	33.2%	3.92
In the parastatal, rewards are decided on the basis of competence orability of the employee.	2.7%	9.6%	8.6%	47.6%	31.6%	3.96
The rewards for all employees is directly linked to his/her performance.	3.7%	15.0%	13.9%	48.7%	18.7%	3.64
In the parastatal, profit sharing is used as a mechanism to reward higher performance.	3.7%	10.7%	16.6%	43.9%	25.1%	3.76
The rewards offered by the parastatal have an effect on employee performance	3.2%	9.1%	16.0%	45.5%	26.2%	3.82
The rewards offered attract and retain high quality employees	1.6%	13.4%	7.5%	44.4%	33.2%	3.94
Rewards affect the market share of the parastatals by attracting customers	2.7%	11.2%	7.0%	48.1%	31.0%	3.94
Employee rewards affects the rate of growth of a parastatal	0.5%	12.3%	18.2%	34.8%	34.2%	3.9
There is relationship between reward of employees and parastatal performance	1.6%	10.7%	8.6%	43.3%	35.8%	4.01
Corruption plays a significant role in employee rewarding	1.6%	14.4%	13.4%	43.3%	27.3%	3.8
Rewards are based on family, tribal relations and bribery rather than merit	5.3%	11.8%	8.6%	42.8%	31.6%	3.83
Average	2.8%	11.5%	12.0%	44.0%	29.8%	3.87

4.9.4 Relationship between Perceived Reward and Performance

Figure 4.17 shows the scattered plot for employee reward and performance. Results show that there is a positive relationship between employee reward and performance

thus an increase in employee reward effectiveness will positively increase the performance of parastatals in Kenya. According to Perce and Robinson (2012) reward power is available when the manager confers rewards in return for desired actions and outcomes. Rewards systems are often implemented within organizations as a key management tool that can contribute to a firm's effectiveness by influencing individual behavior and motivating employees at work (Fareed et al. 2013).Employees' job satisfaction is affected by both financial and nonfinancial rewards (Armstrong, Reilly & Brown, 2011; Ali & Ahmad, 2009).
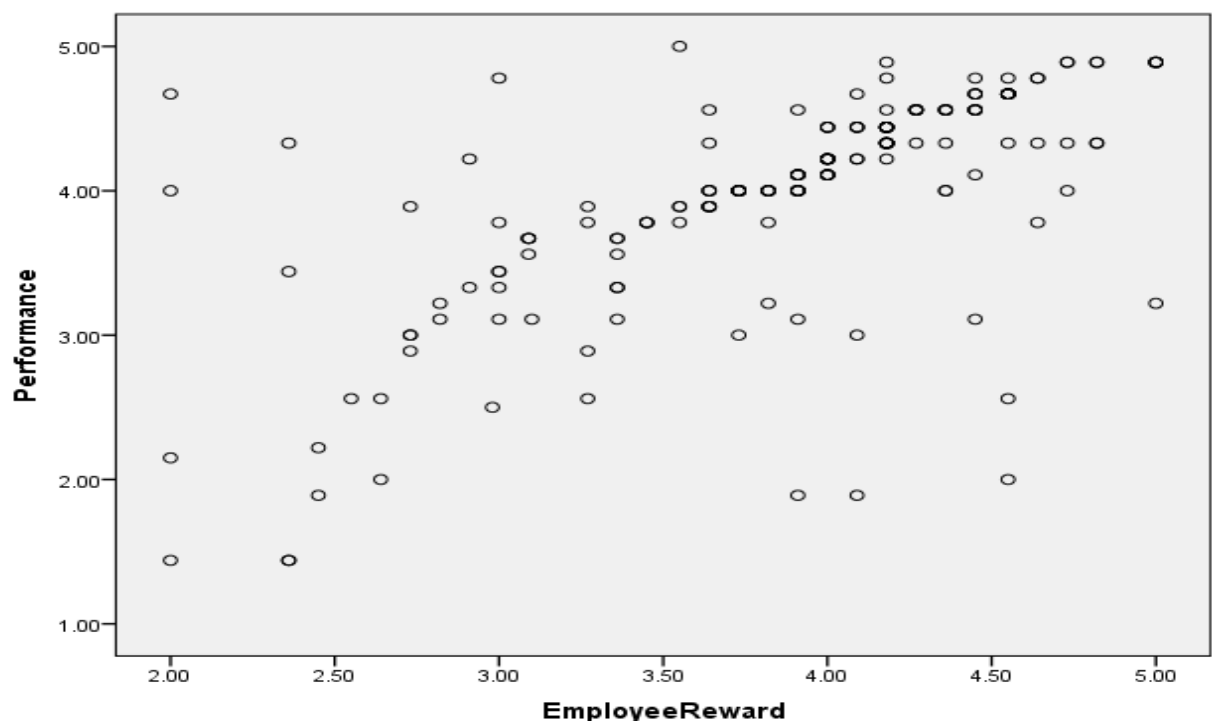
Figure 4.17: Scatter Plot on Relationship between Perceived Reward and Performance

Table 4.41 presents Pearson's correlation of perceived reward and performance of parastatals. Results show that employee reward was positively correlated with performance. This is supported by a significant value of 0.000 and a positive correlation

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of 0.643. This implies that an increase in employee reward effectiveness in parastatals will increase the performance of commercial parastatals in Kenya. The study findings are in agreement with Ali and Ahmad, (2009) who asserted that rewards can be extrinsic or intrinsic, extrinsic rewards are tangible rewards and these rewards are external to the job or task performed by the employee. External rewards can be in terms of salary/pay, incentives, bonuses, promotions, job security, among others. Intrinsic rewards are intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal. He further asserted that all this types of rewards had a positive and direct effect on performance.

Table 4.41: Relationship between Perceived Reward and Performance

Variable		Performance	Perceived Reward
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Perceived Reward	Pearson Correlation	0.643	1
	Sig. (2-tailed)	0.000	

Figure 4.18 presents graphical representation of the linear relationship between employee reward and performance. The results show that there is a positive relationship between the two.
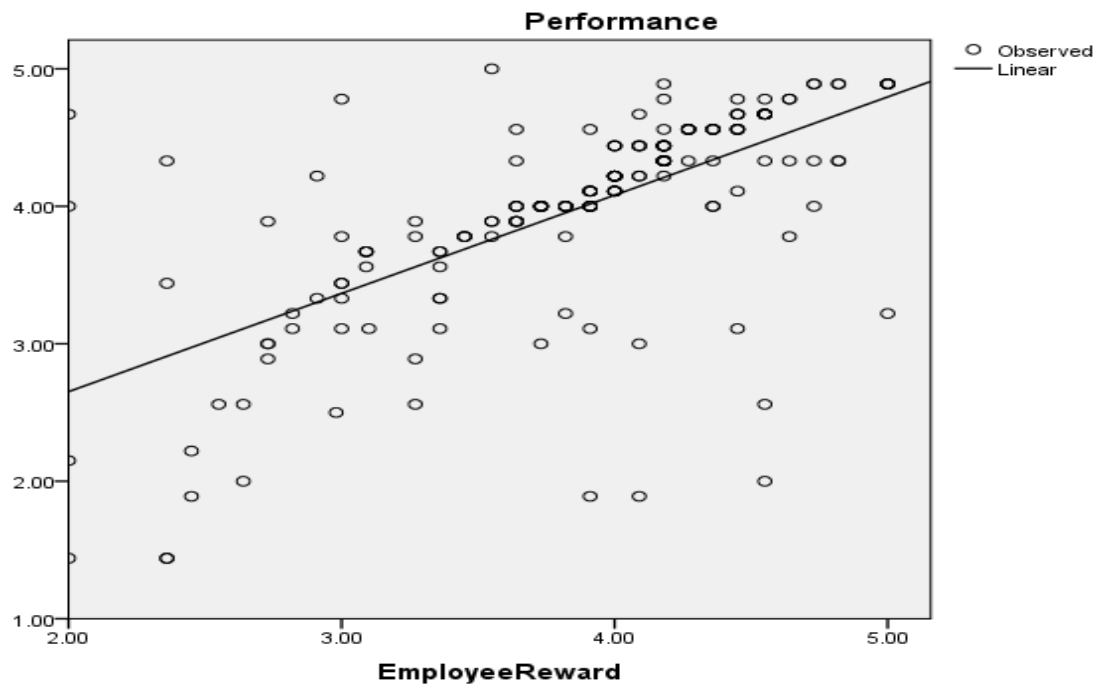
Figure 4.18: Linear Relationship between Perceived Reward and Performance

4.9.5   Regression Analysis on Perceived Reward and Performance

Regression analysis was conducted to empirically determine whether reward was a significant determinant of performance in purely commercial parastatals in Kenya. Regression results in Table 4.42 indicate the goodness of fit for the regression between reward and performance was satisfactory. An R squared of 0.414 indicates that 41.4% of the variations in performance are explained by the variations in employee reward. This implies that 58.6% of the unexplained variations in performance is accounted for by the other variables including recruitment and selection, decentralized teams and training development. The study findings are in support that performance-based reward has a positive effect upon employee and organizational performance (Brown & Ostroff,2014;Cardon & Stevens, 2014). In addition other empirical studies on the relationship between performance-related pay and company performance have generally found a positive relationship, but a growing body of empirical evidence suggests that it

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is not just pay level that matters, but also pay structure as well (Wimbush, 2005; Singh2005).

Table 4.42: Model Summary for Perceived Reward

Indicator	Coefficient
R	0.643
R Square	0.414
Adjusted R Square	0.41
Std. Error of the Estimate	0.57255

The overall model significance is presented in table 4.43. An F statistic of 130.466 indicated that the overall model was significant. The ANOVA test shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a significant relationship between reward and performance of commercial parastatals. The findings imply that reward was statistically significant in explaining performance of parastatals in Kenya.

Table 4.43: ANOVA for Perceived Reward

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	42.769	1	42.769	130.466	0.000
Residual	60.646	185	0.328		
Total	103.414	186			

The coefficients are presented in table 4.44. The results show that reward contributes significantly to the model since the p-value for the constant and gradient are less than 0.05. The findings imply that one positive unit change in reward led to a change in performance at the rate of 0.725. This confirms the positive effect of reward on performance. The fitted equation is as shown below

$Y = 1.222 + 0.715X_1$

Table 4.44: Coefficients of Perceived Reward

Variable	Beta	Std. Error	t	Sig.
Constant	1.222	0.245	4.996	0.000
Reward	0.715	0.063	11.422	0.000

4.10   Perceived Corruption

4.10.1 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Barlett's Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.45 showed that the KMO statistic was 0.864 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 625.227 with 21 degrees of freedom, at $p < 0.05$). The results of the KMO and Bartlett's Test are summarized in Table 4.45. These results provide an excellent justification for further statistical analysis to be conducted.

Table 4.45: Perceived Corruption KMO Sampling Adequacy and Bartlett's Sphericity Tests

Kaiser-Meyer-Olkin Measure	0.864
Bartlett's Chi- Square	625.227
Bartlett's df	21
Bartlett's Sig.	0

4.10.2 Factor Analysis

Factor analysis was conducted after successful testing of validity and reliability using KMO coefficient and cronbach alpha results. Factor analysis was conducted using Principal Components Method (PCM) approach. The extraction of the factors followed the Kaiser Criterion where an eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that the 7 statements on perceived corruption can be factored into 1 factor. The total variance explained by the extracted factor is 57.044% as shown in Table 4.46.

Table 4.46: Perceived Corruption Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.993	57.044	57.044	3.993	57.044	57.044
2	0.829	11.846	68.89			
3	0.761	10.872	79.762			
4	0.548	7.833	87.595			
5	0.337	4.81	92.405			
6	0.284	4.055	96.459			
7	0.248	3.541	100			

Extraction Method: Principal Component Analysis.

Table 4.47 shows the factor loadings for perceived corruption statements. All the seven factors attracted coefficients of more than 0.4 hence all the statements were retained for

analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.47: Perceived Corruption Factor Analysis Component Matrix

Statement	Component
Corruption is rampant in the parastatal	0.554
The practice of nepotism, tribalism and bribery is rampant in the parastatal.	0.783
Nepotism, tribalism and bribery play a role in employee recruitment and selection.	0.846
Nepotism, tribalism and bribery play a role in operations of decentralized teams.	0.66
Nepotism, tribalism and bribery play a role in training and development.	0.823
Nepotism, tribalism and bribery play a role in employee reward.	0.833
There is relationship between Nepotism, tribalism and bribery on parastatal performance	0.741

Extraction Method: Principal Component Analysis.

a 1 components extracted.

4.10.3 Descriptive Statistics

The fourth objective of the study was to determine the moderating effect of perceived corruption on the relationship between human resource management practices and performance of parastatals in Kenya. Table 4.48 shows that 71.6% of the respondents agreed that corruption was rampant in the parastatal, 66.9% agreed that the practice of nepotism, tribalism and bribery was rampant in the parastatal and 62.1% agreed that nepotism, tribalism and bribery played a role in employee recruitment and selection. Furthermore, 65.2% of the respondents agreed that nepotism, tribalism and bribery played a role in operations of decentralized teams, while 56.7% agreed that nepotism, tribalism and bribery played a role in training and development and 57.2% agreed that nepotism, tribalism and bribery played a role in employee reward. Finally, 62.6% of the respondent agreed that there was relationship between Nepotism, tribalism and bribery

on parastatal performance. The mean score for responses for this section was 3.63 which indicates that majority of the respondents agreed that corruption was a key determinant of performance of parastatals. Corruption has permeated many sectors of the Kenyan economy including parastatals. The study findings are in agreement with Okyere-Kwakye, Norand Nor, (2010), who argued that nepotism and tribalism affects the quality of human resource in an organization as candidates are hired due to their family or tribal affiliations rather than their requisite skill. They place a negative and unproductive cost on the existing employees in the organization and impede organizational justice, motivation and harmony resulting in a higher rate of turnover on the part of productive employees. Nepotism and tribalism leads to discriminatory practices in an organization which negatively impact organizational efficiency (Bellow, 2013).

Table 4.48: Perceived Corruption Descriptive Statistics

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
Corruption is rampant in the parastatal	3.2%	11.8%	13.4%	46.5%	25.1%	3.79
The practice of nepotism, tribalism and bribery is rampant in the parastatal.	9.6%	9.6%	13.9%	45.5%	21.4%	3.59
Nepotism, tribalism and bribery play a role in employee recruitment and selection.	8.0%	13.9%	16.0%	36.4%	25.7%	3.58
Nepotism, tribalism and bribery play a role in operations of decentralized teams.	6.4%	11.8%	16.6%	40.1%	25.1%	3.66
Nepotism, tribalism and bribery play a role in training and development.	11.2%	13.4%	18.7%	25.7%	31.0%	3.52
Nepotism, tribalism and bribery play a role in employee reward.	10.7%	18.7%	13.4%	24.6%	32.6%	3.5
There is relationship between Nepotism, tribalism and bribery on parastatal performance	4.8%	15.5%	17.1%	24.1%	38.5%	3.76
Average	7.7%	13.5%	15.6%	34.7%	28.5%	3.63

The respondents were asked to rank the corrupt practices listed below in order of prevalence in the parastatal from 3 (most prevalent) to 1 (least prevalent). Table 4.49

showed that bribery came first as most prevalent, while nepotism came second and tribalism came third. These findings are in support of many researchers who have found that corruption, nepotism and tribalism are a common phenomenon that occurs in many organizations (Arasli & Tümer, 2008). According to Hanekom and Thornhill (2013), nepotism and tribalism is the act of awarding a gratuitous offer or position to someone in close family or tribal relation. When employees have these relationships, they may make a conscious effort to give favours to their relatives even when it is not due to them (Okyere-Kwakye, Nor & Nor, 2010). Price and Cybulski (2005) argue that due to the sharing of tribes, employees may exhibit certain common behaviors. Issues of nepotism , tribalism and bribery may negatively affect organization's performance(Okyere-Kwakye, Nor& Nor, 2010).

Table 4.49: Perceived Corruption Practices

Statement	Least Prevalent	Moderate prevalent	Most Prevalent
Nepotism	33.2%	28.3%	38.5%
Tribalism	25.7%	38.5%	35.8%
Bribery	28.3%	25.7%	46.0%

4.11   The Moderating effect of Perceived Corruption on the relationship between HRM Practices and Performance

This section provides results of analysis on the effect of the independent variable on the dependent variable before and after introducing a moderating variable. The independent variable herein is; human resource practices with perceived corruption as the moderating variable. R square also referred to as coefficient of determination and significance tests were done to determine the effects of the predictor variables on the dependent variable. The R square and the overall significance of the model were analyzed before and after introducing the moderating variable to independent variable. The introduction of the moderating variable introduces an interaction effect on the prediction strength of the

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independent variable on the dependent variable. The interaction effect leads to either a stronger or weaker prediction power of the independent variable on the dependent variable. In this study, interaction effect was created by use of the product between predictor variable and the moderating variable.

Table 4.50 shows the results of the R-square before involving the moderating variable (perceived corruption) and after incorporating the moderating variable to the independent variable (HRM practices). The results indicate that perceived corruption had a positive moderating effect on HRM practices (Rsquared change of 0.009) which translates to 1.59% change in the R-square. Results show that after introducing the moderating variable (perceived corruption) the R- square improved from 0.558 to 0.567 and was significant (0.047) since the R-square became weaker. This means perceived corruption moderate HRM practices negatively and statistically significant. These findings are in line with Hellman, Jones and Kaufmann (2010) and Kaufmann and Kraay (2008) have provided rich data on how nepotism and tribalism produces poorer economies. They reported that potential employees without connections are shut out and the inefficient in the organizations are protected. Mulder (2008) argues that previous work experience and education are two important factors in today's modern nepotism and tribalism. He explains that people who enter into the organization based on the relationship and bribery lack the necessary competencies and qualifications (Khatri & Tsang, 2003).

Table 4.50: Moderation Tests Using R Square and Significance Change

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.747a	0.558	0.555	0.49722	0.558	233.303	1	185	0.000
2	.753b	0.567	0.562	0.49325	0.009	3.985	1	184	0.047

a Predictors: (Constant), HRMPractices

b Predictors: (Constant), HRM Practices, HRM Practices*Corruption

The ANOVA results for HRM practices with moderating variable in Table 4.51 also indicates that the model was significant with F=120.526 and p=0.000<0.05 meaning that human resource practices and perceived corruption had significant effect on performance of parastatals. A further test on the beta coefficient of the resulting model in Table 4.51 shows a significant change in the beta coefficients before and after the introduction of the moderating variable. The model remained statistically significant with p value= 0.000 < 0.05. These findings are in agreement with those of Hilder (2004) who opined that tribalism may affect the effectiveness of teams in that, in a team when two or more members share a common tribe they would form a cleavage within the team which would lead to ethnocentrism where other members of the group will feel isolated. Hilder (2004) also denotes that tribalism controls the behavior and attitude of people within the organization. Thus, employees who possess the same tribal behavior may attract each other and as such the cohesion in the team will weaken since there would be "teams within team". They may cause conflicts within organizations which would disrupt the activities and eventual productivity of the organizations.

Table 4.51: ANOVA Test for HRM Practices with Moderating Variable

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	57.678	1	57.678	233.303	.000b
	Residual	45.736	185	0.247		
	Total	103.414	186			
2	Regression	58.647	2	29.324	120.526	.000c
	Residual	44.767	184	0.243		
	Total	103.414	186			

a Dependent Variable: Performance
b Predictors: (Constant), HRM Practices
c Predictors: (Constant), HRM Practices, HRM Practices*Corruption

In order to determine the significance of coefficients Table 4.52 shows the coefficients of the regression equations for both models. Model 1 indicates that the coefficient of HRM practices was positive and significant. In model 2 the coefficient of HRM practices became negative and significant after moderation at 95% level of confidence. The Beta values for variables are HRM practices was 0.965 and -0.019 for HRM practices*corruption. This is indicative that perceived corruption moderated the relationship between HRM practices and performance of parastatals in Kenya.

Corruption place a negative and unproductive cost on the existing employees in the organization and impede organizational justice, motivation and harmony resulting in a higher rate of turnover on the part of productive employees. Nepotism and tribalism leads to discriminatory practices in an organization which negatively impact organizational efficiency (Bellow, 2013). Similarly, according to Arasli and Tumer (2008), nepotism, tribalism and bribery negatively affects work environment. Teams are unable to function optimally. It is likely to affect access to training and development opportunities amongst the employees within the organization. It is likely to compromise on reward system. All these may demoralize the employees and consequently lowering parastatal performance.

Table 4.52: Overall Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.49	0.231		2.12	0.035
	HRM Practices	0.892	0.058	0.747	15.274	0.000
2	(Constant)	0.426	0.232		1.838	0.068
	HRM Practices	0.965	0.069	0.808	14.075	0.000
	HRM Practices*Corruption	-0.019	0.009	-0.115	-1.996	0.047

a Dependent Variable: Performance

The equations for moderations were captured in the following equations;

Performance =0.49+ 0.892HRM Practices +ε

Performance= 0.426 + 0.965HRM Practices - 0.019HRM Practices*Corruption + ε

The Beta values for variables are HRM practices was 0.965 and -0.019 for HRM practices*corruption. This is indicative that perceived corruption moderated the relationship between HRM practices and performance of parastatals in Kenya negatively. This implies that after introducing the moderating variable (corruption) the beta coefficients for HRM practices reduced from 0.965 to -0.019, thus a clear indication that perceived corruption had a negative and significant moderating effect on the relationship between HRM and performance of parastatals in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1   Introduction

This chapter presents the summary of major findings of the study, relevant discussions, conclusions and the necessary recommendations. The study sought to investigates the effect of Human Resource Management (HRM) practices on the performance of parastatals in Kenya. The summary is done in line with the objectives of the study based on the output of the descriptive and inferential statistical analyses guided to test the research hypothesis of the study. Each recommendation traces directly to each conclusion in line with practice and policy.

5.2   Summary of the Findings

The summary of the study findings was presented based on specific objectives as provided in the sections that follow.

5.2.1   Perceived Recruitment and Selection and Performance of Parastatals

The first objective of the study was to determine the effect of recruitment and selection on the performance of commercial parastatals in Kenya. The study indicated that employee recruitment had a positive influence on performance of parastatals. This was attributed by the fact that the parastatals had selection systems in place and valid and standardized tests were used when required in the selection process and the selection systems in the parastatal selected those having the desired knowledge, skills and attitudes. However the employees felt that as much as recruitment and selection was carried out in the parastatals; corruption, nepotism and tribalism played a major role on the people employed in different parastatals and thus have similar tribes in different organizations. The KMO statistic was 0.847 and Bartlett's Test of Sphericity which was highly significant (Chi-square = 1130.71 at $p < 0.05$). Correlation and regression analysis results indicated that there was a positive and significant relationship between

employee recruitment & selection and performance (β=0.727, p=0.000). The findings imply that one positive unit change in recruitment and selection effectiveness led to a change in performance at the rate of 72.7%. The null hypothesis was rejected and the study concluded that there was a significant relationship between perceived recruitment and selection and performance of commercial parastatals

5.2.2 Perceived Decentralized Teams and Performance of Parastatals

The second objective of the study was to investigate the effect of decentralized teams on the performance of parastatals in Kenya. Results indicated that decentralised teams were a key determinant of performance in the parastatals. The study findings indicated that the organizations had formed teams to enhance performance however they were challenges along the tribal lines. The KMO statistic was 0.807 which was significantly high and the Bartlett's Test of Sphericity was also highly significant (Chi-square = 794.861 with 45 degrees of freedom, at p < 0.05). Correlation and regression analysis results indicated that there was a positive and significant relationship between decentralised teams and performance (β=0.703, p=0.000).The findings imply that one positive unit change in decentralized teams' effectiveness led to a change in performance at the rate of 0.703. The null hypothesis was rejected and the study concluded that there was a significant relationship between perceived decentralized teams and performance of commercial parastatals.

5.2.3 Perceived Training and Performance of Parastatals

The third objective of the study was to assess the effect of training and development on the performance of parastatals in Kenya. Results indicated that the parastatals conducted extensive training programs for its employees in all aspects of quality and the training needs were identified through a formal performance appraisal mechanism. In addition, the study findings showed that new knowledge and skills were imparted to employees periodically and employees were trained to take up more responsibilities and other jobs in the future this therefore means the parastatals were thinking of succession planning.

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The KMO statistic was 0.819 which was significantly high and the Bartlett's Test of Sphericity was also highly significant (Chi-square = 794.861 with 45 degrees of freedom, at p < 0.05). The findings indicated that the relationship between training and performance of parastatals was positive and statistically significant. The null hypothesis was rejected and the study concluded that there was a significant relationship between perceived training and performance of commercial parastatals.

5.2.4 Perceived Reward and Performance of Parastatals

The fourth objective of the study was to examine the effect of employee reward on the performance of parastatals in Kenya. The study findings indicated that employee reward was a key determinant of performance in Kenyan parastatals. This was evidenced by the overwhelming responses from the respondents who agreed that in the parastatals, salary and other benefits were comparable to the market, rewards were decided on the basis of competence orability of the employee and the rewards for all employees were directly linked to their performance. Furthermore, the study findings indicated that the rewards offered by the parastatals had an effect on the employee's performance and it attracted and retained high quality employees. The KMO statistic was 0.816 which was significantly high and the Bartlett's Test of Sphericity was also highly significant (Chi-square = 797.214 with 55 degrees of freedom, at p < 0.05). Correlation and regression results indicated that there was a positive and significant relationship between employee reward and performance (β=0.725, p=0.000).The findings imply that one positive unit change in employee reward effectiveness led to a change in performance at the rate of 0.725. The null hypothesis was rejected and the study concluded that there was a significant relationship between perceived reward and performance of commercial parastatals.

5.2.5 Moderating Effect of Perceived Corruption

The fifth and last objective of the study was to determine the moderating effect of corruption on the relationship between strategic human resource management practices

and performance of parastatals in Kenya. The study findings indicated that corruption, the vice practices of nepotism, tribalism and bribery were rampant in the parastatals and the employees indicated that nepotism, tribalism and bribery played a major role in employee recruitment and selection process. The KMO statistic was 0.864 which was significantly high and the Bartlett's Test of Sphericity was also highly significant (Chi-square = 625.227 with 21 degrees of freedom, at $p < 0.05$). The study findings indicated that corruption had a negative and statistically significant effect on the relationship between human resource management practices and performance. The findings imply that the vices affect the performance of the organizations downward since the employees recruited through corruption, bribery and on tribal lines are not selected due to their qualifications rather due to the influence of their relatives thus not on merit. The null hypothesis was rejected and concluded that corruption had a negative and statistically significant effect on the relationship between strategic management practices and performance of commercial parastatals.

5.3   Conclusions

5.3.1   Perceived Recruitment and Selection and Performance of Parastatals

The focus of recruitment and selection is to match the capabilities of prospective candidates against the demands and rewards inherent in a given job. For this reason, top performing companies devote considerable resources and energy to creating high quality selection systems. Recruitment and selection process are important practices for human resource management, and are crucial in affecting organizational success. The study concludes that there were recruitment and selection policies in the parastatals however they were faced by a lot of challenges due to corruption, nepotism and tribalism. The respondents felt that the procedures and policies were for records purposes and this could have led to deteriorating performance due to incompetent employees being absorbed in the parastatals. The quality of new recruits depends upon an organization' recruitment practices, and that the relative effectiveness of the selection phase is inherently dependent upon the calibre of candidates attracted. From the analysis,

recruitment and selection is of prime importance to organizations in order to get the best of employees.

5.3.2 Perceived Decentralized Teams and Performance of Parastatals

The study findings indicated that the ultimate performance of the firms increases with the decentralization. As the communication and cooperation of the top level management with middle and lower level management increases, the organization performance increase. The study concludes that the cooperation of top level management with lower level management is much more important. Majority of the organization have experiences and well educated Top level management that consider the importance of decentralized decision making and they consider their employee as an asset and they take the opinion of their employees while making decision, the management is called cooperative management, however in some organization the management consider the staff as illiterate, inexperience so they don't even think to involve their staff for decision making, if the element of cooperation exist in the management then they will consider they employee opinion and they will give respect to the opinion of their employees and vice versa. If the Management is cooperative, employee will feel respect for themselves and they work hard for the betterment and prosperity of the organization and if the management is not cooperative and they did not give authority to make decision by employees or not consider the opinion of their employee then definitely the organization performance will move downward.

5.3.3 Perceived Training and Performance of Parastatals

The study established that the organizations employed strategic training through developed skills of staff in accordance with job requirements, trainings to enhance quality and standards of product and services, the organizations offered training to enhance employee participation to higher grade. The organizations offered induction training, on job training, mentorship training and career development which has influenced the employee performance in the organization. The study concludes that

training and development strategies have a very significant contribution to make to organization success. Strategic human resource training and development plan plays a very big role in the achievement of the firm's strategic plan by providing employees with up to date expertise to meet present and future performance demands. Training and development also assumes a vital role in shaping strategy and enabling the organization to take full advantage of emergent business strategies. Parastatals in Kenya use training and education programmes in order to create knowledge and understanding among staff of how their attitudes and behaviour towards customers form an integral part of the overall service offering. The development of specific skills and core competencies is therefore the key to keep the parastatals viable.

5.3.4 Perceived Reward and Performance of Parastatals

From this study it is concluded that reward affects the performance of parastatals to a moderate extent. Reward explains a 41.4% variance in performance. From this study, it is concluded that there is a general direct/positive relationship between employee rewards and performance. The results of correlation matrix have supported the hypothesis that there exists a positive relationship between employee rewards and performance. Based on the findings of this study, it was revealed that employee rewards affects the motivation of employees which in turn influences the firm's performance. It is also possible to conclude that reward is a very critical and central activity in the human resource management function in any organization. Human resource is the most vital tool for organizational development.

5.3.5 Moderating Effect of Perceived Corruption

Overall the study concludes that strategic human resources management practices have a significant positive effect on the performance of parastatals. When all this practices (recruitment and selection, training, decentralized teams and employee reward) were used, it was found that there was improved performance in the parastatals. Therefore, human resource managers in organizations that want to boast their performance should

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endeavor to adopt HRM practices that enhance the abilities of their workforce, and create for them opportunities to use their skills within the workplace. However when the moderating variable was added into the model, the study found a negative and significant effect on performance. The study therefore concludes that corruption had a negative and statistically effect on the relationship between strategic management practices and performance of parastatals.

5.4   Recommendations

From the findings of this study, several policy implications can be drawn for effective application of SHRM practices in parastatals in Kenya. The policy implications are presented as per the study objectives.

5.4.1   Policy Recommendations

Recruitment and selection of employees to a greater extent determines the performance of an institution and it is of great importance if institutions want to achieve their goals. The study therefore recommends that all applicants should be treated fairly and issues of favouritism should be avoided while selecting applicants. Although a good number of the respondents had recruitment and selection policy, a policy requiring recruitment and selection processes to engage the best person for the job on merit must be put in place. The organization should also ensure that workers of its organization or any person engaged in recruitment or selection is aware of the policies and trained in how to interview and select in an unbiased fashion.

On decentralized teams, the study recommends that parastatals should embrace the team spirit and ensure that there are decentralized teams that are functional and not based on tribal lines. This is because in team work it is easier for functions coordination and team spirit that enhances performance. Parastatals also need to create and sustain cultures that enhance employee attachment to the service goals of the firm. Employees are bound to be much more productive when they work in a positive, supportive environment.

Managers must strive to maintain an enjoyable, family oriented atmosphere in which all employees focus on achieving team goals.

On training, the parastatals should also conduct strategic human resources management training programs including total quality management training programs. The training should be done to employees at all levels and should also expand to include training on other areas in readiness for other jobs in the future (succession planning). The government should also establish an active training and development policy for its employees in public organizations. To achieve this, employees should be involved in all organizations activities starting from the formulation through implementation and up to evaluation. The study also recommends that the management in Kenya parastatals should ensure that training needs analysis is conducted regularly in order to establish the training needs of the employees.

On rewards, the parastatals need to re-evaluate their compensation programs within the context of their corporate strategy and specific HR strategy to ensure that they are consistent with the necessary performance measures required by the public sector. The study recommends that the boards of parastatals set specific levels of remuneration of executives and senior staff in consultations with the parent Ministry and the State corporations Advisory Committee. The Salaries and Remuneration Commission can also borrow from the study to deal with high inconsistencies in the remuneration of the executives and senior staff of these entities, since there is no clear reason why in some entities they are remunerated at significantly higher levels than those of others. HR managers should also ensure that the salaries and benefits offered by organizations are comparable to what is generally in the industry.

On corruption, nepotism and tribalism which were found to moderate negatively the relationship between HRM practices and performance, HR managers should recognize the contribution of the vices to organizational success. The study recommends that change management should be encouraged to wipe out corruption in the recruitment and

selection processes so as to have the competent employees who will enhance organizational performance. The top management should be in support of the changes so as to make the strategic human resource management practices effective in the organization if any success is to be achieved.

5.5   Areas for Further Research

This study was done in purely commercial parastatals in Kenya; similar studies can be done in other categories of the parastatals such as the State Corporations with Strategic Functions, State Agencies - Executive Agencies, State Agencies - Independent Regulatory Agencies, State Agencies - Research Institutions, Public Universities, Tertiary Education and Training Institutions in order to compare the findings from these different sectors. Other studies can be done to compare the effect of human resources practices on performance of private and public sector organizations in Kenya. Secondly, although longitudinal research is both time consuming and expensive, future studies would benefit from testing the current study's model through a longitudinal research design so as to determine the causal links more explicitly. Longitudinal research could also help evaluate the stability of parastatals overtime, and determine whether it is a static trait that does not change over time or a dynamic state which can be affected by organizational changes.

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APPENDICES

Appendix I: Questionnaire

I am a PhD student at Jomo Kenyatta University of Agriculture and Technology. As part of the requirement for the award of the degree I am required to undertake a research. To fulfill this requirement I am doing a survey on the effect of human resource strategies on the performance of parastatals in Kenya. The survey focuses on employees in the parastatal sector that are purely commercial. Your input by filling this questionnaire is not only critical to the study but also highly appreciated. All the information received will be handled with confidentiality and will only be used for academic purposes.

Where options are given, indicate your selection by marking "√" in the space [ ] provided. Otherwise, write out your full response after each query.

A. RESPONDENT'S BACKGROUND

1. Gender: i) Male [ ] ii) Female [ ]

2. Respondents Age Groups (in years):

i) Below 20 [ ] ii) 21-30 [ ] iii) 31-40 [ ]

iv) 41-50 [ ] v) 51-60 [ ] vi) Over 60 [ ]

3. Highest academic qualification:

i) K.C.S.E [ ] iii) Diploma [ ] iv) Degree [ ]

v) Masters [ ] vi) PhD [ ]

Other [ ] (Specify)……………………………………………………………….

4. Number of years worked with the organization

Below 5 [ ]   5- 10 [ ]   11-15 [ ]   16-20 [ ]   Over 20 [ ]

5. Monthly Salary

Less than 20,000 [ ]   20,001- 40,000 [ ]   40,001-60,000 [ ]

60,001-80,000 [ ]   Over 80,000 [ ]

B. ORGANIZATIONAL INFORMATION

6. a. Name of the parastatal:………………………………………………………….

b. Category of parastatal;

      Agriculture, Livestock& Fisheries [ ]

      Education, Science &Technology   [ ]

      East African Affairs, Commerce & Tourism   [ ]

      Industrialization &Enterprise Development   []

      Lands, Housing &Urban Development   [ ]

      National Treasury   [ ]

7. No. of Employees in the parastatal

Less than 50 [] 51 – 100 [ ] 101-150 [ ] 151 – 200 [ ]

201 – 250 [ ] 251- 300 []   Over   300 [ ]

C. HUMAN RESOURCE MANAGEMENT PRACTICES

i. Perceived Recruitment and selection

On a scale of 1 to 5 (5 means strongly agree and 1means strongly disagree) express the extent to which you agree or disagree with the following statements as concerns the parastatal.

5= Strongly Agree 4=Agree 3=Neutral 2= Disagree 1=Strongly Disagree

		5	4	3	2	1
1	The selection systems followed in the parastatal are highly scientific and rigorous.					
2	In the parastatal, line managers and HR managers participate in selection.					
3	Valid and standardized tests are used when required in the selection process.					
4	Selection systems in the parastatal select those having the desired knowledge, skills and attitudes.					
5	To be selected in this parastatal you must know someone					
6	The parastatal takes measures to attract good quality employees					
7	The parastatal always selects only the highest quality employees					
8	There is relationship between recruitment and selection of employees and parastatal performance					
9	You must give a bribe to be recruited in the parastatal					
10	You must have to be related to somebody by family or tribe to be employed in the parastatal					
11	Nepotism and tribalism plays a major role on recruitment and selection of employees					

Does the parastatal have a staff recruitment and selection policy?

………………………………………………………………………………………………………

………...

In your opinion, does the parastatal adhere to the recruitment policy?
……………………………

Briefly explain

……………………………………………………………………………………………
……………………………………………………………………………………………
…………

What are the main factors considered during recruitment and selection of staff?

……………………………………………………………………………………………
……………………………………………………………………………………………

Does the parastatal recruitment process ensure that the very qualified staffs are attracted?...........

Explain…………………………………………………………………………………

To what extent do you thinks recruitment and selection outcome affects the performance of the parastatal?

……………………………………………………………………………………………
……………………………………………………………………………………………

ii. Perceived Decentralized Teams

On a scale of 1 to 5 (5 means strongly agree and 1 means strongly disagree) express the extent to which you agree or disagree with the following statements as concerns the parastatal.

5= Strongly Agree 4=Agree 3=Neutral 2= Disagree 1=Strongly Disagree

		5	4	3	2	1
1	The parastatal encourages decentralized decision making					

		5	4	3	2	1
2	The parastatal uses teams to decide about production issues					
3	Teams are regularly used to perform various tasks					
4	The parastatal involves the departments in making decisions that affect employees					
5	Team formation and maintenance is encouraged					
6	During problem solving sessions, you always make an effort to get all team members opinions and ideas before making a decision					
7	There is relationship between decentralized teams and parastatal performance					
8	Corruption plays a role in team formations					
9	Teams are affected by family and tribal relations					
10	Teams are mainly based on family and tribal relationships					

In your opinion, are the decentralized teamsfunctional in your organization?

……………………

Explain:

……………………………………………………………………………………………………….

To what extent do you think decentralized teams affect the performance of the parastatal?

……

……

……………………………

iii. Perceived Training

On a scale of 1 to 5 (5 means strongly agree and 1 means strongly disagree) express the extent to which you agree or disagree with the following statements as concerns the parastatal.

5= Strongly Agree 4=Agree 3=Neutral 2= Disagree 1=Strongly Disagree

		5	4	3	2	1

1	The parastatal conducts extensive training programs for its employees in all aspects of quality.					
2	Employees in each job will normally go through training programs every year.					
3	Training needs are identified through a formal performance appraisal mechanism.					
4	New knowledge and skills are imparted to employees periodically.					
5	Training needs identified are realistic, useful and based on the business strategy of the organization.					
6	The parastatal has a training budget every year					
7	Employees are trained to take up more responsibilities and other jobs in the future					
8	There is relationship between training and parastatal performance					
9	Corruption is involved in accessing training opportunities					
10	Training opportunities are shared based on family and tribal relations					

In your opinion, are the training programs for new employees adequate?

……………………

Explain…………………………………………………………………………………………

Do you think the training programs are adequate?

…………………………………………………

Explain

…………………………………………………………………………………………………

…………………………………………………………………………………………………

……………………

To what extent do you think training affects the performance of the parastatal.

…………………………………………………………………………………………………

…………………………………………………………………………………………………

……………………

iv. Perceived Reward

On a scale of 1 to 5 (5 means strongly agree and 1 means strongly disagree) express the extent to which you agree or disagree with the following statements as concerns the parastatal.

5= Strongly Agree 4=Agree 3=Neutral 2= Disagree 1=Strongly Disagree

		5	4	3	2	1
1	In the parastatal, salary and other benefits are comparable to the market.					
2	In the parastatal, rewards are decided on the basis of competence orability of the employee.					
3	The rewards for all employees is directly linked to his/herperformance.					
4	In the parastatal, profit sharing is used as a mechanism to reward higherperformance.					
5	The rewards offered by the parastatal have an effect on employee performance					
6	The rewards offered attract and retain high quality employees					
7	Rewards affect the market share of the parastatals by attracting customers					
8	Employee rewards affects the rate of growth of a parastatal					
9	There is relationship between reward of employees and parastatal performance					
10	Corruption plays a significant role in employee rewarding					
11	Rewards are based on family, tribal relations and bribery rather than merit					

What do you think should be the major factor for determining rewards of the staff?

……………………………………………………………………………………………

……………………………………………………………………………………………

In your opinion, does the parastatal offer competitive salaries and wages?………………………

To what extent does employee reward affect performance of the parastatal? …………………………………………………………………………………… ……………………………………………………………………………………

D. PERCEIVED CORRUPTION

On a scale of 1 to 5 (5 means strongly agree and 1 means strongly disagree) express the extent to which you agree or disagree with the following statements as concerns the parastatal.

5= Strongly Agree 4=Agree 3=Neutral 2= Disagree 1=Strongly Disagree

		5	4	3	2	1
1	Corruption is rampant in the parastatal					
2	The practice of nepotism, tribalism and bribery is rampant in the parastatal.					
3	Nepotism, tribalism and bribery play a role in employee recruitment and selection.					
4	Nepotism, tribalism and bribery play a role in operations of decentralized teams.					
5	Nepotism, tribalism and bribery play a role in training and development.					
6	Nepotism, tribalism and bribery play a role in employee reward.					
7	There is relationship between Nepotism, tribalism and bribery on parastatal performance					

Rank the corrupt practices listed below in order of prevalence in the parastatal from 3 (most prevalent) to 1 (least prevalent).

Nepotism   [ ]

Tribalism   [ ]

Bribery   [ ]

E. PERCEIVED PARASTATAL PERFORMANCE

This section aims at exploring and rating the performance of parastatals. Kindly respond with the response that matches you opinion. Please tick as appropriate in the boxes using a tick (√) or cross mark (x). Where:
1=strongly disagree, 2= disagree, 3=Neutral, 4= agree and 5= strongly agree.

		5	4	3	2	1
1	Compared to the previous year, the level of employee productivity in our organization is higher.					
2	Our firm profitability has increased over the last 3 years					
3	Our firm financial leverage has increased over the last 3 years					
4	Our firm has experienced an increase in total revenue collected over the last 3 years					
5	Our firm has experienced an increase in assets over the last 3 years					
6	Our firm has a higher market value					
7	Our customers have been highly satisfied for the last3 years					
8	There has been a low level of employee turnover for the last 3 years					
9	Our firm has experienced an increase in sales over the last 3 years					

Indicate the extent to which you are satisfied with the services and products offered by the parastatal;where;VerySatisfied (VS)-5, Satisfied (S)-4, Neutral (N)-3, Dissatisfied (D)-2, Very

Dissatisfied (VD)-1

	5	4	3	2	1
2013	( )	( )	( )	( )	( )
2014	( )	( )	( )	( )	( )
2015	( )	( )	( )	( )	( )

Any other comments related to HRM strategies concerning employees. (Specify)

………………………………………………………………………………………………

………………………………………………………………………………………………

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Thank you for your input.

Appendix II: Interview Guide

My name is Julius Ochieng Olayo. I am conducting a research for the award of a Ph.D in Human Resource Management. I am humbly requesting you provide information on your experiences in application of human resource management strategies in your organization. The interview should take less than 20 minutes and will be taped in order not to miss any of your comments. All responses will be kept confidential. Are you willing to participate in this interview?

Interviewee Name: ……………………………………………………. Date: …………………

Department……………………………………………………………………………………… ……….

Position held: ………………………………………………………………….................

Length of working in the parastatal…………………………………………………………

Serial No.	Interview Item	Response from respondent
Recruitment and selection		
1.	How is recruitment done in your parastatal?	
2.	How is selection of employees done in your parastatal?	
3.	To what extent does recruitment and selection process affect the performance of this parastatal?	

	Decentralized teams	
4.	How is teamwork enhanced in this parastatal?	
5.	To what extent are employees involved in the management of the parastatal affairs?	
6.	To what extent does teamwork and delegation of authority affect the performance of this parastatal?	
Training		
7.	How often is training done in this parastatal?	
8.	How are training needs identified?	
9.	To what extent does the training given to the employees affect the overall performance of this parastatal?	
Employee reward		
10.	What types of incentives are offered in this parastatal?	
11.	How do incentives relate to motivation of employees and customers?	
12.	To what extent do incentives affect	

	performance of this parastatal?	
Corruption,Nepotism, tribalism and bribery		
13.	How prevalent is corruption in this parastatal and which the most common form?	
14.	How prevalent isnepotism ,tribalism and bribery in the parastatal?	
15.	Comment on the influence of corruption issues ofnepotism, tribalism and bribery in employee recruitment and selection in the parastatal?	
16.	Comment on the influence of , nepotism, tribalism and briberyon delegated teams in the parastatal?	
17.	Comment on the influence ofnepotism, tribalismand bribery on training and development in the parastatal?	
18.	Comment on the influence of nepotism, tribalism and bribery on employee reward in the parastatal?	
19.	Comment on availability of policies that limit nepotism, tribalism and bribery?	
Parastatal performance		

20.	Indicate howstrategic practices employed by the parastatal affect customer satisfaction?	
21.	Indicate how strategic practices employed by the parastatal affectemployee satisfaction?	
22.	To what extent do strategic human resource practices employed by this parastatal affect its profitability?	

Are you satisfied with the performance of this parastatal?....................................

Explain…………………………………………………………………………………
………………………………………………………………………………………………
…………………

Thank you for your time.

Appendix III: Secondary Data Collection Sheet

Year	ROE	ROA	PBT	Total Assets	Total Revenue
2010					
2011					
2012					
2013					
2014					

Appendix IV: Document Analysis Guide

Serial No.	Indicator	Item	Indicate the response in the space provided		
			Year		
			2013	2014	2015
1.	Recruitment and selection procedure.	Recruitment and selection procedures available			
2.	Recruitment and selection costs.	Total amounts used for recruitment and selection process.			
3.	Recruitment cycle.	Stages of recruitment process followed.			
4.	Corruption, nepotism, tribalism and bribery	Level of corruption, nepotism , tribalism and bribery in recruitment and selection			
5.	Cross-functional teams	Cross-functional teams available.			
6.	Corruption, nepotism, tribalism and bribery	Role of corruption, nepotism, tribalism and bribery on teams			
7.	Training programs.	Training programs conducted.			
9.	Training costs.	Total costs for training programs.			
10.	Corruption, nepotism, tribalism and bribery	Level of corruption, nepotism, tribalism and bribery in training			
11.	Incentives system.	Types of incentives available.			
12.	Employee rewards costs.	Total costs on rewards.			
13.	Non-monetary incentives	Types of non-monetary incentives.			

14.	Corruption, nepotism , tribalism and bribery	Level of corruption, nepotism , tribalism and bribery in rewards			
15.	Corruption	Type of corruption			
16,	Revenue	Increase in revenue			
16.	The level of return on assets.	Amount of return on assets.			
17.	The value of return on sales.	Amount of return on sales.			
18.	Employee satisfaction.	Level of satisfaction with the job.			
19.	Customer satisfaction.	Level of satisfaction with the services.			

Appendix V: List of Purely Commercial Parastatals in Kenya

1. Agro-Chemical and Food Company
2. Kenya Meat Commission Kenya Meat
3. Muhoroni Sugar Company Ltd
4. Nyayo Tea Zones Development Corporation
5. South Nyanza Sugar Company Limited
6. Chemilil Sugar Company Ltd
7. Nzoia Sugar Company Ltd
8. Simlaw Seeds Kenya
9. Kenya National Trading Corporation (KNTC)
10. Kenya Safari Lodges and Hotels Ltd. (Mombasa Beach Hotel, Ngulia Lodge, Voi Lodge)
11. Golf Hotel Kakamega
12. Kabarnet Hotel Limited
13. Mt Elgon Lodge
14. Sunset Hotel Kisumu
15. Jomo Kenyatta Foundation
16. Jomo Kenyatta University Enterprises Ltd.
17. Kenya Literature Bureau (KLB)
18. Rivatex (East Africa) Ltd.
19. School Equipment Production Unit
20. University of Nairobi Enterprises Ltd.
21. University of Nairobi Press (UONP)
22. Development Bank of Kenya Ltd.
23. Kenya Wine Agencies Ltd (KWAL)
24. KWAL Holdings
25. New Kenya Co-operative Creameries
26. Yatta Vineyards Ltd
27. National Housing Corporation

28. Research Development Unit Company Ltd

29. Consolidated Bank of Kenya

30. Kenya National Assurance Co. (2001) Ltd

31. Kenya Reinsurance Corporation Ltd

32. Kenya National Shipping Line