

**RELATIONSHIP BETWEEN STRATEGIC HUMAN RESOURCE MANAGEMENT
PRACTICES AND FIRM PERFORMANCE OF THE MULTINATIONAL
MANUFACTURING COMPANIES IN KENYA: THE MEDIATING ROLE OF
TECHNOLOGY**

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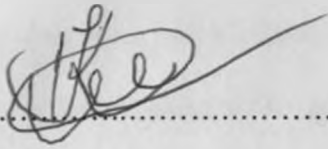
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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI**

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DECLARATION

This management research project is my original work and has not been presented for examination in any other university.

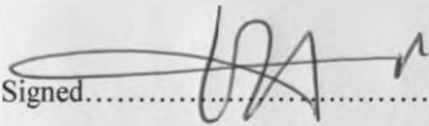
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This management research project has been submitted for examination with my approval of the university supervisor.

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Secondly, I thank all staff and management of Multinational manufacturing Companies in Kenya who agreed to take part in this study. Without your involvement and support, this project would not have come to fruition.

Finally, I owe my gratitude to a number of people who in one way or another contributed towards completion of this project especially fellow students. To all of you, I say *Asante Sana!*

DEDICATION

This is dedicated to my beloved wife and daughter.

ABSTRACT

The human resources of an organisation can be a source of competitive advantage, provided that the policies for managing people are integrated with strategic business planning and organizational culture. The key objective of this study was to investigate the nature of the relationship between an organization's human resource strategic orientation and its performance with specific focus on multinational manufacturing companies in Kenya. This study generated current knowledge on the mediating influence of technology on relationship between SHRM practices and performance in Kenya from a sample of respondents comprising of HRM managers and production managers. The study was necessitated by a need to question the veracity of the link between Human Resource Management (HRM) and performance. Analysis of data relating to the question of a link between Strategic Human Resource Management (SHRM) and performance reveals there is uncertainty as to the direction of the link. This study sought to determine the extent to which strategic human resource management is practiced among multinational manufacturing firms in Nairobi, the influence of strategic human resource management practice on their performance, and the relationship and veracity of the link between strategic human resource management and firm performance as moderated by extent of technological deployment.

Descriptive survey design was used and the data was cross-sectional. From a population of 92 firms, 50 were selected for the study. A total of 36 firms responded in the survey (response rate of 72%). Questionnaires were used to collect data from the firms. The questionnaires were addressed to human resource managers and operations managers. Data

was analysed using both descriptive analysis and Pearson correlation analysis. Results were presented in tables.

The study found that the overall mean score for strategic human resource management practice was 4.08 suggesting that generally it was highly practiced in the industry. The study found that there was a low negative correlation between strategic human resource management practice and performance ($r = 0.049$). Technology moderated the relationship as r^2 increased by 12.8% from 0.002 to 0.130 with the introduction of technology in the model. The study concludes that multinational manufacturing corporations in Kenya practice strategic human resource management to a high extent given the higher mean scores for the overall practice. The study also concludes that strategic human resource management has a low influence on performance of multinational corporations in Kenya. It is also concluded that technology moderates the relationship between strategic human resource management and performance. The study recommends need for multinational corporations to enhance their strategic human resource management practices as far as flexible work designs are concerned.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Rapid environmental change, globalization, competition to provide innovative products and services, changing customer and investor demands have become the standard backdrop for organizations. To compete effectively, firms must constantly improve their performance by reducing costs, enhancing quality, and differentiating their products and services. Recent studies have examined strategic human resource management (SHRM) as a means of enhancing organizational competitive advantage. Scholars and practitioners have widely adopted this approach to organization strategy planning. The underlying assumption of SHRM is that firm performance is influenced by a set of Human resource management HRM practices. This assumption has been supported by recent empirical evidence (Arthur, 1994; Huselid, 1995; MacDuffie, 1995).

For the past two decades, human resource researchers and professionals have advocated the need for organizations to pursue what is referred to as a "strategic human resource management" (SHRM) approach. Researchers on this subject suggest that human resource actions should be focused on helping an organization achieve its strategic objectives. Some of the characteristics of the SHRM approach are (1) a pattern of planned human resource actions intended to enable an organization to achieve its goals, (2) a forward-looking focus to identify and address upcoming issues and problems, (3) the application and coordination of human resource functions to provide integrated solutions, and (4) an emphasis on addressing "business" issues and problems rather than accomplishing human resource tasks (Heisler, 2008).

Recent theoretical work on business strategy has indicated that firm competitive advantage could be generated from firm human resources (HR). According to the resource-based view (Barney, 1986); the firm could develop sustained competitive advantage through creating value in a manner that is rare and difficult for competitors to imitate. Traditional sources of competitive advantage, such as natural resources, technology and economics of scale have become increasingly easy to imitate thus the emergence of SHRM as a strategic asset. HR is an invisible asset that creates value when it is embedded in the operational system in a manner that enhances firm ability to deal with a turbulent environment.

SHRM has grown considerably in the last 15 years. Schuler et al. (2001) described the evolution of SHRM from personnel management in terms of a two-phased transformation, first from personnel management to traditional human resource management (THRM), and then from THRM to SHRM. To improve firm performance and create firm competitive advantage, firm HR must focus on a new set of priorities. These new priorities are more business and strategic oriented and less oriented towards traditional HR functions such as staffing, training, appraisal and compensation. Strategic priorities include team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive compensation. SHRM was designed to diagnose firm strategic needs and planned talent development which is required to implement a competitive strategy and achieve operational goals (Huselid et al., 1997).

1.1.1 Concept of Strategic Human Resource Management

As an outcome, Wright and McMahan (1992) considered SHRM “the pattern of planned HR deployments and activities intended to enable a firm to achieve its goals”. Similarly, Wright

and Snell (1991) considered SHRM to be “organizational systems designed to achieve sustainable competitive advantages through people”. As a process, Ulrich and Lake (1991) described SHRM as a process of linking HR practices to business strategy. Moreover, Bamberger and Meshoulam (2000) argued that SHRM is a competency-based approach to personnel management that focuses on the development of durable, imperfectly imitable, and non-tradable people resources. Considering both process and outcome together, Truss and Gratton (1994) defined SHRM as the linkage of HR functions with strategic goals and organizational objectives to improve business performance and cultivate an organizational culture that fosters innovation and flexibility. More recently, Armstrong (2006) defined SHRM as a process that involves the use of overarching approaches to the development of HR strategies, which are integrated vertically with the business strategy and horizontally with one another. However, in the absence of a consistent definition, scholars broadly agree that the central feature of SHRM involves designing and implementing a set of internally consistent policies and practices to ensure that firm human capital contributes to achieving business objectives (Gratton and Hope-Hailey, 1999; Jackson and Schuler, 1995).

The degree to which SHRM may be considered a strategy is determined by the various factors involved. First, as Welbourne and Cyr (1999) suggested, HR professionals play an important part in strategy formulation since they develop policies and procedures to match the business strategy, and thus directly influence the development of the business. Policies and procedures which match the business strategy bring critical resources to enhance the departmental ability to implement HR practices. Second, strategic impact to firm performance requires aligning the HR system (internal fit) with the operating and strategic

goals (external fit). This alignment should establish a closer relationship between HR and other functions. Third, the specificity and formality requirements of HRM planning and the extent of line manager participation in HRM activities (Huang, 1998) are potential influences on SHRM implementation.

Based on the broad agreement among the central features of SHRM and the determinants of HRM as strategic, this study defines SHRM as the degree of participation in core decision-making and partnership played by HRM departments, and the specificity and formality that HRM departments require in planning and implementation, all of which are designed to ensure that firm human capital is aligned to contribute to achieving firm business goals.

1.1.2 Multinational Manufacturing companies in Kenya

Kenya has a large manufacturing sector serving both the local and export markets in the East African and Central Africa region. The sector, which is dominated by subsidiaries of multinational corporations, has contributed immensely to Gross Domestic Product (GDP) in 2008. A “multinational corporation (MNC) or transnational corporation (TNC), also called multinational enterprise (MNE), is a corporation or an enterprise that manages production or delivers services in more than one country. It can also be referred to as an international corporation. (Dictionary of finance & investment). The International Labour Organization (ILO) has defined an MNC as a corporation that has its management headquarters in one country, known as the home country, and operates in several other countries, known as host countries. In Kenya, the multinational manufacturing population is primarily located in urban centres. Improved power supply, increased supply of agricultural products for agro processing, favourable tax reforms , tax incentives, more vigorous export promotion and

liberal trade incentives have led Multinationals manufacturers to take advantage of the expanded market outlets through AGOA, COMESA and East African Community (EAC) arrangements, thus a result in a modest expansion in the sector (PwC, 2009).

The rising levels of poverty coupled with the general slowdown of the economy has continued to inhibit growth in the demand of locally manufactured goods, as effective demand continues to shift more in favour of relatively cheaper imported manufactured items. In addition, the high cost of inputs as a result of poor infrastructure has led to high prices of locally manufactured products thereby limiting their competitiveness in the regional markets and hampering the sector's capacity utilization. The Kenya association of manufacturers has been lobbying in the government citing high production costs in Kenya. Energy costs in Kenya are some of the highest globally, with the energy component alone constituting more than 40 per cent of the total manufacturing costs. This is pushing Kenya's products to the edge, making them increasingly difficult to compete with those from other countries, especially Asia where energy and labour costs are considerably cheaper. While many multinational companies are importing products from Egypt the Kenya Association of Manufacturers (KAM) reports that a number of multinationals within its membership have relocated the manufacturing factories from Kenya or are planning to do so in the near future. The moves have been necessitated by the high costs of production and difficult business environment. Examples of MNCs that have relocated or restructured their operations in the past are Reckitt & Benkiser, Procter & Gamble, Bridgestone (makers of Firestone tyres), Colgate Palmolive, Johnson & Johnson and many others. Government legislation has also adversely affected the multinational manufacturing companies. The enactment of new

legislation, poor enforcement of existing legislation has led to mushrooming of counterfeited products within local manufacturing industry.

However, the recent introduction of the EAC Customs Union provides Kenya's manufacturing sector, the most developed within the region, and a greater opportunity for growth by taking advantage of the enlarged market size, economies of scale, and increased intraregional trade. Nyambegera et al (2000) cited that multinational companies (MNCs) dominate the private sector in Kenya, in terms of turnover, because of their large size. The World Bank (2004) uses the number of employees to determine company size, hence companies employing 100 employees and above is considered large in the Kenyan context. Taking large size as a parameter, research (Youndt et al 1996) assumes that the value of human capital may be especially apparent in large manufacturing organizations that are better able than small manufacturing companies to appreciate the value of human capital because the large companies have invested heavily in production innovations such as advanced manufacturing technology and machinery. World Bank (2004) also views MNCs as better able to create more foreign direct investment (FDI) in Kenya. Foreign direct investment is a key ingredient of successful economic growth and development in developing countries – partly because the very essence of economic development is the rapid and efficient transfer and cross-border adoption of “best practices”. Hence, foreign MNCs are more likely to use SHRM practices than local large companies and studies on SHRM have found a strong link between ownership and adoption of HRM practices (Youndt et al 1996). Particularly in Kenya, MNCs enjoy higher market power, are more specialized, have better access to credit, and are more productive (World Bank 2004; National Development Plan 2002-2008). The Kenya Association of Manufacturers (KAM) directory (2004/2005) shows that most of these

large manufacturing companies are located in large urban areas and this is due to availability of infrastructure (World Bank 2004).

With regards to management policies in Kenya as well as in other developing countries, Kenyans are employed by and manage most of the MNCs except for the positions of the chief executive and financial controller (Horwitz et al 2002). Although this is thought to encourage transfer of parent-country HR management practices, "diffusion research" has not provided concrete evidence on the extent to which this has been achieved (Horwitz et al 2002). Diffusion is supported by the "convergence theory" of the 1960s (Anakwe 2002), which postulates that as developing countries industrialize and embrace free market capitalism and technology, they will adopt the ideological values of the developed industrialized world. On the basis of this, Hodgetts and Luthans (2000) argue that both scholars and multinational companies' managers have, traditionally, assumed the universality of management. Hence MNCs have a tendency to take those management concepts and techniques that worked at home into other countries with different cultural backgrounds. Some studies (Hodgetts and Luthans 2000) show that both from practice and cross-cultural research, this universality assumption of management, at least across cultures, does not hold up.

Considering that the majority of empirical management studies on foreign multinational companies performed are based on research carried out in developed countries (Blunt and Jones 1992; Harvey 1997), it would be worthwhile to carry out research on foreign MNCs operating in Kenya instead of drawing conclusions from the findings of such studies which have assumed a universal approach to management (Adler 1991). Such an approach is

confounded by the fact that resource based view (RBV) theories tend to neglect the importance of contextual factors (Paauwe and Boselie 2002). People are moved to act by very different types of factors, with highly varied consequences (Ryan and Deci (2000).

1.2 Statement of the Problem

It is a common belief in both the business and the academic world that the human resources of an organisation can be a source of competitive advantage, provided that the policies for managing people are integrated with strategic business planning and organizational culture (Beer, et al., 1985). This approach emphasizes the importance of congruence between human resource policies and organizational objectives. Nankervis, Compton and Baird (2005) cited that empirical evidence of strategic HRM within the private sector is quite limited and almost non-existent in the public sector. Some research, although by no means exhaustive or conclusive, has been conducted into the application of SHRM theory to organizational HR practice in the United States, the United Kingdom, Europe and, more recently, in Australia, New Zealand and Asia. Most studies have been relatively small and, arguably, unrepresentative of industry as a whole in these regions. Martell and Carroll (1995), among others, have researched SHRM in the United States; Purcell (2002, 2004), Storey (1995), Legge (1995) in the United Kingdom. Australia and Asia have conducted surveys to determine whether organisations have actually converted the 'rhetoric' of SHRM into operational practice. Overall the results are not greatly encouraging

In Kenya several studies that have been conducted on SHRM and its effect on performance (Dimba, 2008 and Jepchumba, 2008). Most of the studies have inferred that indeed a link exists between human resource management and performance. Ndungu (2002) investigated

the relationship between human resource systems, business strategy implementation and performance while Njenga (2007) did a study on the relationship between HRM practices, job satisfaction, organizational commitment & performance of public secondary schools. Studies conducted by Dimba (2008) inferred that SHRM is linked to performance despite conflicting results on the influence of various SHRM bundles. The research study further inferred that motivation moderates the link between SHRM and firm performance. These conflicting results constitute a gap that the present study seeks to fill by focusing on the multinational manufacturing companies in Kenya. An analysis of data relating to the question of a link between Strategic Human Resource Management (SHRM) and performance reveals there is uncertainty as to the direction and veracity of the link. Can better performing organisations attribute their good performance to the quality of their HRM or is the standard of their performance due to other factors?

In their analysis of research findings revealed by various studies, Dyer and Todd (1995) identified inconsistencies on the Human resources strategies that were linked with improved firm performance. In their study, differences were found in what human resource strategy bundles that resulted in improved firm performance improvements. In the research on auto assembly parts four “traditional”, “control” and “mass production “ strategies were compared with “Innovation”, “commitment” and “flexible” production strategies. In the research carried out by Arthur (1990) and Ichniowsky (1990) the traditional models were characterized by job design, minimal employee participation and low levels of formal training while the four innovative models exhibited opposite features. There are glaring inconsistencies across the anchoring strategies, for example Arthur’s (1994) “control” model

contains incentive model plans while McDuffie (1995) “Mass production” plans were characterized by non contingent compensation. The other confusion lies in what characterizes improved performance. Questions have been raised on whether to use human resource outcomes (absenteeism, staff turnover), Organizational outcomes (quality, service, productivity) or financial parameters (performance in stock markets, gross profit or working capital) as the measure performance.

Two key questions underpinned this work as regards strategic human resource management in Kenya.

1. What influence do strategic human resource management practices among multinational manufacturing firms in Kenya have on their performance?

1.3 Research objectives

This study sought to:

- I. To determine the influence of strategic human resource management practice among multinational manufacturing firms in Kenya on their performance with technology as a mediating factor

1.4 Value of the study and Knowledge

In coping with innovation requirements, the degree to which traditional human resource management (THRM) is transformed into SHRM determines how well a firm is able to sustain and enhance growth. This study will investigate how the management of multinational manufacturing firms in Kenya manage to keep pace with the rapid environmental changes associated with globalization. This study further investigates the

influence of SHRM on firm performance. The moderating effects of technology and the considerations of performance in respect to share price and profit will contribute to research studies on this field. Future scholars and researchers in this field will therefore gain by using the results of this study to perform more work on revealing the influence of other unexplored factors to better understand the determinants of firm performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature on the link between strategy and human resource management as well as the link between strategic human resource management and performance. The varied views on the relationship between SHRM and performance are presented.

2.2 Strategy and Human Resource Management

In an effort to focus on business strategy Boxall and Purcell (2003) argued that 'it is possible to find strategy in every business because it is embedded in the important choices managers and staff of the firm make about what to do and how to do it' (p. 28). In their study business strategy was defined as strategic choice or as the strategies firms adopt in dealing with strategic problems. A further dimension to this is that strategy is directed towards both maintaining viability of the organisation and producing sustained advantage in the markets in which the organisation exists.

A key issue to be resolved is how (if at all), HRM plays a part in influencing the direction and shape of the evolving strategy. Further, if HRM is considered an integral part of the process of strategic choice, how is its influence affected? As with business strategy, it might be that strategic HRM is seen as contributing to strategic choice within the organisation by either maintaining viability or producing a sustained advantage.

HRM thus emphasizes the need for Human Resource (HR) plans 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. It is a model, which, like all models, requires interpretation and adaptation by practitioners to ensure the most suitable fit between HR and business strategies and plans. Thus the overall themes of Strategic Human Resource Management (SHRM) are the integration of all HRM functions, adherence to broad organizational goals and responsiveness to the external environment.

The term strategy is used to explain both the processes (e.g. organizational restructuring) and the outcomes (market position) of chosen long-term directions. It can be either a conscious, planned activity or a series of events, which lead to a desirable objective. As discussed above, SHRM is concerned with ensuring a strategic 'alignment' or 'fit' between business and HRM strategies. It necessarily involves an evaluation of the likely impacts of both the external and internal organizational environment, the long-term goals of the organisation and the ways in which HRM strategy will enable the adaptation of human resources towards these goals.

Nankervis, Compton and Baird (2005) identified three types of linkages between HR and organizational strategies. First, there is the accommodative type. Here, HR strategies simply follow organizational strategies, accommodating the staffing needs of already chosen business strategies. So strategic in this sense is for HRM to follow the organization's business strategy. Second, there is the interactive type. It is characterized as a two way communication process between HRM and corporate planning in which HRM contributes to, and then reacts to, overall strategies. For this type, strategic HRM asserts that HRM is an active contributor to strategy development and execution. Third, there is a type known as

fully integrated. For this type the HR specialist is intimately involved in the overall strategic process in both formal and informal interactions, a real reflection of strategic human resource management in practice (Nankervis et al, p. 37). The degree of involvement will extend to HRM being fully represented at the senior management group level and HR personnel actively participating in strategic decisions and it might even involve an HRM appointment to the Board of Directors.

The American studies provide most support for the practice of SHRM. Martell and Carroll (1995), for example, reporting on a small survey, suggest that two thirds of their sample had integrated HRM and strategic planning systems within their organisations. Further, HRM executives were involved in planning processes and were strategic partners. However, they also concluded that, while considered important, HRM was not seen as important as other business functions, e.g. marketing and finance, in its contribution to overall organizational success.

Two recent Australian and international studies suggest that the link between SHRM theory and practice is still somewhat tenuous. Tebbel (2000) and Kramar (2000) conclude that, while advances have been made toward the alignment of HR and business plans and the alignment of all HRM processes and integration of HRM within organisations, HR managers still have to demonstrate their credibility and the contribution they can make to the business.

Many authors question the underlying philosophies and practical applications of HRM models. Similar concerns are raised about SHRM. Its managerial focus, strategic perspectives and 'realities' of HR practice have been questioned by several writers (Legge 1995; Guest 1997). SHRM is certainly concerned primarily with contributing to the 'bottom line' success

of an organisation. which may sometimes involve a unitarist approach to the management of employees. SHRM may also infer a 'hard' HRM focus, which does not sit comfortably with some authors. However, as Legge (1995) points out, 'If HRM, in either its 'hard' or 'soft' guises, involves the reassertion of managerial prerogative over the labor process, the strategies of flexibility reflect and constitute a path to this, ...employees as both resourceful humans ...and human resources...' (p. 172).

Tompkins (2002) explores unresolved issues regarding the meaning of Strategic Human Resource Management (SHRM) and its relevance to organisations within the public sector and contends that tying it too closely to strategic planning undermines the value of the concept. His view is that most discussions of strategic planning fail to define what the term strategy means in a public context. Since public agencies are by their nature embedded in authority networks rather than economic markets, what it means to select a 'business strategy' is much less clear. Strategies are produced in response to a variety of competing signals that emanate not from markets but from complex political, economic, legal, and organizational structures processes, and relationships.

The strategy concept has developed as an important aspect of managing as the dynamics and complexity of the world and business environment have increased. It seems fairly clear that the various schools of theory are incomplete and debates over their merits exist because they are based in different paradigms. There is a major divide between theories that see strategy as deliberate, the planned approach and performance designed by senior management and those that see strategy as evolving, actions arising from discourse and networks of people within the organisation.

This leads to the understanding that the notion of strategy is not neutral. How it is defined and used in organisations will impact on the conceptualization of human resource management. Further, the varying research into the notion of strategic human resource management and performance and the subsequent inconsistent results only attest to the different constructs of strategy. If there are different paradigms of strategy, then the 'black box' that Purcell (2004) defined as the interconnections that were difficult to explain in relation to an association between HR policies used and performance outcomes, then exploration of this becomes trickier, as the context the black box exists in contributes to its construction.

In the human resource literature there has been a debate over the compatibility between an integrated and consistent HR strategy and the need for alignment with business needs (Legge 1995; Boxall & Purcell 2002). This dilemma has focused on the issue of whether all organisations should pursue a high commitment (best practice) bundle or adopt a more flexible approach, allowing business units to aim for best fit with the external environment. Purcell (2004) has moved beyond this debate by rejecting the universal best practice solution as unsuitable to different business situations, and the best-fit concept as mismatched with the dynamic and strategic approach. More generally, this reinforces the notion that the categories which the more rational perspectives on strategy treat as unproblematic – competence, the environment, competitiveness are themselves all constructs, not things in themselves. The means of them shift as they are positioned in the strategic story and in how they relate to each other. The knowledge and power behind them is not taken into account in the more dominant forms of strategy.

2.3 Firm Performance

Many scholars have conducted studies on factors affecting firm performance. Scholars have raised question on firm performance measures. In his research on human resource strategy and firm performance Huselid (1995) pegged firm performance on intermediate employee outcomes (employee turnover & productivity) as well as long term measures of corporate financial performance. Earlier studies conducted by Dyer, 1984 postulated that several types of organizational outcomes would apply in measuring organizational outcomes, effectiveness and thus performance. The three most defensible are: (1) human resource outcomes such as absenteeism, turnover and individual or group performance; (2) organizational outcomes such as productivity, quality, service, and (3) financial or accounting outcomes such as return on invested capital or return on assets. A fourth possibility, for publicly held firms, is stock market performance as measured by stock value or shareholder return. He cited that in research trade-offs must be made. Previous work in measurements on corporate financial performance is extensive. The primary distinction to be made among the many corporate performance measures is that between the accounting and the economic profits (Hirsh: 1991). Economic profits represent the net cash flows attributed to shareholders that are represented by capital (stock) market returns. Accounting profits can differ from economic profits as a result of timing issues, accounting methods, adjustments for depreciation and measurement errors. Economic profits are forward looking and reflect a firm's market perception of both potential and current profitability but accounting data reflect a historical perspective. Some examples of accounting methods include the gross rate of return on capita (GRATE) and net profit. The economic profit measures include price earnings ratio as Tobin q (logarithm division of a firms market value divided by its assets).

In his studies from several types of organizational outcomes Dyer (further cited that in measuring organizational outcomes, the impact on organizational effectiveness varied in impact and the human resource strategies are likely to have their most direct effects on human resource outcomes before organizational outcomes. This reflects, in part, what such strategies are designed to do and, in part the complexity of factors which affect outcomes such as profitability, not to mention stock prices. However, from a strategic standpoint, human resource outcomes are probably deficient outcomes in the eyes of most managers, whose strategic goals certainly extend to organizational outcomes and probably beyond these to the bottom-line (and if they have stock options). Accounting data is the focus of most Human resource managers who must allocate scarce resources. These trade-offs may explain why the research in the Human resource area thus far has focused primarily on organizational outcomes, especially productivity and quality, and only marginally on the other three types.

2.4 Relationship between SHRM and firm performance

Many studies on the link between SHRM and performance measurement frequently distinguish between activities (e.g. workloads), outputs (e.g. number of completed payroll transactions), outcomes (or effectiveness, e.g. achieved its goal) and efficiency (e.g. measures of the cost per outcome or output).

Berman, West & Wang (1999) examined the use of performance measurement in human resource management in U.S. counties. This research found that performance measurement is widely used but many measures reflect traditional concerns with compliance, but measures are also used to assess reforms in recruitment and compensation. Importantly from a public

sector perspective this study also finds that mission orientation and broad support affect the use of performance measures in HRM, as well as technical ability to gather such data. Arthur (1994) investigated the impact of different approaches to HRM on the productivity in steel mini mills in USA. The findings produced by this showed that the mills with commitment systems had higher productivity, lower scrap rates, and lower employee turnover than those with control systems. In addition, human resource systems moderated the relationship between turnover and manufacturing performance.

Youndt, Snell, Dean, & Lepak (1996) in their research explored the link between HRM and strategy and performance and the findings support a contingency approach to HRM. They did this by exploring a number of possible relationships between strategy and performance. This early research is useful in raising two issues, first concern about measurement and variables that might be used. Second, issues of whether a functional level study is better than a business or corporation level study are considered. This research raises similar themes to that of Hutchinson, Kinnie, & Purcell, (2001). Guest et al. (2003) undertook a study of 366 companies using objective and subjective performance measures and cross-sectional and longitudinal data. The study confirms an association between HRM and performance but fails to show a causal relationship between HRM and performance.

In other work, Purcell (2004) undertook a three year study to assess the impact of people management on organizational performance. Purcell noted, while some have been able to show an association between human resource (HR) policies used and performance outcomes it was often hard to explain when, why and how this association existed and to identify the interconnections. Purcell (2004) refers to this as the 'black box'. He concluded that the impact of people management on organisation performance is more obvious in the medium

than it is in the short term and it is here that investigations of high commitment management are particularly relevant. Harper and Vilkinas (2005) consider performance management systems (PMS) from key stakeholders, managers' and employees' perspectives. Their study makes two key points. First, the stakeholders and managers stated that the PMS had a more positive impact on the performance than did the employees and second the study highlights the difficulties encountered when evaluating PMS. This research notes that differing evaluations of impact will arise according to the perspective from which the impact is being observed.

In the revised May 2009 Chartered Institute of Personnel and Development (CIPD) fact sheet the institute adduced evidence on the impact of people management practices on business performance point. This study pointed out that much emphasis has been put on the importance of 'fit'. In other words it is argued that HR strategies much fit both with each other and with other organisational strategies for maximum impact. Skill development and job design were main areas of practice which all the researchers agreed have an impact on performance. CIPD work further revealed that practices alone do not create business performance. They can create 'human capital' or a set of individuals who are highly skilled, highly motivated and have the opportunity to participate in organisational life by being given jobs to do. However, this will only feed through into higher levels of business performance if these individuals have positive management relationships with their superiors in a supportive environment with strong values. All these factors will promote 'discretionary behaviour', the willingness of the individual to perform above the minimum or give extra effort. It is this discretionary behaviour that makes the difference to organisational performance.

In their research on the human capital theory and systems theory Snell & Dean 1992 hypothesized that HRM could be directly influenced by presence of advanced manufacturing technology (AMT, TQM and JIT). Using data from 512 companies they found firms using traditional technologies were less likely than firms using AMT to engage in selective hiring, comprehensive training, developmental appraisal and externally equitable compensation. It would appear that research informed by both role theory and human capital theory could improve understanding of how technology shapes Human resource management. The quality of HRM might be an outcome of performance rather than a contributing factor to that performance. This study is directed at testing a hypothesis that there is a good fit between Strategic Human Resource Management (SHRM) and performance in an organisation. It considers available evidence to establish whether organisations that use HRM strategically, can demonstrate an enhanced organizational performance. This research project considers the extent of technology deployment in MNC as the moderating factor. It is envisaged that this research will improve understanding of how technology shapes the link between Strategic Human resource management and firm performance

Royal and O'Donnell (2005) argue that qualitative human capital analysis would assist in predicting the sustainability of organisations and their future financial performance. Notably here, performance is defined in relation to sustainability and financial performance. Gollan (2005) outlines a number of issues for organisations to consider when pursuing sustainable high performance workplace outcomes through high involvement management (HIM). He similarly notes corporate profitability and corporate survival as a component but also includes in the equation those that satisfy employee aspiration and needs in the workplace. Golan (2005) notes critical assessment of the high performance literature and research by

John Godard (2004). In short these criticisms note while some practices may increase performance, it is likely that proponents not only overestimate the positive effects but also underestimate the costs.

Hutchinson, Kinnie and Purcell (2001) report on a longitudinal study investigating how and why people management practices affect business performance. In relation to the notions of people management and performance a number of aspects demonstrating the difficulty of demonstrating performance impact are identified. First, the relationship between HR practices and business performance can be identified at different levels ranging from the plant/establishment level through to the corporation level. Second, there is a lack of consensus on what constitutes a HR package and no agreement on the level of specificity or HR practices. Third, there is a different way of measuring HR practices and a limited use of performance measures. Fourth, in some cases sophisticated measurement techniques are used and these are hard to understand. Finally, few studies take account of the reaction of employees so that it is difficult to understand how the HR practices feed through to improved levels of performance and thus causality is an issue. Guest (1997) makes a similar point that there is a need for a basis for comparison, either cross sectional or longitudinal, and also a need to understand the relationships between types of performance data.

Much of the research on human resource management and performance places an emphasis or assumes that each organisation is pursuing an integrated set of business objectives and human resource practices which sits in contrast with at least three recent developments. First, it seemingly is at odds with the move towards more flexible internal structures associated with different forms of cooperation and collaboration among organisations and some of these include 'strategic alliances', 'business networks', 'joint ventures', and linkages'. The second

development is the trend towards outsourcing and inter-organisational contracting. This approach, however, does not consider the influence of multi employers and customers in the shaping of the employment relationship (Rubery, Earnshaw, Marchington, and Cooke & Vincent 2002.) Much of the discussion about organizational performance is conducted as though organisations are homogenous entities with clearly defined boundaries and similar contexts and characteristics. However, these recent developments suggest the need to understand the boundaries and how these might impact on organisations and the employment relationship.

Implicit in this discussion is the changing nature of public sector and private sector employment relationships. In the 1980s and 1990s a similar set of administrative reforms occurred in Western industrial democracies, with these reforms now also appearing on the agendas of countries in Eastern Europe, Asia and Africa. While the reform process is global, it varies in different societies and different public sector cultures. Pollitt (2002) identifies seven aspects in relation to changes in the public sector and this research, importantly, notes the reform needs to be understood in context. Running through these reforms is the belief in the efficiency of the market mechanism with greater emphasis upon performance and performance measurement.

Although improved financial management was a key strategy in public sector reform, financial management is not the only aspect of strategic management. Other resources at the disposal of government are human resources, in particular employees' expertise or knowledge management. Thus public sector renewal has focused also, but to a lesser extent, on reforming human resource management in the public sector. Similarly, public sector

renewal has focused thought to an insufficient extent on reforming or even initiating knowledge management.

The main conclusion drawn from reviewing the literature is that, although the issue of strategic fit and its link to firm performance has been extensively examined, as Panayotopoulou, Bourantas and Papalexandris (2003, p. 682) state “research has failed to consistently support the efficacy of fit”.

Numerous researches have debated that SHRM has been consumed with two competing normative schools existing: universalistic and contingency. Universalistic scholars argued that many HR practices are consistently better than comparative practices. They claimed that all organizations, regardless of size, industry, or business strategy, should adopt these so-called “best practices” school (Arthur, 1994; Delery and Doty, 1996).

However, whether SHRM should always be positively related to firm performance remains uncertain. Contingency scholars hold different points of view and argued that the assumptions underlying the strategy-performance link are applicable only under high external fit conditions (Bamberger and Meshoulam, 2000), termed the “best fit” school (Boxall and Purcell, 2000). In their paper on direction of Strategic Human Resource Management, Peter Boxall (2000) *International Journal of management review* noted that existing descriptive research illustrates the ways on which HR policies and practices within firms are shaped by contextual contingencies inducing national, sectoral and organizational contingencies. In the diffusion debate in the USA and other parts of the world indicated that the more desirable employment conditions (such as high pay, good security and strong internal development) are limited to jobs and sectors where firms are trying to exploit advanced technology or have

needs for high levels of employee know how. However the fact that the diffusion of these sorts of practices is limited does not invalidate what most researchers and HR practitioners have recognized as principals and processes of good Human resources management.

2.4.1 Universalistic perspective

The universalistic scholars considered SHRM to positively influence firm performance (Martell and Carroll, 1995). They assumed that SHRM could help firms improve their human resources cost benefits, promote operating efficiency, increase innovation and revolution ability, and increase organizational performance benefits (Dyer, 1983). The most influential best practice set is associated with the 16 practices of Pfeffer (1994); more recently, Pfeffer (1998) summarized these 16 practices into seven practices: including employment security, selective hiring, self-managed team, provision of high pay contingent on company performance, extensive training, reduction of status differences and sharing information. Besides, Cook and Ferris (1986) asserted that SHRM is an efficient function that copes with environmental changes. Gomez-Mejia et al. (1995) indicated that SHRM directly and indirectly benefits companies because it changes passivity into initiative, transmits organizational goals clearly and encourages the involvement of line-managers. Welbourne and Andrews (1996) drew from population ecology theory to argue that SHRM 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.

Numerous testimonials regarding the value of SHRM have appeared during the past decade (Huselid, 1995; Jackson and Schuler, 1995). Misa and Stein (1983) found that the strategic orientation of HR in high-productivity firms differed obviously from that in low-productivity

firms. Cook and Ferris (1986) investigated the HRM practices of firms in declining industries. They found that most high performance firms adopted SHRM measures. Conversely, low performance firms tended to employ conventional methods. Huselid (1993) found a positive relationship between better HRM practices and firm financial performance.

2.4.2 Contingency perspective

In contrast with universalistic thinking, contingency scholars argued that HR strategy would be more effective only when appropriately integrated with a specific organizational and environmental context. Additionally, contingency arguments are more complex than universalistic arguments because they imply interactions rather than the simple linear relationships involved in the universalistic perspective (Venkatraman, 1989). The contingency perspective argues that the relationship between the independent and the dependent variables differs when the contingency variable is added, and most studies are concerned with the meaning of internal and external fit and with how to achieve them, such as the fitness of HR practices and various organizational and environmental factors. For example, some scholars have attempted to demonstrate how certain HR practices are consistent with different strategic positions, and how these practices relate to firm performance (Schuler and Jackson, 1987). Moreover, other scholars have examined the effects of person-environment fit (Werbel and Demarie, 2001), executive controls (Snell and Youndt, 1995) and local environment, unions, resource dependency and integration, administrative heritage and competency (Beechler and Yang, 1994).

A number of empirical studies in Kenya tend to support the proposition that human resource actions can have a significant impact on organizational outcomes. Cho (2004), for example, also investigated the effects of human resource management (HRM) practices on organizational performance in the hotel industry. Using six domains of HRM practice and three measures of organizational performance, Cho (2004) found that HRM practices were correlated with organizational performance. However, the effects of the practices on performance were different for a managerial group than for a non-managerial group. Thus, the results were mixed: some HRM practices had a positive effect on performance; others had a negative effect. Baker et al. (1996) found that employee-centred management practices can improve organizational performance. More specifically, in a study of Ault Ltd., a Toronto-based dairy processor that is Canada's largest dairy company, Baker and colleagues found that implementing a seven-step strategy to improve employee-centered management improved profitability by 66 percent. Similarly, Rondeau and Wagar (2001) investigated the effect of HRM practices on nursing home performance in Canada. Their study of 283 nursing homes found that nursing homes with more "progressive" HRM practices and a workplace climate that values participation, empowerment, and accountability tended to be perceived as performing better on a number of valued organizational outcomes. In a comparative study in the southern European Union, Stavrou-Costea (2005) found that organizational productivity was related to training and development practices, employee relations practices, and efficiency and flexibility challenges.

In a longitudinal study of a regional restaurant chain, Koys (2001) found that employee satisfaction, organizational citizenship behavior, and turnover had a positive relationship with organizational effectiveness. Using a lagged regression analysis, the study concluded that it

was HRM practices that influenced business outcomes, including profitability and customer satisfaction, rather than the reverse. This finding lends considerable support to HRM's role as an influential business partner.

Dimba (2008) has generated current knowledge on aspects of mediating influence of motivation on relationship between SHRM practices and performance in Kenya from a sample of six respondents composed of HRM managers, marketing managers, production managers, and three employees from 50 foreign MNCs based in Kenya. The major findings of the study showed that (1) there existed a moderate positive relationship between SHRM practices and firm performance ($r^2 = 20\%$); (2) (a) motivation mediated relationship between SHRM practices and firm performance ($r^2 = 20\% + 10\%$); and (b) motivation affected firm performance ($r^2 = 10\%$).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

Descriptive survey design was used and the data was cross-sectional. The researcher made a single observation in which groups of participants were observed and compared once.

3.2 Population

The target population of this study was all multinational manufacturing companies in Kenya who were members of Kenya Association of Manufacturers. Previous studies (Huselid 1995; Rodriquez and Ventura 2003) showed that such companies were more likely to have well-developed HR systems compared to smaller firms and the public sector firms. The population of interest was therefore 92 companies that were members of the Kenya Association of Manufacturers in Nairobi and its surrounding.

3.3 Sample

The sample was drawn from the Kenya Association of Manufacturers Directory (2008/2009). In total, there are 92 companies within Nairobi and its surrounding who are members of the association. Thus, a sample size of 50 firms was selected for the study using random sampling method. This list is provided in appendix 2. A sample size of 50 was considered appropriate because as Mugenda and Mugenda (2003) contend, a sample size should be at least 10% of the population.

3.4 Data Collection

The study relied on two types of data: namely, primary data and secondary data. Primary data was collected by survey questionnaire. A modified version of the instrument used by Huselid (1995) was used to collect data. In order to situate the study conceptually and generate theoretical framework with which to analyse primary data, secondary data was sourced from University of Nairobi library & internet resource centre. Online journals were also consulted. In order to collect primary data fifty questionnaires were dropped or posted, with a cover letter addressed to the HR manager and Operations managers of all the 50 MNCs. Since the main objective was to determine the relationship between SHRM practices and organizational performance of MNCs in Kenya, the instrument contained items that measured these key factors. Questions concerning reliability and validity of the instrument were addressed before further analysis of the data is done.

3.5 Data Analysis

According to Mugenda and Mugenda 1999 the data in qualitative research is more often in words other than numbers and these words are classified in categories. Data collected was qualitative and quantitative in nature. Qualitative data was analyzed using content analysis. Quantitative data was analyzed using descriptive measures such as standard deviations and mean scores. The data was then analyzed to test for significance of relationships among variables of interest in the study. The technique used was correlation analysis. This helped show the relationship among the variables in the study. The findings were presented in table formats.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents and the results of the study and the interpretation of those findings. Out of the 50 questionnaires administered, 36 were successfully completed and returned by the respondents giving a response rate of 72%, a figure considered substantially sufficient for the study. This chapter is presented as follows: the profiles of respondents are first presented under sample characteristics. This is followed by a presentation of the relationship between strategic human resource management practices and firm performance.

4.2 Sample characteristics

This section presents results on profile of respondents based on age, industry, length of service and function. Table 1 shows results on the distribution of respondents according to their ages.

Table 1: Age

	Frequency	Percent
35-44	24	67
45-54	12	33
Total	36	100

Source: Research data October 2010

Table 1 illustrates that 67% of respondents were aged 35-44 years while the remaining 33% were aged 45-54 years. This reveals that most of the managers in the MNCs are in the mid 40s. This mirrors closely the distribution of managers in most firms in terms of age distribution.

The results in Table 2 show the distribution of firms that took part in the survey according to the industry of origin.

Table 2: Industry

	Frequency	Percent
Food and beverage	18	50
Pharmaceutical	6	17
Manufacturing	12	33
Total	36	100

Source: Research data October 2010

As shown in Table 2, 50% of the companies were in the food and beverage industry, 17% were pharmaceutical firms while 33% were manufacturing firms. The results reveal that most of the firms in the sample were in the food and beverage industry which mirrors the number of firms in this specific industry in Kenya.

The results on the length of time the respondents had been working in their respective companies are shown in Table 3.

Table 3: Length of service

	Frequency	Percent
Less than 2 years	6	17
Less than 3 years	6	17
Less than 5 years	12	33
Less than 10 years	6	17
10 years or more	6	17
Total	36	100

Source: Research data 2010

The findings in Table 3 show that 17% had less than 2 years, 17% had less than 3 years, 33% had less than 5 years, 17% had less than 10 years while 17% had 10 years or more. This suggests that most of the respondents had been working in the organisations for a period of up to 5 years.

Table 4 reveals the results on the functions or departments from which the respondents for the study were drawn.

Table 4: Function

	Frequency	Percent
Human resources	24	66.7
Operations	6	16.7
Other	6	16.7
Total	36	100.0

Source: Research data 2010

Table 4 shows that 67% of the respondents were from the human resources department, 17% from operations and another 17% from other departments in the organisations. This therefore suggests that most of the respondents were from the human resources departments. Given that the concept of concern in the study is strategic human resource management, these respondents are most suited to make informed responses on the practice of their organisations.

4.3 Strategic Human Resource Management Practices

This section presents the results on strategic human resource practice in multinational firms in Kenya. The mean scores and standard deviations on the specific strategic human resource management practices are shown in Table 5.

Table 5: Descriptives on Strategic Human Resource Management Practices

Practice	Mean score	Std. Dev
Compensation practices	4.35	0.638
Performance evaluation practices	4.00	0.468
Talent acquisition and development	4.42	0.305
Employee involvement	4.25	0.387
Flexible work design	3.40	0.726
SHRM	4.08	0.505

Source: Research data 2010

Table 5 shows that four of the five strategic human resource management practices had a mean score of 4 and above. This suggests that these practices were highly practiced in the organisation. The other practice, flexible work designs, had a mean score of 3.4 thus was the least practiced in the industry. The overall mean score for strategic human resource management practice was 4.08 suggesting that generally it was highly practiced in the industry.

4.3 Strategic Human Resource Management Practices and Performance

This section presents the results on the relationship between strategic human resource management practice and performance of MNCs in Kenya. Regression analysis was used to perform the analysis. Two models were used to perform the analysis. The first model was used to show whether there was any relationship between strategic human resource management (independent variable) and firm performance (dependent variable). The model used is shown below.

$$\text{Performance} = a + b (\text{SHRM}) + c$$

The results of the analysis using this model are shown in Table 6 and Table 7.

Table 6: Influence of SHRM on Performance

r	r²	Adjusted r²	Std. Error
.049	.002	-.027	.20836

Source: Research data 2010

Table 6 shows that Pearson correlation, R, was 0.049. This shows that there was a low correlation between strategic human resource management practice and performance. The results also show that r² was 0.002 suggesting that strategic human resource management practice accounted for 0.2% of the variance in firm performance. The adjusted R² shows that the relationship was negative and that strategic human resource management practice had a negative contribution of up to 2.7% on performance.

Table 7 shows the coefficients in the regression model on the relationship between strategic human resource management practice and performance.

Table 7: Coefficients on Influence of SHRM on Performance

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	4.289	.407		10.528	.000
SHRM	-.029	.099	-.049	-.287	.776

Source: Research data 2010

Table 7 shows that strategic human resource management practices did not have a significant influence on performance (t = -0.287; p>0.05) and that the influence was negative (Beta = -0.029). These coefficients can be rewritten in the model as follows:

$$\text{Performance} = 4.289 - 0.029(\text{SHRM}) + 0.407$$

The performance of an organisation was characterised by a mix of both financial and non financial parameters including net profitability, reduction in waste (efficiency), increase in market share, increased production volume (productivity) and reduced staff turnover. A further regression analysis was performed on the data to establish the relationship between strategic human resource management practice, technology and performance. The following model was used and the results are in Table 8 and Table 9.

$$\text{Performance} = a + b_1(\text{SHRM}) + b_2(\text{TECHNOLOGY}) + c$$

The dependent variable was performance while independent variables were strategic human resources management and technology.

Table 8: Relationship between SHRM, Technology and Performance

r	r²	Adjusted r²	Std. Error
.360	.130	.077	.19755

Source: Research data 2010

The study found that the Pearson correlation coefficient, r, was 0.360 indicating that there was a moderate relationship. Further, r² was 0.130 suggesting that 13% of the variance in performance of MNCs was as a result of strategic human resource management.

Table 9 illustrates the coefficients in the relationship between strategic human resource management, technology and performance.

Table 9: Coefficients of the Relationship between SHRM, Technology and Performance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	4.384	.389		11.279	.000
SHRM	-.142	.108	-.245	-1.322	.195
Technology	.092	.042	.407	2.195	.035

Source: Research data 2010

The study found that strategic human resource management had negative but not significant correlation with performance (Beta = -0.142; t = -1.322; p>0.05). Further, the study noted that technology had a significant positive influence on performance (beta = 0.092; t = 2.195; p<0.05).

The study concludes that technology moderated the relationship between strategic human resource management and performance of MNCs. This is because when the regression was run with performance and SHRM alone, r^2 was 0.002 and increased to 0.130 with the introduction of technology. This shows that the change in r^2 was 12.8%. This change illustrates that technology moderated the relationship between strategic human resource management and performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of research findings, conclusion of the study, recommendations for policy and practice, limitations of the study, and suggestions for further research.

5.2 Summary of Findings

The study was designed with two main objectives. The first objective was to establish the influence of strategic human resource management practices among multinational firms in Kenya on their performance. The study found that there was a low negative correlation between strategic human resource management practice and performance ($r = 0.049$). The study noted that strategic human resource management practices influenced 0.2% of the variance in performance but the relationship was not statistically significant ($p > 0.05$).

The Second objective was to investigate the relationship and veracity of the link between strategic human resource management and firm performance as moderated by extent of technological deployment. The results showed that strategic human resource management had a negative correlation with performance (Beta = -0.142, $p > 0.05$). Technology moderated the relationship as r^2 increased by 12.8% from 0.002 to 0.130 with the introduction of technology in the model.

5.3 Conclusion

The study also sought to establish the influence of strategic human resource management practices among multinational firms in Kenya on their performance. The study concludes that strategic human resource management has a low influence on performance of multinational corporations in Kenya.

The study further sought to investigate the relationship and veracity of the link between strategic human resource management and firm performance as moderated by extent of technological deployment. The study concludes that technology moderates the relationship between strategic human resource management and performance.

5.4 Recommendations for Policy and Practice

The study recommends need for multinational corporations to enhance their strategic human resource management practices as far as flexible work designs are concerned. This is because this is the least practiced in the industry and it may have a negative impact on performance or the overall objective of strategic human resource mechanisms in the organisations.

The study recommends that firms need to evaluate their overall strategic human resource management practices in place so as to establish which SHRM bundles enhance organisational effectiveness and better firm performance.

It is also recommended that more technology be deployed in multinational organisations especially in the human resource divisions as this would enhance positive impact of strategic human resource management practice on firm performance.

5.5 Limitations of the Study

There were a number of limitations that affected the outcome of the study. For instance, data was collected from only 36 MNCs out of the total number of 50 MNCs in Kenya. This is because most of the firms were not willing to take part in the study.

The other limitation was time factor as it was not possible to cover all the 50 MNCs in Kenya and this time limit made some of the firms that could have agreed to take part in the survey refuse as they requested an extension of time to fill in the questionnaires, time which was not available.

The third limitation emanates from the fact that this study only used one moderating variable, technology. The inclusion of other moderating variables may have a significant difference in explaining the relationships.

These issues may limit the applicability of the research findings to the wider industry but it is the belief of the researcher that the anecdotal findings here represent the true picture of the practice among MNCs in Kenya.

5.6 Suggestions for Further Research

There is need to replicate this study to other industries to establish whether the results can hold. Also, there is need for future studies to increase the sample firms from the present 36 to 50 if possible. The study also recommends use of other moderating variables other than technology in their studies.

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http://en.wikipedia.org/wiki/Multi-National_Corporation

APPENDICES

Appendix 1: Multinational Firms in the Sample

1. 3M
2. Alliance One Tobacco Kenya Ltd
3. Astra Zenica
4. Bata shoe Company
5. Bidco Oil Refineries Ltd
6. Baumann Ltd
7. British American Tobacco Kenya Ltd
8. Brookside Dairy Limited
9. Cadbury Kenya LTtd
10. Capwell Industries Ltd
11. Carlton Products (EA) Ltd
12. Coca-Cola East Africa Ltd
13. Colgate Palmolive
14. Cussons Ltd
15. Del Monte Kenya Ltd
16. E & A Industries Ltd
17. East Africa Cables
18. East African Sea Food Ltd
19. Eastern Produce Kenya Ltd
20. East Africa Hides Ltd
21. Eveready East Africa
22. General Electric East Africa
23. GlaxoSmithkline Ltd
24. Kapa Oil refineries
25. Karirana Estate Ltd
26. Kenafic Industries Limited
27. Kenol Kobil
28. East Africa Breweries Ltd
29. Kenya Nut Company Ltd

30. Master Mind tobacco
31. Nation Media group
32. Nesfood Industries Ltd
33. Toyota East Africa
34. Nestle Foods Kenya Ltd
35. Norvatis
36. Premier Food Industries Limited
37. Proctor & Allan (E.A.) Ltd
38. Rafiki Millers Ltd
39. Reckit Benkiser
40. Razco ltd
41. Sameer Industries
42. Samsung Electronics
43. Sanofi Avenis Ltd
44. Spin Knit Dairy Ltd
45. Sunny Processors Ltd
46. Super Bakery Ltd
47. Tetrapak
48. Total Ltd
49. Trufoods Ltd
50. Wrigley Company (E.A.) Ltd

Appendix 2: Research Questionnaire on SHRM and Performance

Please take a few minutes to complete this survey. Your specific answers will be completely anonymous & confidential, but your views, in combination with those of others, are extremely important.

Section 1: General Information

1. What is your age?

- Under 21 ()
- 21 to 34 ()
- 35 to 44 ()
- 45 to 54 ()
- 55 or older ()

2. What industry does your company operate in

- Food & Beverage ()
- Building & construction ()
- Energy ()
- Pharmaceutical ()

3. How long have you worked for the present company?

- One year to less than two year ()
- Two year to less than three years ()
- Three years to less than five years ()
- Five years to less than ten years ()
- Ten years or more ()

4. What function or department do you work in

- Human Resources ()
- Marketing ()
- Operations ()
- Other (Specify _____)

Section 2: Strategic Human Resource Management Practices

Please tick one cell for each statement on your perception of strategic human resource management, technology deployment and overall organizational performance.

Compensation practices					
	5	4	3	2	1
Remuneration is linked to company performance					
Compensation practices equitable internal salary policies					
Absence of equitable external salary					
There exists an performance based compensation system					
Overall remuneration better performance					
Excellent performers are recognized					
Performance evaluation practices					
	5	4	3	2	1
Performance evaluation systems are objective					
Performance evaluation has a lot to do with individual salary					
Performance evaluation is related contribution to overall organizational performance					
Performance evaluation has components of measures of the cost per outcome or output for managers (efficiency)					
Performance evaluation is primarily linked to effectiveness (delivery of certain organizational outcomes)					
Talent Acquisition and development					
	5	4	3	2	1
Talent management process has contributed in improved organizational performance					
Strategies used in talent acquisition have contributed in the improved organizational performance					
Company's investment in staff training and development has contributed in improved organizational performance					
Succession planning as a SHRM practice has contributed in enhanced organizational performance					
Company investment in staff training has reduced staff turnover					
Company's investment in training has contributed to increased profits					
Employee involvement					
	5	4	3	2	1

Section 2: Strategic Human Resource Management Practices

Please tick one cell for each statement on your perception of strategic human resource management, technology deployment and overall organizational performance.

Compensation practices	5	4	3	2	1
Staff remuneration is linked to company performance					
Organisation practices equitable internal salary policies					
Presence of equitable external salary					
There exists an performance based compensation system					
Overall remuneration better performance					
Excellent performers are recognized					
Performance evaluation practices	5	4	3	2	1
The performance evaluation systems are objective					
Performance evaluation has a lot to do with individual salary					
Performance evaluation is related contribution to overall organizational performance					
Performance evaluation has components of measures of the cost per outcome or output for managers(efficiency)					
Performance evaluation is primarily linked to effectiveness (delivery of certain organizational outcomes)					
Talent Acquisition and development	5	4	3	2	1
Talent management process has contributed in improved organizational performance					
Strategies used in talent acquisition have contributed in the improved organizational performance					
Company's investment in staff training and development has contributed in improved organizational performance					
Succession planning as a SHRM practice has contributed in enhanced organizational performance					
Company investment in staff training has reduced staff turnover					
Company's investment in training has contributed to increased profits					
Employee involvement	5	4	3	2	1

Management involvement of staff in key decisions regarding change in working environment has contributed in improved organizational performance					
Management conducts objective surveys on employee satisfaction at the work place					
The organisations has adequate grievance resolution process in place					
There is appropriate engagement and communication channels on organizational performance and role of employees in achieving organizational goals					
Flexible work designs	5	4	3	2	1
The organisation accommodates balanced or adjusted work loads to fit staff preferences in achieving company objectives and strategies					
Management is flexible in time spent in the office so long as market provided deadlines are met without fail					
The organisation encourages achievement of goals through teams rather than individual performance					
The organisation encourages individuals and teams to make costly mistakes in the process of developing innovative outcomes					
Significance of Technology	5	4	3	2	1
Technology is a significant factor in the company's ability to attract and develop talent in the industry					
The industry in which the company operates experiences rapid technological changes which impact on business strategy					
Technology plays a significant role in information sharing and thus decision making across the organisation					
Human Resources processes within the organisation rely heavily on technology for their effectiveness and efficiency					
Technology plays a critical role in the performance management of staff in organisation					
SHRM & Firm Performance in Organisations	5	4	3	2	1
The Strategic Human resources policies have resulted in reduced employee / staff turnover					
The contribution of Human resource practices has resulted in low scrap levels or					

reduced waste output					
Human resource practices have contributed to increased profitability of the organisation					
SHRM practices have contributed in the increased sales / production volumes in the organisation					
Strategic Human resource practices have contributed to an increase in share prices of the company					
Human resource practices have contributed in increased share of market of the products sold by the organisation					
Human resources policies and practices have played a key role in delivery of overall company strategy					
The improved efficiency of the organisation is a result of strategic human resource practices and policies					

Additional information on Strategic Human resource management, impact of technology and link to Organizational performance

Thank you for your kind cooperation