BUSINESS STRATEGY, ORGANIZATIONAL STRUCTURE, HUMAN RESOURCE STRATEGIC ORIENTATION AND PERFORMANCE OF LARGE PRIVATE MANUFACTURING FIRMS IN KENYA

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A Doctoral Research Thesis submitted in Partial Fulfillment of the Requirement for the Award of the Degree of Doctor of Philosophy in Business Administration, School of Business,

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DECLARATION

This Thesis is my original work and has not been presented for purposes of examination and award of a degree in any other university.

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DEDICATION

I dedicate this work to my late mother, ‘mama’ Margaret Kiprono Busienei and my late father, Kiprono Kiptoo arap Busienei (Senior Driver, Perkera Irrigation Scheme-Marigat, Baringo County) for moulding my future and to my wife and children: Zipporah Chemutai, Moses Kipkemboi, Yvonne Cherop and Patience Chepleting (‘Tingi’) respectively for giving me the motivation and the challenge to mould their lives too. I love you all for giving me the courage and determination to wither the storms of the course. God Bless You.

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ABBREVIATIONS AND ACRONYMS

AS	-	Analyzer Strategy
BRIJS	-	Brayfield and Rothe Index of Job Satisfaction
BS	-	Business Strategy
CHRSO	-	Contingency Human Resource Strategic Orientation
DS	-	Defender Strategy
ED	-	Employee Development
EE	-	Employee Empowerment
FP	-	Firm Performance
HPWP	-	High Performance Work Practices
HRM	-	Human Resource Management
HRMS	-	Human Resource Management Strategy
HRS	-	Human Resource Strategy
HRSO	-	Human Resource Strategic Orientation
JS	-	Job Satisfaction
MSQ	-	Minnesota Satisfaction Questionnaire
OC	-	Organizational Commitment
OS	-	Organizational Structure
PS	-	Prospector Strategy
QWL	-	Quality of Work Life
RBV	-	Resource Based View
SHRM	-	Strategic Human Resource Management
THRM	-	Traditional Human Resource Management
UHRSO	-	Universalistic Human Resource Strategic Orientation
VRIN	-	Value, Rarity, In-imitability, Non-substitutability

ABSTRACT

This research was done in Kenya and focused on the private manufacturing firms that are registered members of Kenya Association of Manufacturers. The study set out to investigate the moderating effect of business strategy and organizational structure on the relationship between human resource strategic orientation and performance of large private manufacturing firms in Kenya. This study relied on primary data which was collected using a structured questionnaire. The respondents were senior managers drawn from the departments of human resources management, finance and corporate planning. The questionnaires were self-administered. A total of 108 questionnaires were administered but only 75 questionnaires were completed. Prior to processing the responses, the filled questionnaires were edited and checked for completeness and consistency. The questionnaires were coded and entered into the Statistical Package for Social Sciences. Both descriptive and inferential statistics were used to analyze the data. Both correlation and regression analysis were used in hypothesis testing. All the hypotheses were confirmed. The research findings revealed that there was high positive correlation between human resource strategic orientation and firm performance. It was further established that there was moderate positive effect of organizational structure on the relationship between human resource strategic orientation and firm performance. The researcher recommends that large private manufacturing firms in Kenya should align their business strategy and organizational structure with human resource strategic orientation since it ensures performance. As for the direction for further study, the researcher recommends that future research in human resource strategic orientation should focus on public manufacturing firms and for the sake of knowledge, consider the use of longitudinal research design as opposed to the survey research designed. Longitudinal research design provides the researcher with in-depth understanding of cause and effect regarding a phenomenon.

CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

This chapter presents the research focus, including the environmental context within which businesses in Kenya operate, as well as the role of the manufacturing sector. It is on this setting that the research problem was highlighted, leading to the research questions and research objectives. Finally, the value of the research was discussed with the chapter ending with an outline on the structure of the thesis.

This study uses universalistic and contingency human resource perspectives to elaborate the human resource strategic orientation. According to Khatri (2000) universalistic arguments are the simplest form of theoretical statements in the strategic human resource management literature because they imply that the relationship between a given independent variable and a dependent variable is universal across the population of organizations. On the other hand the contingency arguments are more complex than universalistic arguments because they imply interactions rather than the simple linear relationships incorporated in universalistic theories. Kaplan and Norton (2010) argue that firm performance can be based on both quantitative and qualitative performance indicators. In this study the quantitative indicator was profitability whereas the qualitative indicators included: employee development, employee job satisfaction, organizational commitment and employee empowerment. According to Kibera (1996) strategy refers to the direction and scope of an organization over the long term, which achieves advantage through its configuration of resources within a changing business environment and to fulfill stakeholder expectations. Business strategy in this study comprised of the defender, prospector and analyzer strategies (Miles and Snow, 1984). Organization structure refers to an organization's internal pattern of relationships, authority and communication. In this study, organization structure comprised of mechanistic and organic forms (Chandler, 1962; Burns and Stalker, 1961). Mechanistic forms of organizations are complex, formal and centralized, while organic organizations are relatively simple, informal and decentralized (Burns and Stalker, 1961).

Recent theoretical works on business strategy have indicated that firm competitive advantage could be generated from firm human resources (Aosa, 1992). Dabu (2008); Lopez and Ordas

(2004); Priem and Butler (2000) argue that resource–based view of the firm could develop sustained competitive advantage through creating value in a manner that is rare and difficult for competitors to imitate. Pfeffer (2013) argue that human resource is an invisible asset that creates value when it is embedded in the operational system in a manner that enhances firm's ability to deal with a turbulent environment. On the other hand, the idea that an organization's structure and processes should fit or match its environment has been around for a long time and there is evidence that firms with good structures and environmental fit perform better than those without good fit (Huselid and Becker, 2011; Chandler, 1962).

1.1.1 Human Resource Strategic Orientation

The strategic aspect of human resource management as presented in this study is viewed from universalistic, contingency or configurational perspectives of human resources (Delery and Doty, 1996; Baker, 1999). The Universalistic perspective was micro-analytical in nature; Contingency theorists on the other hand argue that, human resource practices must be consistent with other aspects of the organization; while the configurational theories are concerned with how the pattern of multiple independent variables is related to a dependent variable rather than with how individual independent variables are related to the dependent variable (Ansoff, 1991; Amit and Schoemaker, 1993; Wright et al., (1998).

The link between business strategy and human resource perspectives can be further divided into two sub streams: macro and micro-level perspectives (Khatri, 2000; Barney and Wright, 1998). Khatri (2000) pointed out that the macro sub-stream focuses broadly on the status and influence of human resource (HR) function in the organization. The focus of the macro-stream is not on individual HR practices, but on the link between the HR function and the business strategy (Khatri, 2000; Plevel, et al. 1993; Huselid et al, 1997; Taylor et al, 1996; Becker and Gerhart, 1996; Lengnick-Hall and Lengnick-Hall, 1988).

Several scholars have put forward frameworks linking business strategy with human resource perspectives in this area. Five frameworks have been proposed by the following: Golden and Ramanujam (1985); Lengnick-Hall and Lengnick-Hall (1988); Schuler (1992); Wright and McMahan (1992) and Truss and Gratton (1994) – which have received much attention today (Dabu, 2008, Baker, 1999). Khatri (2000) argue that while the above perspectives explain

macro-level relationships between business strategy and human resource perspectives, another sub-stream of research has chosen to examine these relationships at micro -level and some of the notable writers in this area include: Miles and Snow (1984) and Schuler and Jackson (1987). The authors of this micro-level perspective argue that the human resources management practices must be tailored to the demands of business strategy (Baker, 1999; Arthur, 1994).

1.1.2 Firm Performance

Although it is often described in reference to a particular point in time, it also needs to capture development and change over time and reflect different time scales. Miller and Shamsie (1996) and Hodson (1991) argue that the static efficiency can lead to maladjustment in the long run and short-term misfit may be needed to attain long-term dynamic fit. Therefore, firm performance may particularly need to attend to conflicting short-term and long-term alignments. It needs to reflect both the quality of the firm's exploitation of current resources and its capacity to generate new ones (Arthur, 1994; Katz, 1987; Arnold and Fieldman, 1982).

Firms go into business to prosper and the level of prosperity or success is measured in terms of business performance (Waweru, 2008). Drury (2000) argues that there are two approaches of measuring firm performance namely: the traditional accounting/quantitative performance measures and the contemporary/qualitative firm performance approaches. The traditional approaches have focused on the use of accounting/quantitative performance measures which state that accounting is the means by which economic activities are described and measured (Awino, 2007). Horngren, et al. (2003); Drury (2000); Kaplan and Norton (2008); Smith (1991); and Katz (1987) among others, argues that such accounting measures comprise financial reports from which information regarding sales revenue, cash flow, profitability; return on assets (ROA), return on equity (ROE) or investment (ROI), and other liquidity ratios may be obtained to reflect firm performance.

All organizations are concerned with what should be done to achieve sustained high levels of performance through people (Katz and Gabeille, 1983; Wegner, III 1994). This means giving close attention to how individuals can best be motivated through such means as incentives,

rewards, leadership and importantly the work they do and the organization context within which they carry out that work (Graham and Bennett, 1998; Armstrong, 2006; Cottonand Tuttle, 1986). The aim is to develop motivation processes and a work environment that will help to ensure that individuals deliver results in accordance with the expectations of management. Purcell et al., (2003) among others argue that motivation theory examines the process of motivation in addition to explaining why people at work behave in the way they do in terms of their efforts and the directions they are taking. Purcell et al., (2003) went on to point that the theory of motivation describes what organizations can do to encourage people to apply their efforts and abilities in ways that will further the achievement of the organization's goals as well as satisfying their own needs. It is also concerned with job satisfaction-the factors that create it and impact on performance (Lock, 1976; Cottonand Tuttle, 1986; Cox, 1994). In this study the qualitative indicators of firm performance included: employee development, employee job satisfaction, organizational commitment and employee empowerment. This approach has been supported by other researchers including Kaplan and Norton (2003).

1.1.3 Human Resource Strategic Orientation and Performance

The effect of human resource management policies and practices on firm performance is an important topic in the fields of human resource management, industrial relations, and industrial and organizational psychology (Wan-Jing and Huang, 2005; Huselid, 1999; Amit, and Schoemaker,1993). Prahalad (1996); Pfeffer (1994) and Ansoff (1991) among others argue that an increasing body of work contains the use of High Performance Work Practices (HPWP), including comprehensive manpower planning, employee recruitment and selection procedures, incentive compensation and performance management systems can improve the organization's knowledge, skills, and abilities of a firm's current and potential employees. Baker (1999); Mosakowski (1998); Huselid and Becker (1996) and Wernerfelt (1995) argue that these human resource practices in turn increase the workers motivation and enhance the retention of quality employees while encouraging non-performers to leave the firm. It is out of this process that the motivated employees who remain improve performance. Arguments made in related research are that a firm's current and potential human resources are important considerations in the development and execution of its strategic business plan which according

to the researchers Johnson and Scholes (2000); Huselid and Becker (1996) and Huselid (1995) increases firm performance.

This literature, although largely conceptual, concludes that human resource management practices can help to create a source of sustained competitive advantage, especially when they are aligned with a firm's competitive strategy (Wan-Jing and Huang, 2005; Johnson and Scholes, 2000; Huselid, 1997; 1995). HRM therefore, has been variously described as an evolving set of competing theories and a group of interrelated policies with an ideological and philosophical underpinning (Guest, 1991; Kidombo, 2007). The underlying assumption of SHRM is that firm performance is influenced by a set of HRM practices. This assumption has been supported by recent empirical evidence (Arthur, 1994; Huselid, 1995; Baker, 1999). However, important questions unresolved, including whether SHRM guarantees positive firm performance outcome, the effect of different levels of SHRM implementation on firm performance, and the influence of the market environment in moderating the relationship between SHRM and firm performance (Arthur, 1994; Huselid, 1995; Wan-Jing and Chun Huang, 2005; MacDuffie, 1995; Amit, and Schoemaker, 1993; Nkomo, 1992). Wan-Jing and Chun Huang (2005) argue that recent theoretical works on business strategy have indicated that firm competitive advantage could be generated from firm human resources (HR).

According to the resource–based view (Wan-Jing and Chun Huang, 2005; Conner and Prahalad, 1996; Wright et al., 1991) a firm could develop sustained competitive advantage through creating value in a manner that is rare and difficult for competitors to imitate. Wright et al., (1998) and Baker, (1999) among others note that traditional sources of competitive advantage, such as natural resources, technology and economies of scale have become increasingly easy to imitate. The concept of HR as a strategic asset has implications for this issue. Competitive advantage with respect to human resource management encompasses those capabilities, resources, relationships, and decisions that permit a firm to capitalize on opportunities and avoid threats within its industry (Lengnick-Hall and Lengnick-Hall, 1988; Delery and Doty, 1996; Wright and Snell, 1998). Porter (1985), Armstrong (2006) and Drury, (2000) argue that human resource management can help a firm obtain competitive advantage by lowering costs, by increasing sources of products and service differentiation or both. Achieving competitive advantage through human resources requires that these activities be

managed from a strategic perspective, HR strategic orientation (Lengnick-Hall and Lengnick-Hall, 1988; Barney and Wright, 1998; Conner and Prahalad, 1996).

1.1.4 Business Strategy

Strategy is the direction and scope of an organization over the long term, which achieves advantage through its configuration of resources within a changing business environment and to fulfill stakeholder (customers, competitors, creditors and government) expectations (Kibera, 1996). The consequences of these characteristics according to Pearce and Robinson (2007); Johnson and Scholes (2002); Kibera (1996); Aosa (1992) and Masakowski (1998) and Mahoney and Pandian (1992) among others, include the following: (i) that strategic decisions are likely to be complex in nature, and that this complexity is a defining feature of strategy and strategic decisions; (ii) that strategic decisions may also have to be made in situations of uncertainty, whereby the decision makers may involve taking decisions with the view of the future about which it is impossible for managers to be sure; (iii) that strategic decisions are also likely to demand an integrated approach to managing the organization. Johnson and Scholes (2002) and Mahoney and Pandian (1992) argues that unlike functional problems, there is no one area of expertise, or one perspective, that can define or resolve the problem. Researchers argue that managers, therefore, should have cross-functional and operational boundaries to deal with strategic problems and come to agreements with other managers who, inevitably, have different interests and perhaps different priorities; (iv) that they may also have to manage and perhaps change relationships and networks outside the organization, for examples with suppliers, distributors and customers; (v) that strategic decisions will very often involve change in organizations which may prove difficult because of culture (MacDuffie, 1995; Amit, and Schoemaker, 1993; Miller and Shamsie, 1996).

Perrott (2008), Pearce and Robinson (2007) and Miller and Shamsie, (1996) among others observe that organizations face a challenging future where managers will need to work smarter to achieve growth and profit targets. Senior managers and boards perceive the market-place as becoming more complex and challenging. Aosa (1992; 2000) and Kibera (1996) argue that as environmental turbulence increases, strategic issues that challenge the way organizations plans and implements its strategy emerge with greater frequency. It also brings into question

responsibilities as well as the balance of power and decision-making between those who manage and those who govern.

Aosa (2000) point out that it would be useful for management and board members to discuss perceptions of environmental turbulence from time to time because it would enable a meeting of minds regarding the strategic position and future directions of the organization. It would also enable a better understanding of capability appreciation needed to respond to various levels of environmental turbulence (Kibera, 1996; Aosa, 1992; Kamoche, 1996). For successful survival, organizations need to balance the conditions of the environment, their business and marketing strategies and their capability to implement them, hence the tracking, monitoring, and management of priority strategic issues becomes an imperative (Porter, 1980; Kibera, 1996; Kamoche, 1996). Perrott (2008) and Kamoche, (1996) point out that strategic issue-processing techniques present the opportunity for managers to identify issues and plan appropriate actions that will enable them to maintain an alignment with the demands of the external environment, no matter how turbulent it is.

Porter (1980) argues that the essence of business strategy formulation is coping with competition and that indeed business strategy is all about competitiveness. Aosa (1992) among others pointed that the main purpose of a strategy adoption is to enable a company gain a sustainable edge over its competitors. Thompson et al (2006) further point that companies strategies consists of competitive moves and business approaches that managers employ to attract and please customers, compete successfully, grow the business, conduct operations and achieve targeted objectives.

A company achieves sustainable competitive advantage when an attractive number of buyers prefer its products or services over the offerings of competitors and when the basis of this preference is durable. In the same vein, Porter (1985) suggests that competitive advantages can be broadly classified as cost leadership, differentiation and focus advantages. Cost leadership entails being able to perform value chain activities at a lower cost than competitors while offering a parity product. On the other hand, differentiation advantages entail being able to offer goods or services that customers see as consistently different with

respect to important attributes relative to competitors' offerings; while focus strategy concentrates on a selected few target markets (Baker, 1999; Barney, 1991).

1.1.5 Organizational Structure

Organization structure often refers to an organization's internal pattern of relationships, authority, and communication (Thompson, 1967; Bacharach, 1989; Kandie, 2009). The hierarchical dimensions of structure such as complexity, formalization and centralization have received more attention than any others (Child, 1972; Ford and Slocum, 1977; Fry, 1982). Each of these dimensions is also the dominant characteristic of a well-known structural type. Complexity refers to the degree of differentiation that exists within an organization. Hall (1977); Bacharach, (1989) and Thompson, (1967); Keith, et al., (2003) among others, suggest that there are three potential sources of complexity - horizontal differentiation, vertical differentiation and spatial dispersion. Organization with numerous levels, broad spans of control, and multiple geographic locations would be considered highly complex. While such a structure is often considered appropriate for firms that compete in highly differentiated environments, it is important to recognize that a high level of complexity makes it difficult to coordinate and control decision activities (Lawrence and Lorsh, 1967; 1969; Burns and Stalker, 1961; Miles and Snow, 1978). Therefore, it is expected that members in an organization of this type of structure normally have difficulty agreeing on goals, and that their decision process tends to be interactive and political which may hinder the performance of their firm (Kandie, 2009; Kimberly, 1976).

Burns and Stalker (1961); Kimberly (1976) and McDaniel (2008) among others have pointed out that formalization refers to an organization where there are explicit job descriptions, lots of organizational rules, and clearly defined procedures covering work processes. The researchers noted that formalization has significant consequences for organizational members because it specifies how, where, and by whom those tasks are to be performed. Chandler (1962) suggests that a high level of formalization has the benefit of eliminating role ambiguity, but it also limits members' decision-making discretion which can drive out creative and proactive behavior thus, discouraging the pursuit of opportunities. Centralization refers to the degree to which the right to make decisions and evaluate activities is concentrated at the centre (Hall, 1977). A high level of centralization is the most obvious way to coordinate organizational

decision making, but it places significant cognitive demands on those managers who retain authority. Mintzberg (1979) noted that an individual does not have the cognitive capacity or information that is needed to understand all the decisions that face a complex organization. However, Pugh et al (1968; 1969a; 1969b) conclude that it is not surprising that a negative relationship is reported between an organization's size and its degree of centralization.

Perrow (1967) noted that technology is the actions that an individual performs upon an object, with or without the aid of tools or mechanical devices, in order to make some change in that object. The object or "raw material" may be a living being, human or otherwise, a symbol or an inanimate object. Organizational structure involves the arrangements or relationships that permit the coordination and control of work (Kandie, 2009). Perrow (1967) and Lawrence and Lorsh, (1967; 1969) argue that some work is actually concerned with changing or maintaining the organizational structure.

1.1.6 The Manufacturing Sector in Kenya

UNIDO (2012) and Awino (2007) point out that Kenya has the biggest formal manufacturing sector in East Africa and that this sector has grown over time both in terms of its contribution to the country's Gross Domestic Product (GDP) and employment. In terms of employment generation, the sector is estimated to employ and average of 13 per cent of the labour force in the Kenyan formal sector. Manufacturing is one of the key activities of the economy that accounts for about 10 per cent of the Gross Domestic Product (GDP). It is evident from this trend that the sector makes an important contribution to Kenya's economy (KAM, 2012). The average size of this sector for tropical Africa is 8 percent. Despite the importance and size of this sector in Kenya, it is still very small when compared to that of the industrialized nations (UNIDO, 2012; KIRDI, 2011). KAM (2012) statistics for Kenya's economic performance according to sector (Appendix III) show that the sector contribute to a lesser extent to the Gross Domestic Product (GDP) as opposed to the other sectors, hence confirming UNIDO (2012) and KIRDI (2011).

The manufacturing sector contributes about 10 percent of the gross domestic product (GDP) (Economic Survey, 2013; UNIDO, 2012; Munyoki, 2007; KIRDI, 2009). During the year 2012, the manufacturing sector registered a growth rate of 3.1 percent which was a slower

growth of 3.5 percent registered in 2011. The sector continued experiencing challenges that included high production costs, high costs of credit competition from imported goods and also uncertainties related to the 2013 general elections (Economic Survey, 2013). Economic Survey (2013) indicates that the total formal employment in the manufacturing sector increased by 2.3 per cent from 271.5 thousand persons in 2011 to stand at 277.9 thousand persons in 2012. The value of the output increased by 2.6 per cent to Kshs. 1,042.2 billion during the review period. Total value added on the other hand increased by 8.3 per cent from Kshs. 292.4 billion in 2011 to Kshs. 316.7 billion in 2012. Industrial credit to the sector increased from Kshs. 270.8 million to Kshs. 473.3 million (Economic Survey, 2013; UNIDO 2012).

Further, Economic Survey (2012) shows that the overall sector posted mixed performance with majority of the sub-sectors showing positive growths. Key sub-sectors that registered positive growths included production of tobacco products; motor vehicles, trailers and semi-trailers, paper and paper products; basic pharmaceutical products; textiles; leather and related products; electrical equipment and machinery and equipment. The food industry which forms a major component of the sector registered a marginal decline. This was a result of reduced production of a number of products like processed milk and tea. Sales from Export Processing Zones (EPZ) on the other hand rose by 12.0 per cent to Kshs. 47.5 billion in 2012 while capital investment in EPZ rose by 28.7 per cent to stand at 34.1 billion in 2012 (Economic Survey, 2013).

Kenya Association of Manufacturers (2012) and the Economic Survey, (2013), point out that the removal of price controls, foreign exchange controls and introduction of investment incentives have, however, not resulted in major changes in the overall economy. In particular, they have not improved the manufacturing performance. Therefore it has been suggested that to build a self-sustaining industrial sector, it is necessary to establish strategic linkages within the domestic economy (Munyoki, 2007). Some efforts have to be made to promote strategic options among supply chains so as to enhance spread effects of industrial growth and to facilitate transfer of technology, skills and growth of small and medium scale sub-contractors (Awino, 2007; Kandie, 2009). Growth in the sector was, however, impeded by depressed domestic demand, increased oil prices and transport costs. Rising operating costs mainly as a result of higher power costs coupled with deteriorating road and rail networks further

dampened growth in the sector. The growth in manufacturing sector was mainly attributed to the rise in output of the agro-processing industries. These included sugar, milk, grain milling, fish, tea, oils and fats processing sub-sectors. Other key sub-sectors of manufacturing that performed well in the 2009/2010 financial year were: manufacture of cigarette, cement production, battery (both motor vehicle and dry cells), motor vehicle assembly and production of galvanized sheets (KAM, 2002; 2009).

Awino (2007) and Kandie (2009) argue that, in 2005 the sector showed signs of recovery and that a growth of 2.7 percent in 2004 was recorded compared to 1.4 percent in 2003 (Economic Survey, 2005). The recovery is attributed to government imposing legislation to curb restructuring practices that disadvantaged local manufacturers and zero rating excise duty and related taxes. In addition, the African Growth Opportunity Act (AGOA) initiative and the Common Market for Eastern and Southern Africa (COMESA) trading arrangements continue to impact positively on the manufacturing sector (Economic Intelligent Unit, 2007). The sector grew by 6.9 percent in 2006 against 5.5 percent in 2005 and grew by 10 percent in 2007 (Economic Survey, 2010). The main components of this sector include food processing such as cereal milling, meat, dairy, sugar, fruits and vegetables; chemicals, beverages, tobacco, textile, paper, metal and electronic. The Manufacturing activities in Kenya are mainly concentrated in the main urban centres of Nairobi, Thika, Mombasa, Nakuru, Eldoret and Kisumu due to good infrastructure and markets (Kandie, 2009; Economic Survey, 2008; KAM, 2009).

The manufacturing industry in Kenya can be classified under three main sectors, namely, the agro-based industrial sector, engineering and construction industrial sector and the chemical and mineral industrial sector (KAM, 2012; Awino, 2007; GOK Vision 2030). However, K'Obonyo and Odera, (1995) and K'Obonyo, (1999) categorize the three major classifications into two: (i) agro-based and (ii) non-agro-based. The agro-based industrial sector had 45% of the firms in the industry while agro-based industrial sector contribute 55%. This study found that the agro-based industrial sector in Kenya consists of seven sub-sectors and provides the bulk (68 per cent) of value added from the manufacturing industry while the 32% was from the non-agro based industry. K'Obonyo (1999) argue that the agro-based industrial sector has developed on the basis of traditional domestic resource activities. The major challenges faced

by this sector are related to the quantity, quality and price of raw materials mostly produced by small scale farmers (K'Obonyo and Odera, 1995; K'Obonyo, 1999). The seven sub-sectors that form the agro-based industrial sector are food processing, animal feeds, beverages and tobacco, miscellaneous food products, tanneries and leather products, woods and wood products and pulp and paper (Economic Survey, 2010; K'Obonyo and Odera, 1995; KAM, 2012; Awino, 2007; Kandie, 2009).

1.2 Research Problem

From the observations made so far in the background to this study, it appears that human resource strategic orientation is increasingly becoming critical for success in all kinds of businesses. Yet, like the management of any other input, process and output, it requires configuration with business strategy and structure, without which the organization is unlikely to be competitive. This argument is consistent with the conclusions made by Farjoun (2002) and Harmbrick (1983). Research on and concern with the practice of human resource strategic orientation and performance, have accelerated over the last two decades (Becker and Huselid, 2006). Calls for research in this area and the general aspects of human resource strategic orientation-performance interface from both macro - and micro - perspectives have been made by several scholars including Becker and Huselid (2006) and Becker and Gerhart (1996). These scholars have expressly called for research on and documentation of the practice of human resource strategy implementation and its effect on performance. Most of these research works have focused on the relationship between human resource strategic orientation and firm performance in addition to the attributes of strategy and structure as they independently influence performance (Miles et al., 2003). However, from the foregoing, no systematic study has been undertaken to show the combined effect of human resource strategic orientation, business strategy and organizational structure on performance.

Empirical studies on the variables addressed in this study, have largely considered the effect of individual variables on performance. For example, Huselid (1995) found that human resource strategic orientation has an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short-and long-term measures of corporate financial performance. Subsequent studies conducted by Becker and Huselid (2006) and Huselid and Delaney (1996) found similar results. However, Becker and Gerhart

(1996) proposed that future work on the human resource strategic orientation must elaborate on the black box between a firm's HR system and the firm's bottom line and that this relationship should take into account intervening or moderating variables. Most empirical research on human resource strategic orientation have traditionally viewed human resource strategic orientation as either moderating or intervening variable, while others have looked at it as an independent variable (Khatri, 2000). Hoover (1995) as quoted in Cooper and Schindler (2006) and Munyoki (2007) points out that no variable is designed to be always independent, dependent, intervening, or moderating variable, and in fact a variable can be any of these variables depending on the situation. Hoover (1995) and Sakaran (2006) asserts that: "there is nothing very tricky about the notion of independence, dependence, intervening or moderating, but there is something tricky about the fact that the relationship between these variables is a figment of the researcher's imagination until demonstrated convincingly." Sakaran (2006) point out that researchers hypothesize relationships of these variables: they invent them, and then try by reality testing to see if the relationships actually work out that way."

Although most studies have found a direct link between human resource strategic orientation and performance, Becker and Huselid (2006) argue that for the relationship to be better understood, intervening or moderating variables should be used. Based on this argument, the study used moderating variables to further explain the relationship between human resource strategic orientation and performance. Considering the fact that other researchers have established that strategy and structure are important variables that have effect on performance, it therefore means that the link between human resource strategic orientation and performance most likely depends to a larger extent on the moderating effect of business strategy and structure. Further, studies that have been made on human resource strategic orientation so far have looked at the main effect of strategy and performance that is, strategy-performance relationship, strategy-structure-performance relationship or structure-performance relationship. However, studies to show the moderating effect of business strategy and structure on performance are missing.

Available literature seems to suggest that the strength of the relationship and interaction between human resource strategic orientation and performance is likely to depend on business strategy and organizational structure (Miles and Snow, 1978). The hypothesized link between

human resource strategic orientation and performance and the moderating effect of business strategy and structure on this relationship is missing. This study sought to close the gaps identified by introducing both business strategy and organizational structure as moderating variables in the models that links human resource strategic orientation and firm performance. From the research problem, this research among other things, will establish the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance. This study will seek to answer the following broad question: What is the effect of business strategy and organizational structure on the relationship between human resource strategic orientation and performance of large private manufacturing firms in Kenya?

1.3 Research Objectives

The overall objective of the study was to determine the effect of business strategy and organizational structure on the relationship between human resource strategic orientation and performance of manufacturing firms in Kenya. More specifically, the study was to address the following objectives:

i). To establish the relationship between human resource strategic orientation and performance;

ii). To determine the moderating effect of business strategy on the relationship between human resource strategic orientation and performance;

iii). To establish the moderating effect of organizational structure on the relationship between human resource strategic orientation and performance;

iv). To establish the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance, whether or not it is greater than the average of the sum of their individual effect.

1.4 Value of the Study

The management of manufacturing firms in Kenya may find this study informative and useful to them in their daily operations. This study may equip the managers of these manufacturing firms and other policy makers with the knowledge of strategy and its applicability in managing activities including human resources, organizational structure towards improved firm performance; policy makers both in government and organizations should be in a position to draw a line between competitive advantage gained through physical resources and that gained

through human resource activities. The managers of manufacturing firms should appreciate the fact that it is easy for a competitor to copy competitive advantage through physical resource (finances, physical assets) as opposed to that gained through proper management of people (best human resource practices). The study enables the government and institutions, both public and private, to develop and implement manufacturing policies that are tailor - made to enhance performance. This study paves the way for other researchers in this field towards identifying areas for further research.

Finally, this thesis extends previous research on human resource management perspectives-firm performance relationship by including moderating effect of business strategy and organizational structure. The study will also add to the increasing body of theoretical knowledge in the human resource and strategic management field, in particular, it will enrich human resource strategic perspectives from the resource-based view (RBV) of the firm, among others. This therefore, lays down the foundation for other similar replicative studies with extensions in developing countries. Recommendations for further research are presented at the end of this thesis.

1.5 Chapter Summary

In summary, this chapter has provided a detailed description regarding the "WHAT?" of the study. The chapter puts the study into perspective, starting with a detailed background and statement of the problem, and a description of the study objectives that guided the entire study and rationale as well. This study adds value to previous research to the existing body of knowledge in human resource management and at the same time making contributions some of which have policy implications.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature related to the key study variables as depicted in the conceptual framework (figure 1). The chapter looks into the linkages in addition to establishing the existing relationships amongst these variables. Empirical studies related to the study variables have been reviewed in the chapter in order to lay down ground work for research. The chapter attempts to justify the study in addition to reinforcing and underpinning the conceptual framework. In the final analysis, the chapter states the research hypotheses related to the study in addition to giving a brief summary of the entire activities that were previously captured. In this chapter, both conceptual and empirical studies are reviewed in the following manner: Conceptual aspects are reviewed; a critical review of empirical studies; an attempt is made to assess the research findings and their implications, and guided by the third point, the researcher has identified gaps in knowledge that have ultimately justified the study.

2.2 Theoretical Foundation

The field of strategic human resource management (SHRM) has been criticized for lacking a solid theoretical foundation (Conner & Prahalad, 1996). This criticism is not entirely accurate. The field is anchored on a number of theories including resource based view and theories of strategic orientation, namely universalistic, contingency and configurational.

2.2.1 Resource-Based View (RBV)

The resource-based approach is an emerging framework that has stimulated discussion among scholars of human resource management (Mahoney & Pandian, 1992; 367). First, the resource-based theory incorporates traditional strategy insights concerning a firm's distinctive competencies and heterogeneous capabilities. The resource-based approach also provides value-added theoretical propositions that are testable within the diversification strategy literature. Second, resource-based view fits comfortably within the organizational economics paradigm. Third, the resource-based view is complementary to industrial organization research. The resource-based view provides a framework for increasing dialogue between scholars from these important research areas within the conversation of strategic management

(Truss, 2005; Mahoney & Pandian, 1992; Dabu, 2007; Wernerfelt, 1995; Conner & Prahalad, 1996; Flynn, et al., 1984; Truss, 2005).

Conner and Prahalad (1996) argue that the Resource-Based View of the firm has been welcomed by researches as a sound basis upon which to develop theory in the field of human resource management. However, it is argued that the RBV is overly rationalistic, unitaristic and internally focused compared with what it is known about organizations from sociological and institutionalism perspective (Truss, 2005; Mahoney & Pandian, 1992). Truss, (2005) argues that the more recent complex adaptive systems perspective constitutes a more promising basis upon which to advance knowledge in this area. Scholars in the area of strategic human resource management (SHRM) have increasingly drawn on the resource based view of the firm as a means of theorizing the relationship between human resource strategic orientation and firm performance (Dabu, 2007; Wernerfelt, 1995; Conner & Prahalad, 1996; Flynn, et al., 1984): This theory provides a framework for viewing human resources as a pool of skills that can provide a resource to serve as a sustained competitive advantage (Truss, 2005; Mahoney & Pandian, 1992; Dabu, 2007; Wernerfelt, 1995; Conner & Prahalad, 1996). The resource based view of the firm is an economic tool used to determine the strategic resources available to a firm and that the fundamental principle of the theory is that the basis for competitive advantage of a firm lies primarily in the application of bundle of valuable resources at the firm's disposal (Wernerfelt, 1984; Orlando, 2000; Coff, 1997). Barney, (1991) suggest that to transform a short run competitive advantage into a sustained competitive advantage requires that these resources be heterogeneous in nature and not perfectly mobile. This in effect results into valuable resources that are neither perfectly imitable nor sustainable without great effort (Barney, 1991; Orlando, 2000; Coff, 1997). Barney (1991) pointed out that if these conditions hold, the firm's bundle of resources can assist the firm sustain above average returns. The researcher went on to state that empirical studies using the theory have strongly supported his view.

Today, the resource based theory of a firm has been welcomed by researchers as a sound basis upon which to develop theory in the field of human resource management (Truss, 2007; Butler et al, 2001), particularly as a means of theorizing the interrelationship between human resource strategic orientation and firm performance (Truss, 2005; Wernerfelt, 2004). Further, Kamoche

(1996); Orlando (2000) and Coff (1997) among others, confirm that the resource based view of the firm has provided theoretical foundation for the human resource strategic orientation literature previously lacking. On the other hand, Schoemaker & Amit (1993) and Wernerfelt (2004) noted that that the resource based theory emanates from economics and was then applied to the field of strategy before being extended to human resource management and that these were also echoed by Kamoche (1996); Orlando (2000) and Coff (1997). Truss (2005) and Wernerfelt (2004) among others argue that the resource based theory was built on the dual assumptions of firm heterogeneity and firm immobility which was extended to explain the assumption that firms consist of a bundle of unique resources that must meet the criteria of value, rarity, inimitability and non-substitutability, for them to constitute a source of sustained competitive advantage.

Dabu, (2008) pointed out that most of the writers in the field of resource-based view of the firm have stated that, for a firm to gain competitive advantage over competitors it should possess bundles of unique resources with the characteristics of value, rarity, inimitability and non-substitutability (VRIN). However, Dabu (2008) was quick to note that, the validity of the VRIN criteria has been questioned. For instance, Priem and Butler, (2000) pointed out that the source of resources' value is unclear in Barney's (1991) article and is seen as disconnected from the market process. Also, given equifinality, Wright and McMahan, (1992) questioned the relevance of the inimitability and non-substitutability criteria. Dabu, (2008) said that these critiques seem particularly suitable within strategic human resource management. Even more, using the VRIN criteria as a post factum explanation of strategic competitive advantages is quite different from using them as instrumental, actionable standards to determine the potential of particular resources to generate such advantages (Dabu, 2008; Khatri, 2000; Truss, 2007).

Cox (1994) argues that proponents of diversity have maintained that different opinions provided by culturally diverse groups make for better-quality decisions. Cox (1994) went on to state that minority views stimulate consideration of nonobvious alternatives in work settings and appear useful for making valuable judgments in novel situations. In his study, Orlando (2000) argues that heterogeneity in decision-making and problem-solving styles produces better decisions through the operation of a wider range of perspectives and a more thorough critical analysis of issues. Dabu (2008) argues that a few laboratory studies have provided

support for the idea that racial diversity benefits decision making and that this is usually termed the "value-in-diversity hypothesis," or the "information - decision-making notion". Barney (1991); Lado et al., (1992) noted that strategic human resource management is a means of gaining competitive advantage through one of a company's most important assets: its people. Resources confer enduring competitive advantages on a firm to the extent that they remain scarce or hard to duplicate, have no direct substitutes, and enable companies to pursue opportunities (Orlando, 2000; Barney, 1991; Lado, Boyd, & Wright, 1992; Beardwell & Claydon, 2007; Barclay, 1982).

As other sources of competitive advantage, such as technological and physical resources, have become easier to emulate, the crucial differentiating factor between firms can be how human resource strategic orientation works within an organization (Pfeffer, 1994; Orlando, 2000). Pfeffer (1994) noted that the concept of human capital is that people have skills, experience, and knowledge that provide economic value to firms. Barney and Wright (1998) and Orlando, (2000) pointed out that in order for human capital to contribute to sustainable competitive advantage, it must create value, remain hard to imitate, and appear rare. Cultural diversity in human capital serves as a source of sustained competitive advantage because it creates value that is both difficult to imitate and rare (Barclay, 1982; Morrison, 1992; Beardwell & Claydon, 2007; Lopez, & Ordas, 2004).

Barney, (1995) and Wright and McMaham, (1992) argues that a resource should add value to the firm by enabling it to exploit opportunities or neutralize threats in the environment. Barney (1995); Truss (2005) and Dabu, (2008) among others have pointed out that source of value change over time. However, the researchers were quick to point out that for these sources to be competitive, they should be unique or rare among current and potential competitors, but if they are common among large numbers of firms then they become a source of competitive parity (Truss, 2008 and Khatri, 2000). Orlando (2000); Barney and Wright (1998) argue that a strategic asset must be rare in order to offer sustained competitive advantage. Further, the researchers have claimed that for inimitability, if a resource itself, or its benefits, can be imitated across firms, then it can only be a source of competitive parity, not competitive advantage (Barney and Wright, 1998). Lado and Wilson, (1994) pointed out that inimitability arises through several factors, or isolation mechanisms, while the non-substitutable aspect of a

resource should make it unique from others. Truss (2005); Barney and Wright (1990); Dabu (2007); Schoemaker and Amit (1993) concur that the four criteria of value, rarity, inimitability and non-substitutability must be met for a resource to be considered a source of sustained competitive advantage.

The resource-based view of the firm therefore, overcomes the bias in the mainstream strategic management literature by stressing the importance of firm specific resources that can provide competitive advantage to an organization on a sustainable basis. Resources are anything that could be thought of as strength or weakness of a given firm, which are both tangible assets' (Wernerfelt, 1984; Khatri, 2000; Orlando, 2000; Kamoche, 1996; Schoemaker and Amit; Huselid, 1995) or human resource, organizational structure and strategy' (Barney, 1991; Khatri, 2000; Wagner III & Gooding, 1987; Zenger, 1992). In contrast to the traditional external perspective of developing strategy to match the environment (Porter, 1980, 1985; Khatri, 2000), the resource-based view is centred on the internal resources of the firm. The assumption is that the origin of competitive advantage lies in possessing, acquiring and utilizing internal resources in getting the firm ahead of its competitors (Khatri, 2000; Truss, 2005; Mahoney & Pandian, 1992; Dabu, 2007; Wernerfelt, 1995; Conner & Prahalad, 1996).

Khatri, (2000); Wright & McMahan, (1992) argue that while the classical strategic management paradigm has an industry-environment focus, the resource-based view is firm-focused, with emphasis on links among business strategy, organizational structure (internal resources) of the firm and performance. The resource-based view provided the necessary impetus to research in the strategic human resource management field (Khatri, 2000; Lado & Wilson (1994). Scholars in this area of strategic human resource management argue that the human resource must satisfies the four conditions necessary to achieve sustainable competitive advantage that is; human resource is valuable, rare, imperfectly imitable and has no substitutes. Further, researchers have confirmed that competitors can easily duplicate competitive advantage obtained via better technology and products, but it is hard for competitors to duplicate competitive advantage gained through better management of people (Barney, 1995; Wright and McMahan, 1992; Wright et al., 1994; Priem and Butler, 2001; Lado and Wilson, 1994; Truss, 2005; Khatri, 2000).

2.2.2 Strategic Human Resource Management Theory

In contrast to the dearth of empirical work on the strategy-human resource (HR) practices relationship, organizational performance has been the subject of significant empirical examination (Khatri, 2000; Arthur, 1994; Huselid, 1995; Huselid and Becker, 1996; Gerhart and Milkovich, 1990; Pffefer, 1994). Previous research has used one of the following three ways to examine the effectiveness of human resource practices on firm performance: universalistic, contingency or configuration (Delery and Doty, 1996; Khatri, 2000; Story, 1992; Orlando, 2000; Wan-Jing and Chun Huang, 2005). This study has attempted to use the two major modes of theorizing in the HR perspectives including: the universalistic and contingency perspectives, however, the study had excluded the configurational perspective for further research in the field (Delery and Doty, 1996; Truss, 2008; Thompson and Strickland, 1990).

Contingency theorists argue that in order to be effective, an organization's HR practices must be consistent with other aspects of the organization (Khatri, 2000; Delery and Doty, 1996; Wan-Jing and Chun Huang, 2005). A common contingency factor identified in this line of research is business strategy and organizational structure. Khatri (2000) and Thompson and Strickland (1990)among others pointed out that the configuration theories are concerned with how the pattern of multiple independent variables is related to a dependent variable rather than with how individual independent variables are related to the dependent variable. According to the configurational perspective, in order to be effective, an organization must develop a human resource system that achieves both horizontal and vertical fit. Horizontal fit refers to the internal consistency of the organization's HR practices, and vertical fit refers to the congruence of the HR system with other organizational characteristics, such as firm strategy and structure (Khatri, 2000; Delery and Doty, 1996; Wan-Jing and Chun Huang, 2005; Wright and McMahan, 1992).

Khatri (2000) and Taylor (1996) among others noted that the natural research progression is to examine the impact of many HR practices simultaneously so that their independent effect can be better understood. This study has looked at the entire HR practices-the so called: Best human resource practices by Pffefer (1994). To date, strategic human resource management (SHRM) has predominately been an applied field to the extent that the field's dominant focus

is to demonstrate the importance of effectively managing human resource element of organizations (Delery and Doty, 1996; Lado and Wright, 1992; Tsui, et al., 1997). Thus, a growing number of research articles are appearing in the publications aimed at the practitioner community (Taylor, 1996). Although this applied focus has helped to highlight the contributions of human resource management strategy to organizations, it has not fostered sound theoretical development (Delery and Doty, 1996; Wernerfelt, 1984; Lado and Wright, 1992; Tsui, et al., 1997). What has emerged is a growing literature discussing the benefits of SHRM without sufficient articulation of the specific theoretical underpinning of the field.

Researchers in the universalistic perspective are micro-analytical in nature and point out that some human resource practices are always better than others and that all organizations should adopt these practices (Tsui, et al., 1997; Wright and Snell, 1991). Universalistic arguments are the simplest form of theoretical statements in the SHRM literature because they imply that the relationship between a given independent variable and a dependent variable is universal across the population of organizations (Pfeffer and Cohen, 1984). Developing universalistic predictions requires two steps. (i) important strategic HR practices must be identified and (ii) arguments that relate the individual practices to organizational performance must be presented. Strategic HR practices are those that are theoretically or empirically related to overall organization performance. Although not all HR practices are strategic, there is growing consensus about which practices can be considered strategic (Lado and Wilson, 1994). Drawing on the theoretical works of Delery and Doty (1996); Huselid (1995); Priem and Butler (2001); Orlando (2000); Wernerfelt (1984); Wright and Snell (1998) among others, I identified several practices including the sixteen HR practices by Pfeffer (1994), that are consistently considered strategic HR practices. However, in this study, these practices have been compressed to provide four key High Performance Work Practices (HPWP), including: comprehensive man-power planning, employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training.

Delery and Doty (1996) argued that the contingency arguments are more complex than universalistic arguments because contingency arguments imply interactions rather than the simple linear relationships incorporated in universalistic theories. In other words, contingency

theories posit that the relationship between the relevant independent variable and dependent variable will be different for different levels of the critical contingency factor in the SHRM literature (Dabu, 2008). Thus a contingency perspective requires a researcher to select a theory of firm strategy and then specify how the individual HR practices will interact with firm strategy to result in organizational performance (Delery and Doty, 1996; Wernerfelt, 1984, 1995; Barney and Wright, 1998). In contrast to universalistic thinking, contingency scholars argued that HR perspectives would be more effective only when appropriately integrated with a specific organizational and environmental context (Wright and McMahan, 1992; Wright and Snell, 1991).

2.3 Firm Performance

Measurement of success of large manufacturing firms is based on both quantitative and qualitative performance indicators (Flynn, et al., 1984; Smith, et al., 1991). The manufacturing firm efficiency and effectiveness are two major concerns for strategic human resource management scholars in this field today. These have been discussed in the sub-sections below.

2.3.1 Quantitative Performance Indicators

A number of authors have explored the link between individual HRM practices and corporate financial performance. For example, Casio (1991), Flamholtz (1985) and Huselid (1995) argued that the financial returns associated with investments in progressive HRM practices are generally substantial. Armitage (1987) presents a management accounting technique for measuring and improving efficiency and effectiveness in distribution operations. Rhea and Shrock (1987a, 1987b) defined physical distribution effectiveness and presented a framework for the development of supply chain management (SCM) performance measures for distribution customer service programs. They made an important distinction between effectiveness determinants (that is customer satisfaction) and effectiveness dimensions, such as timeliness and accuracy (Awino, 2008). Harrington, et al (1991) provided a formal vendor performance measurements model that used defined criteria and weighted scores to assess the performance of suppliers and the model was tested and successfully implemented (Awino, 2008). Chow, Heaver and Henriksson (1994) provide a summary of SCM performance measures literature published in five leading SCM journals between 1982 and 1992 focusing on accounting techniques. Generally, the literature found that firms tend to focus on their own

internal performance, and are especially concerned with efficiency measures (Awino, 2008; Flamholtz, 1985).

Rao and Pandya (1998); Kochhair (1997) Armitage (1987) and Casio (1991) argue that management researchers prefer accounting variables as performance measures such as return on equity (ROE), return on investment (ROI), and return on assets (ROA), along with their variability as measures of risk. Armitage (1987); Awino (2007) among others noted that earlier studies typically measure accounting rates of returns which include: return on investment (ROI), return on capital (ROC), return on assets (ROA) and return on sales (ROS). The idea behind these measures is perhaps to evaluate managerial performance-how well is a firm's management using the assets (as measured dollars) to generate accounting returns per dollar of investment, assets or sales. The problem with these quantitative measures of performance is well known. Accounting returns include depreciation and investment and inventory costs and affect the accurate reporting of earnings. Asset values are also recorded historically and since accounting conventions make these variables unreliable, financial economists prefer market returns or discounted cash flows as measures of performance (Adamu et al., 2011).

For the sake of generalization, the researcher used all the measures of firm performance along with the market return to measure performance (Rao and Pandya, 1998; Kochhair, 1997). Return on equity (ROE) is frequently used variable in judging top management performance, and for making executive compensation decisions (Adamu et al., 2011). The researcher will use ROE as a measure to judge performance and calculate the average return on equity (AROE) across all sampled firms and time periods, its standard deviation and also the coefficient of variation for all the firms in the sample. Rao and Pandya (1998) have defined ROE as the net income (income available to common stockholders) divided by stockholders equity while on the other hand; they found out that the coefficient of variation (CV) gives us the risk per unit of average return. According to the two researchers, ROA is the most frequently used performance measure in previous studies. However, they also defined it as the net income (income available to common stockholders), divided by the book value of total assets (Kieso and Weygnandt, 1989; Smith et al, 1991). This study used the profitability ratios

to determine firm performance, because these ratios have been used by previous researchers to measure performance of organizations.

2.3.2 Qualitative Performance Indicators

Wegner, III (1994) argued that human resource systems may facilitate the development and utilization of output-based organizational competencies through eliciting employee involvement and commitment to the firm, fostering idiosyncratic exchanges between the firm's internal and external stakeholders, and building a positive organizational reputation (Lado and Wilson, 1994; Huselid, 1999; Schuler and Jackson, 1987). Lado and Wilson (1994) and Katz and Gobeille (1983) identified the salient characteristics of a commitment-based HR systems that distinguishes it from the control-based HR system associated with bureaucratic firms.

All organizations are concerned with what should be done to achieve sustained high levels of performance through people (Katz and Gabeille, 1983; Wegner, III 1994). This means giving close attention to how individuals can best be motivated through such means as incentives, rewards, leadership and importantly the work they do and the organization context within which they carry out that work (Graham and Bennett, 1998; Armstrong, 2006; Cottonand Tuttle, 1986). The aim is to develop motivation processes and a work environment that will help to ensure that individuals deliver results in accordance with the expectations of management. Purcell et al., (2003) among others argue that motivation theory examines the process of motivation in addition to explaining why people at work behave in the way they do in terms of their efforts and the directions they are taking. Purcell et al., (2003) went on to point that the theory of motivation describes what organizations can do to encourage people to apply their efforts and abilities in ways that will further the achievement of the organization's goals as well as satisfying their own needs. It is also concerned with job satisfaction-the factors that create it and impact on performance (Lock, 1976; Cottonand Tuttle, 1986; Cox, 1994).

The term job satisfaction refers to the attitudes and feelings people have about their work (Armstrong, 2006; Brayfield and Crockett, 1955; Wagner, III 1994). Positive and favourable attitudes towards the job indicate job satisfaction while Negative and unfavourable attitudes towards the job indicate job dissatisfaction (Wegner, III 1994). Morale is often defined as:

"the extent to which an individual's needs are satisfied and the extent to which the individual perceives that satisfaction as stemming from his total work situation". Armstrong (2006); Wagner III (1994) and Miner (2005) suggests that morale "is a feeling of being accepted by and belonging to a group of employees through adherence to common goals". Graham and Bennett, (1998); Guion (1958) and Taylor et al., (1995) among others distinguishes between morale as a group variable, related to the degree to which group members feel attracted to their group and desire to remain a member of it, and job attitude as an individual variable related to the feelings employees have about their job (Lewis, J. et al., 2004). According to some writers, job satisfaction is seen as a product of dynamic interaction of variables which are complex in nature (Brayfield and Crockett, 1955; Homans, 1961; Locke, 1976; Locke and Schweiger, 1979).

Wagner III (1994); Locke (1976) and Locke and Schweiger, (1979) argue that job satisfaction is an outgrowth of achievement recognition (verbal), the work itself (challenging), responsibility and achievement. The level of job satisfaction is affected by intrinsic and extrinsic motivating factors, the quality of supervision, social relationships with work group and the degree to which individuals succeed or fail in their work. Purcell et al (2003) and Armstrong (2006) believe that their discretionary behaviour which helps the firm to be successful is most likely to happen when employees are well motivated and feel committed to the organization and when the job gives them high levels of satisfactions. Research has found out that the key factors affecting job satisfaction are career opportunities, job influence, teamwork and job challenge. Armstrong (2006) and Katz (1985) noted that it is a commonly held and seemingly not unreasonable belief that an increase in job satisfaction will result in improved performance. But research has not established any strongly positive connection between satisfaction and firm performance (Purcell et al, 2003; Sheridan, 1992).

A widely used definition of job satisfaction is that presented by Lock (1976), which is conceptualized as an employee's affective response to different facets of the job or organization, implying a personal evaluation of one's job. Another way of expressing this is to say that employees experience job satisfaction if they perceive that their abilities, competence, and values are put to use in the organization and if they receive both rewards and further opportunities from the organization, based on their perceived abilities and performance

(Purcell et al, 2003; Sheridan, 1992). Bernal et al (2005) and Kotler (2000) noted that organizations cannot reach competitive levels of quality either at product level or customer service level if their personnel do not feel satisfied or do not identify with the company. Satisfaction is the final state of a psychological process. Job satisfaction is the degree to which a person feels satisfied by their job which has an impact on personal well-being and on the life satisfaction of the employee (Lock (1976; Pfeffer and Cohen, 1984). It is a multi-dimensional concept that includes favourable and unfavourable feelings by which employees perceive their job. If employees perceive injustice or psychological contract violation then their job satisfaction is affected and hence affecting their performance.

Various studies (Lin and Chang, 2005; Elizur and Kaslowsky, 2001; Singh and Vinnicombe, 2000) describe organizational commitment as a pattern of behaviours, a set of behavioural intentions, a motivating force or an attitude which influences many behavioural and organizational outcomes. Committed employees are deemed as those who share the common values and beliefs espoused by the organization and have a willingness to not only remain with their employer but a strong desire to exert effort for the organization. Committed employees believe that their organizations have satisfied their expectations. They found that commitment is a predictor of various outcomes such as turnover, intention to leave and absenteeism. Commitment is a manifestation of the individual's existence as a person. A description of the commitment concept is characterized by; a strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization and a definite desire to maintain organizational membership (Brayfield and Crockett, 1955).

Committed workers contributed more to the organization than less committed workers. Organizational commitment is a consequence of personal variables, role states and work environment variables (Changand Lee, 2007; Truss 2008). Therefore, employees experiencing perceived injustice or psychological contract violation may be less committed. Organizational commitment and job satisfaction have been found to be significantly related to one another with the basic proposition that job satisfaction is an antecedent of organizational commitment since commitment takes longer to form and only after one is satisfied with their job. Morse (1953) and Homans (1961) said that Job satisfaction has been shown to be related to job

performance, workplace turnover and life satisfaction. Perhaps the most controversial work in job satisfaction regards its relationship to job performance. Some research has found a strong relationship between job satisfaction and performance while others have found a weak relationship (Changand Lee, 2007). The disparate conclusions have been attributed to the measurement of job performance and satisfaction, as well as the employee studied - managerial versus non-managerial (Armstrong, 2006; Fogarty, 1994; Robbins, 1996; Truss, 2008).

Murphy et al (2002) found a strong correlation between internalization and pro-social organizational behaviors involving the expenditure of personal (i.e. extra-role) time and effort. They defined organizational citizenship behavior as discretionary organizational behavior not explicitly recognized by the formal reward system, and behavior that is pro-social that is, it promotes the effective functioning of the organization. Mondy et al (1990) argues that organizational citizenship behavior is generally considered to consist of five dimensions: altruism, courtesy, sportsmanship, conscientiousness, and civic virtue. Altruism and courtesy are helping behaviors directed toward a specific person, and sportsmanship is complaining behavior (or the lack thereof) directed toward supervisors (Locke and Schweiger, 1979; Mondy et al., 1990; Murphy et al., 2002). However, conscientiousness involves behaviours that go above and beyond the requirements of both formal and informal rules, and civic virtue implies a sense of involvement in what policies are adopted. Consequently, this study focuses on how attribution, perceptions of psychological contract violation and injustice affect these behaviours among employees.

2.4 Human Resource Strategic Orientation and Firm Performance

Recent theoretical works on business strategy have indicated that firm competitive advantage could be generated from firm human resources (HR). According to the resource–based view (Wan-Jing and Chun Huang, 2005; Barney, 1986; Wernerfelt, 1984; Coff, 1997; LadoandWilson, 1994; MacDuffie, 1995; Amit, and Schoemaker, 1993), the firm could develop sustained competitive advantage through creating value in a manner that is rare and difficult for competitors to imitate. Wan-Jing and Chun Huang (2005) and Hodson (1991) among others, argued that traditional sources of competitive advantage, such as natural resources, technology and economies of scale have become increasingly easy to imitate. The concept of HR as a strategic asset has implications for this issue. Wan-Jing and Chun Huang

(2005); Amit and Schoemaker (1993) and Truss (2008) among others noted that HR is an invisible asset that creates value when it is embedded in the operational system in a manner that enhances firm's ability to deal with a turbulent environment.

Schroeder et al (2002) examined manufacturing strategy from the perspective of the resource-based view (RBV) of the firm. The researchers explored the role of resources and capabilities in manufacturing plants that cannot be easily duplicated, and for which ready substitutes are not available. Such resources and capabilities are formed by employees' internal learning based on cross-training and suggestion systems, external learning from customers and suppliers, and proprietary processes and equipment developed by the firm.
Based on data from one hundred and sixty four (164) manufacturing plants, the researchers empirically demonstrated that competitive advantage in manufacturing (as measured by superior plant performance) results from proprietary processes and equipment which in turn, is driven by external and internal learning. The implication is that resources such as standard equipment and employees with generic skills obtainable in factor markets are not as effective in achieving high levels of plant performance, since they are freely available to competitors. The researchers also demonstrated the important role of internal and external learning in developing resources that are imperfectly imitable and difficult to duplicate.

Aosa (1992) in his empirical investigation of aspects of strategy formulation and implementation within large private manufacturing companies in Kenya studied 84 companies, representing fifteen (15) percent response rate. The objectives of the study included the investigation and the usage of strategy to develop competitive edge, and the link between strategy development and implementation. The former objective used three dimensions of competitor, industry and market analysis. The later objective had variables of interest including strategy-budget sequence, high success and use of financial and strategic criteria for investment. The study adopted survey method of personal interviews guided by a structured questionnaire. It used descriptive statistics, correlation and Chi-Square tests for data analysis. The study observed the use of low cost and differentiation strategies in some of the companies studied. The study hypothesized and adduced evidence in support of, among others, the following within ninety (90) percent confidence level. These hypotheses were as follows: - (i) as levels of competition increased, companies tended to adopt more market driven approaches

to strategy development; (ii) companies that linked their strategic planning cycles to the budgetary cycle were more successful in strategy implementation than those companies in which such link did not exist and (iii) companies that used both short term and long term criteria to evaluate investments were more successful in implementing strategy than those companies in which such involvement was minimal or nonexistent. However, the researcher noted that the measure of success level was non-financial based and cautioned that the results of his study should be treated as suggestive.

The current study focused on the moderating effect of business strategy and organizational structure on the relationship between human resource strategy and performance. While Aosa (1992) studied eighty four large private manufacturing firms within Kenya, this study has looked at one hundred and eight (108) manufacturing firms that are also members of the Kenya Association of Manufacturers (KAM). The objective of the study by Aosa (1992) was to investigate the usage of strategy for competitive edge, and also the link between strategy development and implementation. On the other hand, the objective of this study was to determine the effect of business strategy and organizational structure on the relationship between human resource strategy and performance of manufacturing firms in Kenya. Despite the differences, this study has used the same research design and statistical techniques as used by Aosa (1992; 1996) among others. The point of departure in this study from the rest of the studies is the fact that the study has looked at the universalistic and contingency perspectives of human resource strategy, business strategy and organizational structure on performance, in addition to hypothesizing and adducing evidence in support of the study variables within the ninety five (95%) percent confidence level in order to enhance precision.

Awino (2010) in his empirical study on the effect of selected strategy variables on corporate performance in the supply chain management of large private manufacturing firms in Kenya, the researcher studied fifty two (52) firms comprising a response level of seventy eight (78) percent. Among the objectives of interest in his study included determining the independent and joint effects of core competencies, strategy, strategy implementation and core capabilities on corporate performance. Another objective was to determine the independent and joint effects of leadership, resources, corporate structure, corporate policy and management of change on corporate performance. The indicators for performance were revenue, return on

assets (ROA) and their respective growth rates, though these appear not to have been used in the analyses.

The study adopted survey method of data collection using a structured questionnaire. It used descriptive statistics, correlation, factor analysis and linear regression analysis for data analysis. The study observed that all the cited variables had independent effect on corporate performance albeit of low explanatory power. In addition, it determined that the joint effect of the variables sets on corporate performance was greater than the sum total of the independent effect of the same variables on corporate performance. However, this conclusion can be critiqued as the p-values for structure ($p = .773$), leadership ($p = .773$), and policy ($p = .111$), were not significant and therefore these elements should have been dropped from the regression. Based on this, it can be observed that the conclusion on these variables appear to be questionable. The researcher noted that the performance measures used in the analysis may have largely been qualitative in nature comprising competence, capability, strategy and strategy implementation and recommended use of quantitative data for future research. It can be critiqued that these variables in themselves do not constitute performance (outcomes) but are enablers for the achievement of performance (Waweru, 2008).

The study by Awino (2010) was based on the large private manufacturing companies in Kenya. The current study is on large, medium and small public and private manufacturing firms in Kenya that are members of Kenya Association of Manufacturers (KAM), hence a contrast with the previous study by Awino (2010). Awino (2010) studied fifty two large manufacturing firms and his objectives were as follows: (i) to determine the independent and joint effect of core competencies, strategy, strategy implementation and core capabilities on corporate performance and (ii) was to determine the independent and joint effect of leadership, resources, corporate structure, corporate policy and management of change on corporate performance. The objective of the current study was to determine the effect of business strategy and organizational structure on the relationship between human resource strategy and firm performance in Kenya's manufacturing sector. This study used the same research design as adopted by Awino (2010). However, there is a slight difference in that, the study attempted to use a survey of one hundred and eight firms. The measure of performance is the same because indicators such as return on investment (ROI); return on assets (ROA); return on equity (ROE);

return on sales (ROS) among others were used. The administration of the questionnaire and interview process was also the same; however, the variables to be tested were not the same, hence a significant departure from the study by Awino (2010) among others in this area of study.

Schroeder et al. (2002) examined the manufacturing strategy of the Taiwanese firms from the perspective of the resource-based view of the firm; Aosa (1992) in his study investigated the aspects of strategy formulation and implementation within large private manufacturing companies in Kenya, while Awino (2010) studied the effect of selected strategy variables on corporate performance in the supply chain management of large private manufacturing firms in Kenya. Despite the fact that these studies among others; were mostly based on the large private manufacturing firms in their (researcher's) own country, none of them attempted to underpin the organization's business (manufacturing) strategy from Miles and Snow (1978) typology together with the moderating effect of organizational structure (Burns and Stalker, 1961) and human resource strategy (Huselid, et al 1996) by looking at all sizes of manufacturing firms (large, medium and small) view, hence exposing a gap in knowledge that needs to be addressed. The view that has been presented in this study is that of the configurational aspect amongst the key study variables (figure 1), where the relationship between business strategy and firm performance is being moderated by the organizational structure and human resource strategy in place.

2.5 Business Strategy

Katcher (2003); Truss (2008) and McDaniel and Kolari (1987) among others argue that strategy typologies have been widely employed to describe various business strategies within a given industry. However, few studies have applied this useful tool to Kenya's manufacturing industry (Nyamwange, 2001; Awino, 2007). In this study, the researcher has examined business strategies of large private manufacturing firms in Kenya based on the strategy typology developed by Miles and Snow (1978) namely; defender, prospector and analyzer. Miles and Snow (1978) argue that although organizational adaptation is complex and dynamic process, it can broadly be conceptualized as a cycle of adjustment potentially requiring the simultaneous solution of three major problems: entrepreneurial (domain definition), engineering (technological), and administrative (structure-process and innovation). Miles and

Snow (1978) noted that the important features of the adaptive cycle are the following: (i) the adaptive cycle is a general physiology of organizational behavior; (ii) the three adaptive problems-entrepreneurial, engineering, and administrative-are intricately interwoven and (iii) adaptation frequently occurs by moving sequentially through the entrepreneurial, engineering, and administrative phases, but the cycle can be triggered at any one of these points and adaptive decisions made today tend to harden and become aspects of tomorrow's structure.

Defenders are business organizations that operate in a narrow domain and protect it aggressively. They achieve this with high degree of efficiency (Khatri, 2000; Doty and Delery, 1996; Hambrick, 1983; Namiki, 1989; Zahra and Pearce, 1990). A defender strategy calls for centralized decision making with an emphasis on formalization and standardization of jobs and tasks. McDaniel and Kolari (1987); Miles and Snow (1978) and Hambrick (1983), argue that defenders are found in mature industries. They argue that the basic strategy of defenders is to enhance human resources. This means that a defender company typically engage in minimal recruiting above entry level, but has extensive training and development programmes. Moreover, the tasks are standardized, narrow and routine to achieve efficiency (Katcher, 2003); Ketcher, 1996; 2009; Hambrick, 1983). As a result, participation of employees in decision making is not encouraged. Defenders operate in a stable industry and protect the niche they occupy. Consequently, they do not need any elaborate HR planning exercises. Compensation is position or seniority-based and performance appraisal is process-oriented (Miles and Snow, 1984; Arthur, 1992).

Hambrick (1983) argue that Defenders typically perceive a great deal of stability in their organizational environment. To the casual observer, such perceptions may appear to be unwarranted, since some industries are regularly described in both academic and popular publications as currently experiencing rapid and widespread change. At the industry level, Defenders deliberately create stability through a series of decisions and actions which lessen the organization's vulnerability to environmental change and uncertainty. Pleshko et al., (1995) argues that the most notable feature of the defender's product-market domain is its narrowness and stability. Pleshko et al., (1995) noted that Defenders typically direct their products or services only to limited segment of the total potential market, and the segment chosen is frequently one of the healthiest of the entire market. Within its target market, the

defender often tries to offer clients or customers the full range of products or services they desire. By building a satisfied clientele, the defender is able to stabilize relations with its portion of the market so that a continuous flow of output will be absorbed by this customer or client group (Croteau, et al., 1999; Pleshko, et al., 1995). A defender's success in the industry hinges on its ability to maintain aggressively its prominence within the chosen market segment. This aggressiveness is most evident in the defender's continuous and intensive efforts to become more efficient technologically. With stable products and markets, management can direct its attention toward reducing manufacturing and distribution costs while simultaneously maintaining or improving product quality. The result is seen in the defender's ability always to be competitive either on price or quality basis (Tan, et al., 1998; Miles and Snow, 1978).

Arthur (1992); Hambrick (1983) and Ketcher (2003) argue that perhaps as a result of the aggressive stance which the defender takes toward its limited domain; management has a tendency to ignore developments outside of this domain. Managers in defenders usually restrict their perceptions to narrow range of external stimuli which are expected to influence the organization (mostly related to technological developments), and they allocate only a small amount of administrative time and personnel to monitoring other organizations, events and trends. In addition, environmental scanning is performed only by a few top executives or their staffs. Ketcher (2003) noted that Defender's key executives tend to view the environment outside the organization's domain in similar fashion, as a collection of relatively few important factors whose behavior can be predicted with considerable certainty and whose actions probably will not have a large impact on internal operations. Further, Ketcher (2003) argues that Defenders typically grow by penetrating deeper into their current markets. This type of growth is facilitated by a narrow and stable domain which allows the organization to become thoroughly familiar with client or customer needs. Product development in defender is usually a simple extension of the current product line or expansion into closely related areas and even within the defender's established domain, growth normally occurs cautiously and incrementally (Pleshko, 2006; Ketcher, 2003). Expansion of production capacity is more often generated internally than achieved through acquisition. Defenders are sometimes unable to keep pace with a rapid expansion of their own market segment.

Miles and Snow (1984; 1978) found that the entrepreneurial problem is based on how to "seal off" a portion of the total market to create a stable set of products and customers. The solutions to this problem include the following: (i) narrow and stable domain; (ii) aggressive maintenance of domain (e.g. competitive pricing and excellent customer service); (iii) tendency to ignore developments outside of domain; (iv) cautiousness and (v) incremental growth primarily through market penetration and some product development, but closely related to current goods or services. Arthur (1992) and Hambrick (1983) among others, pointed out that in terms of cost and benefits, it is difficult for competitors to dislodge the defender organization from its small niche in the industry, but a major shift in the market.

The engineering problem is that of how to produce and distribute goods or services as efficiently as possible. The solutions to this problem include: (i) cost-efficiency technology; (ii) single core technology; (iii) tendency toward vertical integration; (iv) continuous improvements in technology to maintain efficiency. Technological efficiency is central to organizational performance, but heavy investment in this area requires technological problems to remain familiar and predictable for lengthy periods of time. The administrative problem is how to maintain strict control of organization in order to ensure efficiency. The solutions to this problem include but not limited to the following: (i) financial and production experts' are the most powerful members of the dominant coalition and also, there is limited environmental scanning; (ii) tenure of dominant coalition is lengthy; promotions from within; (iii) planning is intensive, cost oriented, and completed before action is taken; (iv) tendency toward functional structure with extensive division of labour and high degree of formalization system; (v) centralized control and long –looped vertical information system; (vi) simple coordination mechanisms and conflicts resolved through hierarchical channels and (vii) organizational performance measured against previous years; reward system favour production and finance. Miles and Snow (1978) noted that administrative system is ideally suited to maintain stability and efficiency but is not well suited to locating and responding to new product or market opportunities.

Prospector is virtually the opposite of defender strategy. Prospectors are firms that continually search for new products/markets and create new goods and services. A prospector's domain is thus broad and unstable. It is a continuous state of development because with additions of new

products or markets come retrenchments in some of the existing products or markets (Hiltrop, 1996; Zahra and Pearce, 1990; Tan et al., 2008). A good degree of flexibility needs to be incorporated into the technological system to ensure a good fit with the changing domain. The technological system is not contingent only upon the organization's current product mix but also the future mix (Woodward, 1984). The solution appears to be the creation of multiple technologies with a low degree of standardization, routinization and mechanization (McDaniel and Kolari, 1987; Khatri, 2000). Thus prospectors need a decentralized market-based design with low specialization and a lot of participation from the employees. A prospector strategy requires much support from the HR department for its needs to be proactive and also to be involved in all major strategic decisions.

Khatri (2000) noted that prospectors typically seek to buy in talent-a strategy that should involve sophisticated recruitment/selection, including extensive psychological testing at all levels of the organization but limited training. Prospector's prime capability is that of finding and exploiting new product and market opportunities. For a prospector, maintaining a reputation as an innovator in product and market development may be as important, perhaps even more important, than high profitability (Miles and Snow, 1984; 1978; McDaniel and Kolari, 2009). In fact, because of the inevitable failure rate associated with sustained product and market development activity, prospectors may find it difficult to attain consistently the profitability levels of the more efficient defenders. The prospector's domain is usually broad and in a continuous state of development, as opposed to the defender, whose products-market domain is narrow and stable. Gimenez (2008) noted that the systematic addition of new products or markets, frequently combined with retrenchment in other parts of the domain, gives the prospector's products and markets an aura of fluidity uncharacteristic of the defender. In order to locate new areas of opportunity, the prospector must develop and maintain the capacity to monitor a wide range of environmental conditions, trends, and events. The Prospector therefore invests heavily in individuals and groups who scan the environment for potential opportunities. Because their scanning activities are not limited to the organization's current domain, prospectors are frequently the creators of change in their industries (Gimenez, 2008; McDaniel and Kolari, 2009).

Doty and Delery, (1996); Hambrick, (1983); and Miles and Snow, (1978) found out that the growth pattern of the prospector has two distinguishing characteristics as follows: (i) growth primarily results from the location of new markets and the development of new products. In expanding horizontally into related products and markets, the Prospector behaves just as aggressively as the Defender does in penetrating deeper into its current markets. (ii) Prospector's growth pattern concerns the rate of growth. Whereas the Defender tends to grow in steady increments, the Prospector may grow in spurts. Prospector's success is based on findings and exploiting new product and market opportunities. However, its entrepreneurial problem is how to perform the elaborate environmental surveillance continually required improving its choice of domain. The solutions to these problems include: (i) broad and continuously developing domain; (ii) monitoring the wide range of environmental conditions and events; (iii) creating change in the industry and (iv) growth through products and market development. The cost and benefit derived in this form of business strategy is that the product and market innovation protects the organization from a changing environment, but the organization runs the risk of low profitability and overextension of its resources (Gimenez, 2008).

Tan et al (1998) argue that the Prospector's engineering problem is how to avoid long term commitments to single technological process. The solution to this problem include: (i) flexible, prototypical technologies; (ii) multiple technologies and (iii) low degree of routinization and mechanization; technology embedded in people. The cost and benefit to this approach is that; technological flexibility permits a rapid response to a changing domain, but the organization cannot develop maximum efficiency in its production and distribution system because of multiple technologies. Miles and Snow (1978) and Hambrick (1983) noted that the administrative problem associated to this form of strategy is that of how to facilitate and coordinate numerous and diverse operations. The solutions to this problem include the following: (i) marketing and research and development experts are the most powerful members of the dominant coalition; (ii) dominant coalition is large is large, diverse and transitory; may include an inner circle; (iii) tenure of dominant coalition is not always lengthy; rather, key managers may be hired from outside as well as promoted from within; (iv) planning is broad rather than intensive, problem oriented, and cannot be finalized before action is taken; (v) tendency toward product structure with low division of labour and low degree of

formalization; (vi) decentralized control and short-looped horizontal information systems; (vii) complex coordination mechanisms and conflict resolved through integrators; (viii) organizational performance measured against important competitors and (ix) reward system favours marketing and research and development. The cost and benefits to this form of strategy is that the system is ideally suited to maintain flexibility and effectiveness but may underutilize and misutilize resources.

Pleshko (2006) Fernando (2008) pointed out that analyzers are a hybrid of defenders and prospectors. The researchers noted that analyzers operate in stable as well as changing markets and that they make fewer and slower product/market changes than do prospectors, and they are less committed to stability and efficiency than defenders. They watch out their competitors for new ideas in their turbulent market domain. Analyzers are moderately decentralized (Khatri, 2000; Miles and Snow, 1984; Tan et al., 2008). Fernando (2008) argues that consistent with hybrid nature of overall strategy of analyzer, their HR practices are likely to be hybrid of HR practices of defender and prospector. Hambrick (1983) pointedout one unique feature of analyzer strategy, that is, making use of planners and analysts; and organizations pursuing analyzer strategy need to be large enough to be able to maintain the duality in their structure and their broad domain. An analyzer strategy may also require a lot of emphasis on HR management like a prospector strategy (McDaniel and Kolari, 1987; Miles and Snow, 1984; Tan et al., 2008).

Tan, et al (1998) argue that balance is the common characteristic of the Analyzer's solutions to the three major problems of organizational adaptation. The researcher further argues that, if it is successful in developing and maintaining this balance, the Analyzer exhibits a different configuration of domain, technology, structure and process from that of the Defender or the Prospector. Although this particular configuration is a combination of Prospector and Defender characteristics, the Analyzer strategy has its own unique strengths and weaknesses (Tan, et al., 1998; Croteau, et al., 1999; Pleshko, et al., 1995).

The Analyzer defines its entrepreneurial problem as how to locate and exploit new product market opportunities while simultaneously maintaining a firm base of traditional products and customers. The organization solves this problem with a hybrid of domain of stable and

emerging products, the former used as a base to support the latter. Miles and Snow (1984; 1978) found that the Analyzer's Marketing function is particularly regarded as crucial function that must not only locate new product or market opportunities but also promote the sale of the organization's traditional products or services. Croteau, et al (1999) and Pleshko, et al (1995) among other noted that the Analyzer avoids the expense of research and development, choosing instead to imitate the successful actions by Prospectors. The result is the ability to grow through market penetration as well as product and market development.

Miles and Snow (1978; 1984) contended that the Analyzer is able to serve its mixed domain by creating a dual technological core. The stable component of the technology is a near-efficient production system that is able to create product or service on a standardized basis. The flexible component exists in the form of a large and influential applied research group whose function is to adapt new product designs to fit existing technological capabilities. The dual nature of the Analyzer's technology allows the organization to produce familiar products or services efficiently while keeping pace with developments engendered by Prospectors. The administrative system needed to differentiate and integrate the stable and dynamic areas of operation is built around some version of a matrix organization. Heads of key function units, most notably engineering and production, unite with product managers to form a balanced dominant coalition similar to that of both the Defender and Prospector. Other characteristics of the Analyzer's managerial processes such as planning, control, and coordination also reflect an intermediate position between that of the Prospector and Defender. Thus, the Analyzer's administrative system is ideally suited to balance stability and flexibility.

The Analyzer strategy is not without costs. The duality in the Analyzer's domain forces the organization to pursue a middle course in its other adaptive solutions, and it requires management to be continually vigilant in maintaining the delicate balance among the organization's domain, technology, and structure. The Analyzer's dual technological core means that the organization can never be completely efficient nor completely effective. The matrix organizational structure, with its twin characteristics of stability and flexibility, limits the organization's ability to move fully in either direction should the domain shift dramatically (McDaniel and Kolari, 1987; Miles and Snow, 1984).

Reactor strategy is firms that lack consistent strategy. As a result, HR practices of reactor companies are likely to lack consistency too. I propose no hypotheses here, although all analyzers performed on other three strategic archtypes have also been performed on companies pursuing reactor strategies to discern any patterns in their HR practices (McDaniel and Kolari, 1987; Miles and Snow, 1984). Tan, et al., (1998); Pleshko, et al., (1995) and Croteau, et al., (1999) among others argue that Reactors represent a "residual" type of behavior in that organizations are forced into this response mode when they are unable to pursue one of the three stable strategies of Defender, Analyzer, or Prospector. The researchers argue that Reactors are unstable organizations because they do not possess a set of mechanisms which allows them to respond consistently to their environments over time. Frequently, such organizations fall into an unpleasant cycle of responding inappropriately to environmental change and uncertainty, performing poorly as a result, and then being reluctant to act aggressively in the future. Miles and Snow (1978) noted that the organizations can fall into the reactor strategy as a result of either of the following reasons: (i) top management may not have clearly articulated the organization's strategy, hence strategic void; (ii) the management does not fully shape the organization's structure and processes to fit a chosen strategy. Unless all of the domain, engineering and administrative decision required to have an operational strategy are properly aligned, strategy is a mere statement, not an affective guide for behavior and (iii) a tendency for management to maintain the organization's strategy-structure relationship despite overwhelming changes in environmental conditions.

2.6 Organizational Structure

The traditional view of organizational structure describes it as the way an organization is configured into workgroups and the reporting and authority relationships that connect individuals and groups together. Structure acts to create separate identities for different work groups and has a major bearing on the effectiveness with which individuals and groups are able to communicate with each other (Wilson and Rosenfeld, 1990; Lawrence and Lorsch 1967; Reeves and Woodward, 1970; Woodward 1965; Perrow, 1965). Senior management faces ever-present challenges to maintain a competitive organization. Managers are constantly having to review the markets in which their organization operates the product and services they offer and the behaviour of competitors. Attention to these problems and challenges calls for an external focus but, at the same time, senior management must keep a close watch on internal

structuring to ensure that organizational objectives can be met (Wilson and Rosenfeld, 1990; Lawrence and Lorsch 1967; Reeves and Woodward, 1970; Woodward 1965; Perrow, 1965). The internal issues can be summarized under the broad heading of organizational structure and can have a critical influence on the ability of an organization to sustain high levels of individual achievement and performance.

The idea that an organization's structure and processes should fit or match its environment has been around for a long time - and there is evidence that firms with good structure/environmental fit perform better than those without good fit (Habib and Victor, 1991; Ghoshal and Nohria, 1993). This section examines the idea of organization structure and elucidates the uniqueness of this particular management concern. The management of internal structure presents problems that are unique to the organization because they involve the problems of organizing a particular set of employees to 'manage-out' inefficiencies and conflicts so that the workforce can provide maximum value to the organization's customers. Organizational structure has a fundamental bearing on human and organizational behaviour (OB), and business environment (Wilson and Rosenfeld, 1990; Lawrence and Lorsch 1967; Reeves and Woodward, 1970; Woodward 1965; Perrow, 1965; Habib and Victor, 1991; Ghoshal and Nohria, 1993).

The dimensions of structure as illustrated by (Pugh, et al., 1968, 1969a and 1969b; Weber, 1947; Sine, et al., 2006)) include: centralization, differentiation, integration, formalization, and complexity (Kimberley and Miles, 1980). Centralization is the extent to which authority for decision making in the organization is centralized so that it rests with top management (Child, 1972; Woodward 1965; Perrow, 1965; Reeves and Woodward, 1970; Pugh, et al., 1968, 1969a and 1969b). In a heavily centralized organization a head office typically keeps tight control over all important decisions. Differentiation: Vertical differentiation is the extent to which an organization structure comprises different levels of authority. Horizontal differentiation is the extent to which the organization is divided into specialisms (Wilson and Rosenfeld, 1990; Lawrence and Lorsch 1967; Reeves and Woodward, 1970; Woodward 1965; Perrow, 1965). Thus an organization with many reporting levels in its hierarchy and which is organized into many different product or service areas would be highly differentiated. An organization with a small number of employees and which is engaged in a single product area might have three

levels of vertical differentiation (directors, middle managers and supervisors) but little horizontal differentiation (Reeves and Woodward, 1970; Pugh, et al., 1968, 1969a and 1969b).

Integration refers to the extent to which different levels in the hierarchy are co-ordinated (vertical integration) and the extent to which co-ordination occurs across functional areas - horizontal integration (Wilson and Rosenfeld, 1990; Weber, 1947; Sine, et al., 2006)).

The terms differentiation and integration were also used by Lawrence and Lorsch (1967), who employed a similar definition of integration but who saw differentiation as the extent to which individuals in different departments vary in their orientations to the organization's goals and values (Robbins, 1993; Ouchi, 1977; Child, 1972). Specialization is the extent to which there are different specialist roles in an organization: the higher the number of specialist roles the higher the degree of specialization. Specialization also refers to the extent to which employees engaged in similar or closely related tasks are grouped together. One interesting application of structural dimensions of complexity, formalization and centralization involves a comparison of mechanistic, organic and bureaucratic forms of organization. Mechanistic forms of organization are characterized by high levels of complexity, formalization, and centralization (Hatch, 1997; Mondy, et al, 1990; Beardwell and Claydon, 2007; Thompson, 1967).

Burns and Stalker (1961) noted that there are two types of organizations, mechanistic and organic while studying Scottish electronic firms. The researchers found that as the technology became less stable and more dynamic, they found, organizations tended to evolve from mechanistic to organic. Sine, et al (2006) argue that in mechanistic organizations, labour is divided and subdivided into many highly specialized tasks (high complexity); workers are granted limited discretion in performing their tasks and rules and procedures are carefully defined (high formalization); and there is limited participation in decision making which tends to be conducted at the highest level of management (high centralization). Organic forms are characterized as the opposite of mechanistic forms. Mechanistic organizations are complex, formal and centralized, while organic organizations are relatively simple, informal, and decentralized (Hatch, 1997; Mondy, et al, 1990; Beardwell and Claydon, 2007; Thompson, 1967).

Burns and Stalker (1961) noted that the mechanistic organizations emphasize relatively less flexible and more stable structure as a result of the following: (i) activities are specialized into clearly defined jobs and tasks; (ii) persons of higher rank typically have greater knowledge of the problems facing organization than those at lower levels. Unresolved problems are thus passed up the hierarchy. Mondy et al (1990) contend that in this structure, the top level management has greater knowledge than the lower cadre employees; hence problem solving is passed vertically to the top management in the hierarchy; (iii) Standardized policies, procedures and rules guide much of the decision making in the organization. Burns and Stalker (1961) noted that the mechanistic organizations often have detailed manuals of organization policies, and supervisors frequently answer questions or problems by referring employees to the correct section of the procedures manuals; (iv) Rewards are chiefly obtained through obedience to instructions from supervisors. This form of structure encourages conformity and discourages innovation, since innovation often means disobedience of company regulations.

Compared with mechanistic organizations, employees in organic organizations, such as design firms or research labs, tend to be more generalist in their orientation (reflecting lower structural complexity); are granted greater discretion in performing their tasks (lower formalization); and decision making is pushed down to lower levels of the hierarchy (decentralization). Marx Weber advanced the concept of bureaucracy and provided us with an elaborate definition (Weber, 1947; Thompson, 1967). Mondy, et al., (1990) and Burns and Stalker (1961) among others found that organic organizations on the other hand, have flexible organizational designs and can adjust rapidly to change. The researchers noted that this form of organizational structure has the following characteristics: (i) there is de-emphasis on job descriptions and specialization. People become involved in problem solving when they have the knowledge or skill that helps solve the problem; (ii) those at the top level management are not necessarily assumed to be better informed than employees at lower levels. Such organizations emphasize decentralization of decision making, where responsibility and accountability are pushed as low in the organization as is possible and effective. This form of organizational structure frequently includes large numbers of professional employees, whom in involvement in decision making is natural; (iii) horizontal and lateral organizational relationships are given as much or more attention than vertical relationships. Project teams, matrix structures integrating

or liaison roles, and task forces, which bring together individuals with diverse functional expertise, are frequently introduced; (iv) status and rank differences are de-emphasized in the sense that individuals are valued for expertise rather than for their position in the hierarchy; (v) the formal structure of the organization is less permanent, and more changeable. Integrating (such as a matrix organization) and adhocratic structures (which use a variety of liaison devices, such as project terms) are organic.

2.7 Relationship between the Study Variables

In contrast to the dearth of empirical work on the strategy-HR practices relationship, organizational performance has been the subject of significant empirical examination (Khatri, 2000; Arthur, 1994; Huselid, 1995; Huselid and Becker, 1996; Gerhart and Milkovich, 1990; Pffefer, 1994). Previous research has used one of the following three ways to examine the effectiveness of HR practices on firm performance: universalistic, contingency or configuration (Story, 1992; Orlando, 2000; Pfeffer and Sutton, 2006). Researchers in the universalistic perspective are micro-analytical in nature and posit that some HR practices are always better than others and that all organizations should adopt these practices (Pfeffer, 1998; Keith, et al., 2003). Contingency theorists argue that, in order to be effective, an organization's HR practices must be consistent with other aspects of the organization (Delery and Doty, 1996; Wan-Jing and Chun Huang, 2005). A common contingency factor identified in this line of research is business strategy. The configurational theories are concerned with how the pattern of multiple independent variables is related to a dependent variable rather than with how individual independent variables are related to the dependent variable.

Recent theoretical work in business strategy has given a boost to the prominence of HR in generating sustained competitive advantage (Becker and Gerhart, 1996; Keith, et al., 2003). According to the resource-based view of the firm (Berney, 1986, 1991, 1995), firms can develop sustained competitive advantage only by creating value in a way that is rare and difficult for competitors to imitate. Becker and Gerhart, (1996); Berney, 1986; Lengnick-Hall and Lengnick-Hall, 1988 argue that although traditional sources of competitive advantage such as natural resources, technology, economies of scale, among others, create value, the resource-based argument is that these sources are increasingly easy to imitate, especially in comparison to a complex social structure such as an employment system (Wernerfelt, 1984, 1995). If that

is so, human resource strategies may be an especially important source of sustained competitive advantage (Lado and Wilson, 1994; Pfeffer, 1994; Wright and McMahan, 1992; Becker and Gerhart, 1996). The concept of the HR system as a strategic asset has implications for both the characteristics and the effects of such a system. Strategic assets are both "the set of difficult to trade and imitate, scarce, appropriable, and specialized resources and capabilities that bestow the firm's competitive advantage" (Becker and Gerhart, 1996; Amit and Schoemaker, 1993; Prahalad and Hamel, 1990).

Unlike capital investment, economies of scale, or patents, a properly developed HR system is an "invisible asset" (Itami, 1987; Becker and Gerhart, 1996; Dickson and Wisniewski (2001) that creates value when it is so imbedded in the operational systems of an organization that it enhances the firm's capabilities. This interpretation is also consistent with the emphasis on "core competencies" developed by Prahalad and Hamel (1990), who argued that conventional measures of economic rents such as the difference between the market and book value of assets (that is Tobin's q) reflect "core competence-people-embodied skills" (Prahalad and Hamel, 1994; Becker and Gerhart, 1996). Why might it be especially difficult to imitate human strategies that are deeply embedded in an organization? Two of the key factors are causal ambiguity and path dependency (Barney, 1991; Collis and Montgomery, 1995; Becker and Gerhart, 1996). First, it is difficult to grasp the precise mechanisms by which the interplay of human resource policies, principles and practices generates value. To imitate a complex system, it is necessary to understand how the elements interact. Are the effects additive or multiplicative, or do they involve complex non-linearities?

As the researcher's later discussion of fit and synergy indicates, researchers are a long way from understanding the precise nature of these interactions. Without being able to understand how an HR system works, it is not possible to imitate it (by, for instance, "reverse engineering" it). It is even difficult for a competing firm to imitate a valuable HR system by hiring away one or a few top executives because the understanding of the system is an organizational capability that is spread across many (not just a few) people in the firm. Secondly, these HR systems are path dependent. They consist of policies that are developed over time and cannot be simply purchased in the market by competitors. A competitor can understand that a system is valuable but is precluded from immediate imitation by the time required to fully implement

the strategy (assuming that the system could be understood). Further, there may be limits on management's ability to successfully replicate socially complex elements such as culture and interpersonal relationships. Studies done by Delery and Doty (1996); Delaney and Huselid (1996); and Youndt et al (1996) are all consistent in their support of a link between human resource perspectives and Performance, suggesting that human resource management decisions do influence value creation.

Whether these value-creating human resource practices are sufficiently rare and inimitable to create sustained competitive advantage probably depends in part on the nature of their overall configuration and fit (Pfeffer and Sutton, 2006). Prescott, (1986) argues that the concept of "fit" is central in the field of strategic management. Researchers have focused on the "fit" between business strategy and other constructs such as: (i) business strategy and the required role behaviours of employees (Schuler, 1989; Pfeffer and Sutton, 2006); (ii) business strategy and human resource management (HRM) practices; (iii) business strategy and HRM philosophy; (iv) business strategy and business life cycle (Schuler, 1989) and (v) business strategy and organizational culture (Goll and Sambharya, 1995). The concept of "fit" also includes managerial characteristics and environmental factors including: social, economic, political and technological (PEST) factors. Considerable empirical support exists for the effect of strategic fit on organizational outcomes (Chang and Huang, 2005; Prescott, 1986).In SHRM, internal fit and external fit are the two main research streams (Wagner III, 1994). Scholars have long held that, in addition to internal organizational characteristics, environmental characteristics also significantly influence firm performance (Pfeffer and Salancik, 1978; Perrott, 2008), since the external environmental characteristics represent customer demand and the nature of market competition, which are important determinants of firm performance. Perrott (2008) argues that the market environment has been extremely turbulent during the past decade, and to maintain continuous success in the face of global competition, firms must identify and analyze environmental characteristics and develop strategies to meet changing market needs.

The human resource strategy, business strategy and organizational structure fit is expected to influence organizational outcomes. Miles and Snow (1978); Huselid (1995), Khatri (2000) and Chang and Huang (2005) argued that business strategy is a better approach for modern

businesses, and that the traditional concerns and orientation of strategy function do not respond adequately to fundamental environmental changes, particularly in product market conditions, under different organizational structures and HR strategies. With these different conditions in place, firms will be expected to adjust their strategic approaches to facilitate the reaching of specific goals.

The four types of strategies in Miles and Snow (1978) typology are: defender, prospectors, analyzers and reactors. Defenders are organizations that engage in little or no new product/market development. Often, they control relatively secure niches within their industries, competing primarily on the basis of price, quality, and delivery of service. Prospectors attempt to pioneer in product/market development. They tend to offer a frequently changing product line and compete primarily by stimulating and meeting new market opportunities. Analyzers are intermediate types. They make fewer and slower product/market changes than do prospectors, and they are less committed to stability and efficiency than are defenders. This study hypothesizes that firm performance will be influenced to a certain degree by the type of strategy in place. However, these changes will depend a lot on the type of business strategy and structure that is adopted by the firm.

This study still expected that the different types of business strategy and organizational structure would have significant effect on the relationship between human resource strategy and performance. Miles and Snow (1978) examined interrelationships of various attributes-product/market entry behaviors, technology, structure, managerial processes, and power distribution-within each strategic type. They conclude that prospectors tend to have complex coordination and communication mechanisms, rely on participative and decentralized decision making, and to great extent are shaped by the influence of marketing and product development executives. At the other extreme, defenders make substantial efforts toward rationalizing production and delivery of goods and services, tend to have relatively simple coordination mechanisms, rely on centralized decision making and to a great extent are shaped by the influence of production and finance executives. As expected, analyzers have attributes that blend those of defenders and prospectors (Pfeffer and Sanford, 2011).

Dabu (2008); Truss (2008); Huselid (2003) and Dickson and Wisniewski (2001) among others argue that previous studies suggest that strategic human resource management (SHRM) is beneficial to firm performance. The study by Chang and Huang (2005) seeks to investigate the moderating effect of product market strategy (PMS), one of the contextual factors, on the relationship between SHRM and firm performance. The study conducted a survey on two hundred and thirty five firms and hierarchical regression statistical analysis was performed. The results of this study failed to support the "universalistic" SHRM perspective. Only the interaction between an innovative PMS and SHRM exerted a significant effect on firm performance, which supporting the argument of the "contingency" perspective. The findings of the study by Chang and Huang (2005) confirmed the validity of the contingency model in an Asian society. Despite a systematic analysis of strategic human resource management: universalistic and contingency perspectives, the study did not consider the important aspects of the configurational perspective of strategic human resource management and the contextual factors of business strategy and organizational structure, hence gap in knowledge that needs to be addressed. This study predicts that when a firm employs different forms of business strategy and organizational structure, implementing human resource strategy will always improve performance (Chang and Huang, 2005; Pfeffer and Salancik, 1978; Porter, 1980). Business strategy also fosters the exchange of ideas and risk taking, which are critical elements for new product and service development (Chang and Huang, 2005; Schuler, 1989; Huselid, 1995; McDaniel and Gitman, 2008).

Based on the above discussion, the second and third hypotheses (i.e. H2 and H3) thus proposed as follows; H2: the strength of relationship between human resource strategy and firm performance depends on business strategy and H3**:** organizational structure significantly moderates the relationship between human resource strategy and firm performance. Hull, et al., (1987) argues that firms with unique strategic human resource management approaches in the industry will always outperform their competitors in the market. Therefore, this study focused on the fitness and configurational aspect of human resource strategy, business strategy and organizational structure towards influencing firm performance in Kenya's manufacturing sector. Although many investigators have studied the components of structure (Miller, 1987; Hall, 1977; Pugh et al., 1968; Reinman, 1973) and the processes of strategy and decision making in complex organizations (Carter, 1977; Mintzberg, 1973a; Pettigrew, 1973; Quinn,

1980) they have made little attempt to relate the two. Yet there may well be intrinsic association between strategy making and structure. The structure of an organization importantly influences the flow of information and the context and nature of human interactions: it channels collaboration, specifies modes of coordination, allocates power and responsibility, and prescribe sleeveless of morality and complexity (Bower, 1970; Hull, et al 1987; Farjoun, 2002; McDaniel and Gitman, 2008).

According to Pfeffer (2013) the quality of rationality and interaction in strategy making can benefit from formalized, decentralized, and integrated structures. Managers can analyze, plan and scan most effectively in structures that provide informative controls, recruit and empower expert staff, and create forums such as committees and task forces to coordinate their efforts (Hambrick, 1983). Of course, structural devices can never guarantee critical, multifaceted, and informed decision making, but they facilitate it and thus, on balance, enhance performance (Miller, 1987). Conversely, interactive and intendedly rational decision making can encourage well-integrated and highly participative structures. For example, interactive decision making can sometimes combat organizational conflict and fragmentation. Contacts among managers may prompt establishment of the structural integration devices needed to ensure adequate coordination. If firms rarely innovate, bureaucratic devices like formal rules, specialization, cost control and coordinative committees alone may ensure adequate performance (Burns and Stalker, 1961; Miller, 1987).

Interactive analytical decision making might be superfluous, but in firms that must often perform complex innovations, structure alone is not sufficient; interactive and rational decision making must complement it to facilitate both identification of emerging market threats and opportunities and collaboration among diverse specialists, who must simultaneously consider the repercussions of innovation for production, research and development (Lawrence and Lorsch, 1967; Miller, 1987; Burns and Stalker, 1961; McDaniel and Gitman, 2008). Firm size is another contingency expected to increase the importance of structure's complementary with rationality and interaction. In small, simple firms, Chief Executive Officers can manage most things alone. These firms can pursue sophisticated structures and interactive, analytical decision making–both possibly superfluous- sporadically and inconsistently without much consequence (Huselid and Pfeffer, 2010). McDaniel and Gitman, (2008) argue that large firms,

however, have many managers, departments, and contingencies and can only implement a rational, interactive mode of strategy making within structures having enough controls, staff experts, liaison devices to support it.

2.8 Empirical Studies

Huselid (2011) studied the relationship between High Performance Work Practices (HPWP) and firm performance (specifically-corporate financial performance) and that this relationship was moderated by business strategy. The results based on a demonstrated sample of nearly one thousand firms indicated that these practices have an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short-and long-term measures of corporate financial performance. Support for predictions that the impact of High Performance Work Practices on firm performance is in part contingent on their interrelationships with competitive strategy was limited. The researcher established that most of the coefficients on the fit measures had the expected signs, and the interaction of employee skills and organizational structures and employee motivation was consistently positive and significant. But despite the strong theoretical expectation that better internal and external fit would be reflected in better financial performance, on the whole the results did not support the contention that either type of fit has any incremental value over the main effects associated with the use of high performance work practices.

Further, Huselid and Pfeffer (2011) pointed out that the empirical estimation issues were as follows: (i) that the strength and magnitude of the results must be interpreted in light of several potential confounds inherent in the design of the study and (ii) that the primary threat to the validity of the study's findings was the potential for endogeneity or simultaneity between corporate financial performance and HPWP. Becker and Gerhart (1996) described why human resource management (HRM) decisions are likely to have an important and unique influence on organizational performance. These researchers hoped that the research forum would help advance research on the link between HRM and organizational performance. They identified key unresolved questions in need of future study and make several suggestions intended to help researchers studying these questions build a more cumulative body of knowledge that would have key implications for both theory and practice (Pfeffer, 2010).

In obtaining more robust and valid findings, Becker and Gerhart (1996) proposed that future work on the strategic perspective must elaborate on the black box between a firm's HR system and the firm's bottom line. They argued that unless and until researchers are able to elaborate and test more complete structural models-for example, models including key intervening variables-it will be difficult to rule out alternative causal models that explain observed associations between HR systems and firm performance. Pfeffer (2009) also argues that without moderating and intervening variables, one is hard pressed both to explain how HR influences firm performance and to rule out an alternative explanation for an observed HR-firm performance link such as reverse causation. The researchers hinted that past work has emphasized alignment with corporate or business strategy, although recent reviews suggest that there is not a great deal of empirical support for the existence of such contingencies.

Youndt, et al (1996) examined two alternative views namely: universal and contingency-of the human resource (HR)-performance relationship in manufacturing settings. Results from a survey of 97 plants primarily supported a contingency approach to human resource management (HRM). According to Huselid and Becker (2001) an HR system which focuses on human capital enhancement is directly related to multiple dimensions of operational performance (that is employee productivity, machine efficiency, and customer alignment), but subsequent analysis revealed that this main effect was predominately the result of linking human-capital-enhancing HR systems with a quality manufacturing strategy. Other manufacturing strategies also moderated the HR-performance relationship. Youndt, et al (1996) argued that in today's manufacturing organizations, the performance management of human resources is receiving a good deal of emphasis. The intent of the study was to examine two alternative forms-universal and contingency-HR-performance relationships. The findings showed that HR systems can substantially influence performance when aligned with appropriate manufacturing strategies, thereby supporting a contingency view of HR. Establishing such link is only one step of the many needed to gain a deeper understanding of how firms can manage human capital to improve competitiveness. Youndt, et al (1996) went on to say that rather than dismissing one perspective or another, the researchers would argue that more research was needed on how the two approaches may or may not converge. Certainly, according to the researchers, as manufacturers search for ways to enhance their

productive potential for future c, this type of information would provide them with a richer understanding of how they can develop and manage human capital.

A critique of Youndt, et al (1996) presentation in the manufacturing sector shows that their work was based on the fact that HR-performance relationship is moderated by the manufacturing strategy in place, which is not the case in this study. In this study, business strategy and organizational structure moderate the relationship between human resource strategy and firm performance. In their study, Youndt et al were keen on the two perspectives of "HR strategy" namely: universalistic and contingency perspectives and in their study, neither of the two perspectives could be dismissed because the two are to some extent inter-twined. Despite an elaborate approach and presentation of these key study variables, Youndt et al did not consider the moderating effect of business strategy and structure on the relationship between strategic human resource management and performance, hence leading to the gaps in knowledge in their study which the researcher in this study attempts to fill. In contrast with Youndt et al, this study looked at two perspectives of human resource management namely: universalistic and contingency perspectives towards enhancing performance of manufacturing firms.

Dimba and K'Obonyo (2008) linked strategic human resource management (SHRM) practices and firm performance and examined intervening effect of motivation on this relationship. They also considered the moderating effect of cultural orientation on the relationship between SHRM and motivation and their influence on performance. They established that all the variables of SHRM practices except recruitment and hiring were positively and significantly correlated with performance. They also found that motivation mediated the relationship between SHRM practices and firm performance and that the relationship between SHRM practices and firm performance did not depend on employee cultural orientations when cultural beliefs were considered, but depended on employee cultural orientations when cultural values were considered. However, the researchers questioned the applicability of Western nation's model of SHRM practices in multi-national corporations (MNCs) operating in developing countries including Kenya. They suggested that future studies should consider using longitudinal research design for more revealing results on cultural orientations. While their study improved on earlier models by introducing new variables to the SHRM practices – firm

performance model, they also did not consider the moderating effect of business strategy and organizational structure, hence leaving a knowledge gap.

Ouchi (1977) reported on the nature of control in seventy eight (78) retail department store companies. He argued that the control and structure have not been clearly distinguished in the literature on organizations. Huselid and Becker (2003) contend that control is not the same thing as structure. The researcher noted that, control can be conceptualized as an evaluation process which is based on the monitoring and evaluation of behavior or outputs. In his study the "Relationship between Organizational Structure and Organizational Control", the researcher established that, the structure of an organization is not isomorphic with its control system and that structure is related to control. He found that large organizations tend to have many levels of hierarchy and many divisions, which lead them to develop more complex measures of output. Pfeffer (2010) also contends that complex organizations also tend to have more homogeneous tasks within departments, which increases the supervisory efficiency of the managers and decreases the need for complete measures of output. Ouchi's study on structure and control, among others has basically dwelled on structure and control as influencing performance. However, very little is known on the configurational aspect of strategy and structure to influence performance hence, a gap in knowledge that needs to be addressed. This study therefore, opens the door to a wealth of evidence and of ideas relating human resource strategy and firm performance, but the same relationship is moderated by business strategy and organizational structure. Therefore, using organization as the unit of analysis, the researcher in this study sought to uncover the moderating effect of business strategy and organizational structure on the relationship between human resource strategy and firm performance, hence enabling the study to take a different dimension from the previous empirical studies in the same field.

Chandler (1962) noted that these companies integrated vertically (i.e. backward and forward) integration by purchasing most of their sources of supply and distribution. He went on to establish that the decisions by these firms (DuPont, General Motors, Standard Oil among others) to purchase most of the sources of supply and distribution were so centralized, hence forcing them to change their structures in order to cope with the changing business trends. Thus growth and diversification strategies gave rise to the need for autonomous multi-

dimensional structure because the highly centralized structure becoming inefficient and impractical for dealing with significantly greater complexity. In relating complexity to structure one cannot afford to centralize when the organization is wide, thus according to the researcher, growth without structural adjustments can lead only to economic inefficiency. He argued that unless new structures are developed to meet new administrative needs, which results from an expansion of firm's activities into new areas functional or product lines, the economies of growth and size cannot be realized. He therefore confirmed that it is always strategy that changes and that strategy changed the structure.

A critical assessment of Chandler's (1962) work reveals that Chandler was basically concerned with large industrial firms in developed countries by virtue of him studying approximately one hundred of the American firms. His study therefore contrasts much with this study due to the fact that this study is based on the Kenyan context, which is a different socio-economic and political environment. Chandler was also concerned with large American industrial firms including: DuPont, General Motors, and Standard Oil among others. However, in this study, the researcher's focused be on public and private manufacturing firms in Kenya. Chandler in his work applied the longitudinal research technique and thereby studied these firms for over fifty years. Despite him using a more rigorous statistical technique, this study used a simpler technique, hence the adoption of cross-sectional statistical technique as opposed to Chandler's (1962) study.

John Child (1972) in his article "Organizational Structure and Strategies of Control: A Replication of the Aston Study" used the same measurements and procedures the Aston Group used. His primary difference between the studies was in the selection of organizations to be studied. Child selected his samples from all the industrial areas of England and Scotland. His sample consisted of eighty two firms that were autonomous in the sense that they were not branches of other organizations, hence a departure from the Aston sample because their sample had twenty branches. Upon analyzing his data the same way as did the Aston Group, Child obtained different results. While he was able to replicate fairly on other dimensions, he found a much stronger negative relationship between centralization of decision making and structure of activities. In the Aston study, centralization of activities was very weak but positively related to structuring of activities. Child pointed that organizational theorists accept the fact

that strategy and structure are related; however, what is not clear to them is the direction of the said relationship. Further, Child replicated the Aston study of organizational structure by employing the original measurements, reports and data secured from a sample of eighty-two British organizations. The study was therefore confined to developed nations considering the fact that Child collected the data from British organizations.

In contrast with Child's work, the current study concentrated on Kenyan context which according to economists is still in its developmental stage. With this difference in mind, it should therefore be clear that this study will be looking at the strategy-structure relationship from a very different socio-economic and political environment. Despite the Aston Group and Child's study borrowing much of their concepts from the classical school of bureaucracy (Mintzberg, 1976), this study will attempt to borrow much from Burns and Stalker (1961), though still a lot will be considered from both the Aston Group and Child's work. However, one notable feature between the Aston Group, Child work and this study is that the multivariate statistical analysis and the use of product moment coefficient will also be applied in this study. Miller (1987) suggested that organizational structure and strategy-making processes are highly interdependent and must be complementary in many ways to ensure good performance under challenging conditions. An empirical analysis of ninety seven (97) small and medium-sized firms showed that structural formalization and integration were related to the levels of interaction and pro-activeness among decision makers and to four aspects of rationality in decision making: analysis of decisions, planning, systematic scanning of environments, and explicitness of strategies. Centralization of authority was related to planning, risk taking, and consensus-building. Structural complexity had few associations with strategy making. Relationship between strategy making and structure were usually strongest among successful and innovative firms and seemed to contribute the most to performance in sizeable and innovative firms.

A critical analysis of the study by Huselid and Becker (2002) on structure-strategy relationship shows a clear indication that the researcher was more interested on the organization's structural formalization and integration, centralization of authority and planning and the relationship between structural complexity and strategy making. Pugh et al (1968) and Child (1972) focused on organizations with more than 1000 employees as the mean value. Hall (1972)

focused on the structure of 75 organizations in different size classes (less than 100, 100-999, 1000 and more employees). The general conclusion from these studies was that larger organizations tended to be more complex and more formalized than smaller organizations, but this relationship proved only to be strong for a few variables. Despite a critical assessment of these organizational imperatives, the researcher did not address the organizational structure in form of mechanistic, organic and bureaucratic structures, which according to this study is seen by the researcher to be more adaptive to organization's competitiveness. Further, Miller (1987) argues that the nature of the linkage between organizational structure – strategy relationship led to the following questions: (i) are these variables directly linked and if they are, is there any reverse causation? (ii) does business strategy and organizational structure truly moderate the relationship between human resource strategy and performance? (iii) to what extent do the combination of these variables influence firm performance? The study by Miller (1987) shows numerous significant associations between strategy making and structure, particularly for the factors of formal integration and decentralization and among successful and innovative firms. However, the study by Miller does not address the relationship and interaction between human resource strategy, business strategy and organizational structure leading to gaps in knowledge. In order to address the gaps in knowledge, the current research sought to study the moderating effect of these variables on the relationship between human resource strategic orientation and firm performance, while at the same time attempting to establish the extent to which they influence performance of large private manufacturing firms in Kenyan. It can therefore be concluded that the existing literature supports the need for this study.

Table 2.1 Summary of Previous Studies, Findings and Research Gaps

SNO	STUDY	FOCUS	FINDINGS	KNOWLEDGE GAPS
1	Perrow, C (1967)	A Framework for the Comparative Analysis of Organizations	Task structure vary with the technology utilized, and are analyzed in terms of control and coordination and three levels of management. Social structure in turn is related to technology and task structure and the variations in the three types of goals are weakly related to the preceding variables in the conceptualization	Much more research and theory will be required to determine if these concepts are relevant and adequate
2	Child, J. (1972)	Organization Structure and Strategies of Control: Replication of the Aston Study	The replication confirms the tight nexus between specialization, standardization of procedures, paperwork and vertical span expressed by the concept "structuring of activities". In contrast to the Aston study, centralization of decision making is found to be related negatively to structuring in a way that conforms closely to Weber's description of the bureaucratic mode of administrative control.	Further examination of the replication results draws attention to problems in carrying forward the Aston program of comparative organizational research, problems both of a theoretical and operational nature.
3	Ouchi, W.G. (1977)	The Relationship between Organizational Structure and Organizational Control	The structure of an organization is not isomorphic with its control system. Structure is related to control. Large organizations tend to have many levels of hierarchy and many divisions, which lead them to develop more complex measures of output. They also tend to have more homogeneous tasks within department, which increases the supervisory efficiency of the managers and decreases the need for complete measures of output.	This study opens the door to a wealth of evidence and of ideas relating organizational structure and control to individual behaviour
4	Miles and Snow (1978)	Examined interrelationships of various attributes-product/market entry behaviors, technology, structure, managerial processes, and power distribution-within each strategic type	They conclude that prospectors tend to have complex coordination and communication mechanisms, rely on participative and decentralized decision making, and to great extent are shaped by the influence of marketing and product development executives.	That it was researchers' hope that the utility of this approach for understanding intra-industry variations in environmental enactment and internal organizational characteristics will be in a variety of other settings.

Table 2.1 Summary of Previous Studies, Findings and Research Gaps - Continued

SNO	STUDY	FOCUS	FINDINGS	KNOWLEDGE GAPS
5	Miller, D (1987)	Strategy Making and Structure: Analysis and Implications for Performance	The findings show numerous significant associations between strategy making and structure, particularly for the factors of formal integration and decentralization and among successful and innovative firms	Previous investigators have paid much attention to relationships between strategy and structure and between structure and environment. It would be useful to examine how strategy-making behaviour moderates these relationships and to investigate the relationships that rationality, interaction, and assertiveness in strategy making have with strategic content and the nature of environment.
6	Aosa, E. (1992)	Empirical Investigation of Aspects of Strategy Formulation and Implementation within Large Private Manufacturing Companies in Kenya	The author noted that the measure of success level was non-financial based and cautioned that the results of the study should be treated as suggestive	Recommended use of quantitative data for future research
7	Huselid, M.A (1995)	The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance	The results based on a national sample of nearly one thousand firms indicated that these practices have an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short-and long-term measures of corporate financial performance	Although the use in this work of simultaneous equations, correlations for response bias, and measures of current and subsequent years' profits, extensive control variables, and large and diverse sample mitigate many of the traditional methodological concerns, longitudinal data on both High Performance Work Practices (HPWP) and firm performance are needed to conclusively replicate the findings presented here.
8	Youndt, et al, (1996)	Human Resource Management, Manufacturing Strategy, and Firm Performance	The findings showed that HR systems can substantially influence performance when aligned with appropriate manufacturing strategies, thereby supporting a contingency view of HR and not the universalistic perspective	More research was needed on how the two approaches may or may not converge
9	Becker and Gerhart (1996)	The Impact of Human Resource Management on Organizational Performance: Progress and Prospects	They identified key unresolved questions in need of future study and make several suggestions intended to help researchers studying these questions build a more cumulative body of knowledge that would have key implications for both theory and practice.	That future work on the strategic perspective must elaborate on the black box between a firm's HR system and the firm's bottom line

Table 2.1 Summary of Previous Studies, Findings and Research Gaps - Continued

SNO	STUDY	FOCUS	FINDINGS	KNOWLEDGE GAPS
10	Wright and Snell (1998)	Towards a unifying framework for exploring fit flexibility in strategic human resource management-focus on human resource management practices, employee skills and behaviour.	The study found that human resource management practices can contribute to a firm's competitive strategy and therefore plays an integral role in determining the organization's flexibility	That there is need for research distinguishing among HRM practices, skills, and behaviours that are tightly coupled with short- term strategic needs of the firm versus those that are loosely coupled. That there is also need for research examining how firms achieve simultaneous loose/tight coupling through focusing on fit in some aspects of the HR system, while emphasizing flexibility in other aspects That there was need to examine the timing of strategic HRM decision making and implementation
11	Khatri, N (2000)	Managing Human Resource for Competitive Advantage: A Study of Companies in Singapore	The researcher found that organizational strategy affects HR practices. Moreover, findings suggested that the strategy-HR interaction accounts for more variations in firm performance than the main effect of HR.	there is not much empirical work in the link between HR practices and firm performance hence the need for further research along this area
12	Wan-Jing April Chang and Tung Chun Huang, (2005)	The relationship between strategic human resource management (SHRM) and firm performance: a contingency perspective of Taiwanese Firms	The researchers established that the results failed to support the "universalistic" SHRM perspective. Only the interaction between an innovative PMS and SHRM exerted a significant effect on firm performance, which supporting the argument of the "contingency" perspective.	In a future study, more work on revealing the influence of other unexplored factors to better understand the determinants of firm performance should be done.
13	Becker, B.E and Huselid, M.A (2006)	Strategic Human Resource Management: Where Do We Go From Here? Focus was on a clear articulation of the "black box" between HR and firm performance, emphasizing the integration of strategy implementation as the central mediating variable in this relationship.	The authors indentified the key challenges facing strategic human resource management (SHRM) going forward and discussing several new directions in both scholarship and practice of SHRM. There are direct implementations for the nature of fit and contingencies in SHRM. They also highlighted the significance of differentiated HR architecture not just across firms but also within firms.	That there was need for a clear articulation of "black box" between human resource and firm performance which is currently a pressing theoretical and empirical challenge in the SHRM literature.

Table 2.1 Summary of Previous Studies, Findings and Research Gaps - Continued

SNO	STUDY	FOCUS	FINDINGS	KNOWLEDGE GAPS
14	Munyoki, J.M (2007)	The Effects of Technology Transfer on Organizational Performance: A Study of Medium and Large Manufacturing Firms in Kenya	The main findings of the research, which is the crux of the researcher's thesis, is that technology transfer has a positive influence on organizational performance, depending on the specific indicators considered. This relationship is more strongly felt, for young and or small manufacturing firms, and as the firms become older and/or bigger, the effect is not obvious.	The researcher recommends among other things, that firms should lay more emphasis on research, and in particular find ways of working more closely with research institutions to enhance their performance. Universities should come up with a policy that requires that results of research work especially at Ph.D level be shared with the manufacturing firms involved so that areas of possible implementation may be identified, as well as areas that may need further research for application purposes.
15	Awino, Z.B. (2007)	The effect of selected strategy variables on corporate performance in the supply chain management of large private manufacturing firms in Kenya,	The researcher noted that the performance measures used in the analysis may have largely been qualitative in nature comprising competence, capability, strategy and strategy implementation	Recommended use of quantitative data for future research
16	Dimba, B. and K'Obonyo (2008)	The effect of strategic human resource management practices on performance of manufacturing multinational companies in Kenya: A moderating role of employee cultural orientation.	That all the variables of strategic human resource management (SHRM) practices, except recruitment and hiring were positively and significantly correlated with performance. That the relationship between SHRM practices and firm motivation did not depend on employee cultural orientations in the case where cultural beliefs were considered, but depend on employee cultural orientations when cultural values were considered. That motivation mediated relationship between SHRM practices and firm performance; while at the same time, motivation affected firm performance.	That empirical study should be carried to examine the applicability of models of SHRM practices formulated in the Western nations in developing countries. That there was need for longitudinal research design to be used so as to obtain more interesting and revealing results of orientations.

Table 2.1 Summary of Previous Studies, Findings and Research Gaps - Continued

SNO	STUDY	FOCUS	FINDINGS	KNOWLEDGE GAPS
17	Kidombo, H.J. (2009)	Human Resource Strategic Orientation and Strategic Responses to Environmental Change	That most of the independent variables have a relationship with firm performance and the variations in the dependent variable can be explained the independent variables. That the soft and hard human resource strategic orientations were found to have a strong and significant positive relationship with performance, affective commitment, continuance commitment and overall organization commitment.	That future research should consider the effect of different commitments on firm performance. That future research should be triangulated by incorporating multiple sources such as line managers, workers and other stakeholders. That future research should also combine qualitative and quantitative methods to obtain a more robust data set and results. That future research be extended to other sectors such as the public sector especially now that it is beginning to adopt an enterprise and business culture, which has always been associated with the private sector

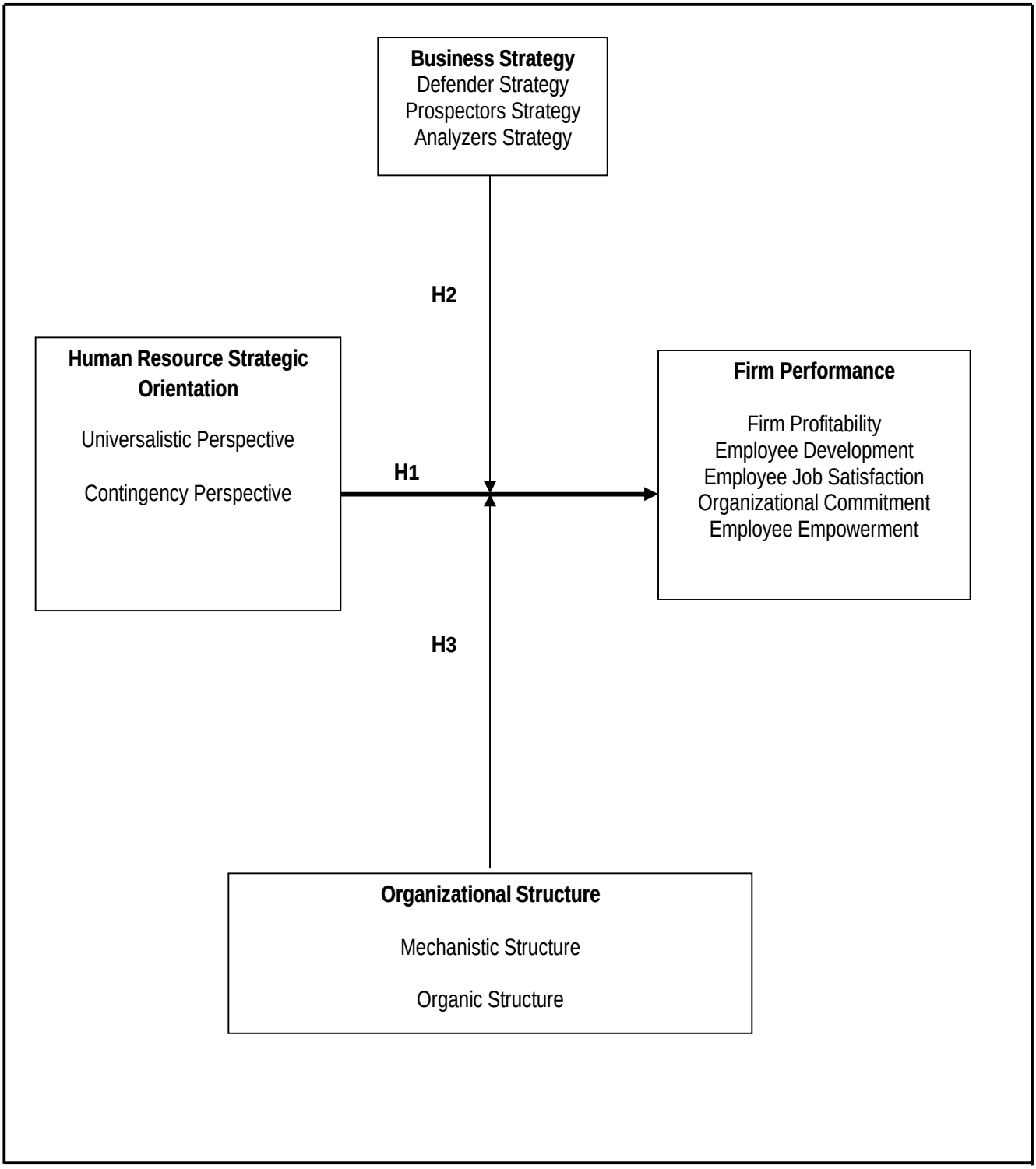
2.9 Conceptual Framework

The modes of theorizing in human resource strategy (HRS) assert the importance of the resource based-view (RBV) of a firm's competitive advantage, given unique organizational resources such as the human resource factor, which in this case is the foundation of the study. The conceptual model (figure 1) shows the interrelationship between the study variables together with the related hypotheses as depicted in the model (figure 1). This study sought to find out how business strategy and organizational structure influence the relationship between human resource strategy and performance of food and beverages manufacturing firms in Kenya as depicted by the literature review. The study as conceptualized in figure 1 below, attempted to establish the fit between human resource strategy (independent variable), business strategy and organizational structure (moderating variables respectively) and the degree to which these variables influence performance (dependent variable). The framework builds on the previous human resource strategy-firm performance relationship studies such as: Miles and Snow's typology (1978), Huselid (1995); Doty and Delery (1996); Burns and Stalker (1961). The model attempted to show that any changes in the human resource strategy may have a positive or negative effect on performance and that the effect would most likely be reinforced by the

business strategy and organizational structure in place. The model still attempted to confirm and explain further the direct relationship between business strategy and performance it also sought to show whether or not slight changes in human resource strategy would or would not affect performance and to what extent. Further, the model attempted to show the level and the degree of configuration to which these study variables interact towards influencing performance of manufacturing firms in Kenya.

This study therefore had reviewed the literature in line with the schematic diagram (figure 1) and emphasis has been more on the way these variables interact and influence each other towards influencing performance of manufacturing firms. The test of these variables was done in four phases: (i) phase one provides a roadmap where human resource strategic orientation (independent variable) independently interacts with firm performance (dependent variable) and in the process portray a direct un-interrupted relationship between the two variables, hence one-way link. This relationship has been tested by hypotheses: H1 guided by the various statistical techniques; (ii) in phase two, the researcher has assumed that the relationship between human resource strategic orientation and performance is moderated by business strategy (moderating variable) and that this moderating effect has been tested by hypotheses H2; (iii) in the third phase, the relationship between human resource strategic orientation and performance was moderated by organizational structure (moderating variable) and that the relationship has been tested using H3. These hypotheses has enabled us understand the effect of the various forms of business strategy and organizational structure on the human resource strategic orientation-firm performance relationship; (iv) in phase four, the study has looked at the combined effect of all these variables: human resource strategic orientation, business strategy and organizational structure on performance of manufacturing firms and this has been tested using the combined effect of hypotheses: H1, H2 and H3 respectively. It can therefore be concluded that the existing literature supports the need for the research.

Figure 2.1: A Model of Human Resource Strategic Orientation and Firm Performance



2.10 Research Hypotheses

Hypotheses 1: There is a significant relationship between human resource strategic orientation and firm performance.

Hypotheses 2: The strength of the relationship between human resource strategic orientation and firm performance significantly depends on business strategy

Hypotheses 3: The strength of the relationship between human resource strategic orientations and performance significantly depends on the organizational structure

Hypotheses 4: The joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effects

2.11 Chapter Summary

Chapter Two presents a review of the literature related to the research and research pertinent or the empirical studies in the area, thereby addressing the question of "WHY?" of the study. The additive effect of business strategy and organizational structure on the relationship between human resource strategy and performance in the manufacturing sector is also addressed in the section. The chapter discussed each and every variable in the concept model separately and at the same time attempted to justify their existence in the model. The chapter also discussed at length the linkages between these variables and the existing relationship amongst them, so as to properly expound on the research problem in chapter one, hence bridging the gap in knowledge. The tentative analysis of the variables lays down a firm foundation for the research hypotheses towards the end of the chapter. From the literature review, it can clearly be seen that most of the research work on business strategy has always been linked to firm performance. Most of the research work has also been carried on the relationship between HR practices/strategy and firm performance, while there is very little empirical work on the relationship between organizational structure and firm performance, leave alone the configuration of all the study variables as indicated in the model. This study is different from the other studies in the sense that it is attempting to look into the relationships and the configurational (fit) aspect that exist among these study variables. The study proposes that further research be carried out on the moderating effect of environment and technology on the relationship between human resource practices and performance of private consultancy firms, just to confirm the nature of their behaviour in the competitive market.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This Chapter outlines in detail how the research was conducted from the philosophical standpoint to the data analysis techniques. It presents philosophical orientation, the research design, population of interest, the sampling technique, measurement and details of the variables used in the study, an outline of the method used to ensure validity and reliability of the instrument, data collection approach adopted and the tools that were used in data analysis.

3.2 Philosophical Orientation

Research philosophy is the foundation of knowledge on which underlying predispositions of a study are based. Emory (1985); Sakaran (2006) and Cooper and Schindler (2006) supported two main research philosophies in social sciences, namely positivism and phenomenology. Positivist perspective tends to lean towards quantitative models of analysis while phenomenology relies on qualitative techniques of analysis. The positivist philosophy foundation is based on real facts, objectivity, neutrality, measurement and validity of results (Saunders et al., 2007; Fisher, 1983). Positivists maintain that knowledge should be based on facts and not abstractions of reality; thus, knowledge is predicated on observations and experiments in contrast to the phenomenological paradigm which involves searching for inner meaning or the essence of things (Robson, 2002). The quantitative perspective derives from a positivist epistemology which holds that there is an objective reality that can be expressed numerically (Robson, 2002; Neuman, 2006; Kagiri, 2008). The phenomenology on the other hand, is perceptual as it looks at the qualities and phenomena that are largely subjective. Nachmias and Nachmias (1996) and Saunders et al. (2007), argued that qualitative perspective emphasizes a phenomenological view in which reality is inherent in perception of individuals. The main reason why positivist paradigm was adopted in this study was based on a conceptual framework that required test of hypotheses using numerical data that was captured using a Likert Type scale.

3.3 Research Design

Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure (Sakaran, 2002). This study adopted a correlation research design. This approach provided the researcher with an opportunity to develop a broad-based understanding of the joint effect of business strategy and organizational structure variables across the manufacturing industry. The adopted research design allowed the researcher to test the hypotheses using quantitative data. The correlational research design was considered appropriate because of the relationships amongst the study variables, including human resource strategic orientation, firm performance, business strategy and organizational structure which required the testing of comparative analysis that was undertaken. Further still data was collected at one point in time hence crossectional.

3.4 Target Population

The target population of this study comprised four hundred and ninety eight (498) private manufacturing firms in Kenya that were registered members of the Kenya Association of Manufacturers (KAM) as at June 2009 as shown in Appendix IV. These firms fell into twelve manufacturing sectors including: Building, Construction and Mining; Chemical and Allied; Energy, Electrical and Electronics; Food and Beverages; Leather and Footwear; Metal and Allied; Motor Vehicle and Accessories; Paper and Paper Board; Pharmaceuticals and Medical; Plastics and Rubber; Textiles and Apparels; Timber, Wood and Furniture. The main reason for this choice was that these firms were likely to exhibit an elaborate relationship between the study variables while at the same time made use of best human resource practices in the manufacturing industry and most particularly as they engaged in collective bargaining.

The population of the study cut across both the industry and the business sector and to reinforce the expectation, the researcher identified four central repository of information including: (i) Kenya Association of Manufactures (KAM); (ii) Kenya National Bureau of Statistics (KNBS); (iii) the Kenya Industrial Research Development Institute (KIRDI) and (iv) Kenya National Chamber of Commerce (KNCC). The list of manufacturing firms from the Kenya Association of Manufacturers (KAM, 2009) was used to generate information with respect to the registered members. The list of manufacturing firms from KAM was compiled

by picking manufacturing firms only that are in the 498 list for at least five years from 2005 and covering the period up to 2009. This list constituted the sampling frame and has been attached as Table 10. The number of employees was used to determine the size of the organization.

3.5 Sample Design

A sample of 108 private manufacturing firms was selected using a stratified random sampling technique. The sample was stratified into twelve manufacturing sectors shown in Appendix IV. The agro-based industrial sector had 45% of the firms in the industry. Non-agro-based industrial sector contributed 55% (KAM, 2009). As per recommendations of several authors (Shenoy et al., 2002; Sakaran, 2006; Cooper and Schindler, 2006), the following formula was used to determine the sample size.

$$N = \frac{Z^2 pq}{d^2}$$

Where:

N = the desired sample size (if the target population is greater than 10,000)

p = the proportion in the target population estimated to have characteristics being measured. This is placed at 90% (0.9).

q = (1-p) the proportion in the target population estimated not to have characteristics being measured, (1-0.9) = 0.1.

d = the level of statistical significance set. For this study this was placed at 0.05

Z = the standard normal variate at the required confidence level. In this study, this was placed at 95% level of confidence.

In the current study, the proportion that is assumed to have the characteristics of the interest (population) is placed at 90% that is p = 0.9 *(*Kothari, 1990; Shenoy, 2002; Nunally, 1978). In other words I am confident that as high as 90% of all possible samples taken from the target population will embrace the characteristics of that population. I was also conscious of the fact that lower proportions of *p* lead to a bigger sample, which might render the research cumbersome to conduct while higher proportions increase the risk of bias (Sakaran, 2006; Cooper and Schindler, 2006).

Using the formula specified above, the following sample size for populations with more than 10,000 units was obtained:

$$n = \frac{z^2 pq}{d^2}$$

$$n = \frac{(1.96)^2 (0.9)(0.1)}{(0.05)^2} = 138$$

$$n = 138 \quad \textit{sample size for target population greater than } 10{,}000$$

In the current study, the target population is less than 10,000 (i.e. 498); therefore, calculating the final sample estimate (n_f) required the following formula:

$$n_f = \frac{n}{1 + \frac{n}{N}}$$

Where;

$n_f =$ The desired sample size (when the population is less than 10,000).

$n =$ The desired sample size (when the population is more than 10,000).

$N =$ The estimate of the population size (i.e. 498 in the case of the current study).

Applying the formula therefore yielded the following results:

$$n_f = \frac{138}{\left(1 + \frac{138}{498}\right)} = \frac{138}{1 + 0.27711} = 108$$

$$n_f = 108$$

From the above computation, the appropriate sample size for the current study was one hundred and eight (108) large private manufacturing firms. The figure is also approximately 22% of the target population (498) which was considered reasonable. This is supported by Sakara (2006) and Cooper and Schindler (2006) who suggested that a sample of at least 10% of the population is usually acceptable in a study. Stratified random sampling technique was used to select the desired sample from each stratum. The sample size for each stratum was

proportionate to its contribution to the industry population and the details are presented in Appendix IV.

The above procedures were applied and the results obtained with respect to the twelve categories of manufacturing sectors are indicated in Appendix IV. The sample from each stratum (Appendix IV) was selected randomly by applying the following procedure. A lottery exercise was performed by the researcher using school going children so as to come up with the firms to be included in the sample frame. Each firm was allocated a number on a piece of paper which was folded and placed in a container. The contents of the container were mixed. Eight (8) preselected school - going children (one from each sector) were asked to pick the folded papers in turn and the corresponding numbers leading to firms chosen were then recorded on a piece of paper. The selected firms from each stratum totaling 108 provided data for the study.

3.6 Data Collection

This research mainly relied on quantitative data which was collected using a questionnaire. The questionnaire consisted of four parts: A, B, C and D. Part A which was filled by the head of the human resource function and/or administration, sought general information on organizational characteristics. Part B addressed human resource strategic orientation (universalistic and contingency) and non-financial measures of performance (HR development, job satisfaction, organization commitment and employee empowerment). The respondent in this part was the head of human resources and/or administration. Part C was completed by finance manager. It addressed profitability as a financial measure of performance. Part D was concerned with measures of business strategy (Prospector, defender and analyzer). The target respondent was the manager in charge of corporate planning in each organization.

3.7 Operational Definition and Measurement of Variables

Table 2 below shows the summary of measurement scales operationalizing the study variables including and corresponding questions in the data collection tool. The study variables include: human resource strategic orientation (independent variable X), firm performance (dependent variable Y), business strategy (Moderating Variable X1) and organizational structure (Moderating Variable X2). The independent variable in this study was the human resource

strategic orientation operationalized by universalistic and contingency perspectives of human resources. Khatri (2000) notes that universalistic perspective is measured in terms of the extent to which top management believed that their human resource strategies, policies and practices are applicable in every management situation. The operational indicators for this perspective were adopted from Pfeffer (1994) best HR practices including: employment security, selective hiring, self-managed teams, provision of high pay contingent on company performance, extensive training, reduction of status differences and sharing information, participation, empowerment, employee ownership, staffing, training and skills development, promotion from within, job redesign, performance appraisal, and wage compensation.

Khatri (2000) observes that the contingency perspective is about the fit between human resource strategy and the context in which the organization is operating (e.g. environment, structure technology among others). This perspective was measured in terms of the extent to which organization ensures that the human resource strategies and practices it applies are suitable for the prevailing situation. Pfeffer (1994) and Khatri (2000) concur that the relationships in this perspective may be between: HR practices and strategy, HR practices and performance, talents and capabilities, labour and physical capital, strategy-attitudes-performance, HR practices and administrative context, input control-behavioural control and effect of output control on sales growth and return on assets, HR practices and structure. A composite index of this variable (human resource strategic orientation) was obtained by calculating the average of the total sum of the responses for each respondent over the two scales (i.e. universalistic and contingency) in column three of the relevant sections of the questionnaire.

Firm performance was the dependent variable (Y) and was measured in terms of both financial and non-financial measures of performance. The financial measure of performance was firm profitability which was represented by gross profit margin, operating profit margin, net profit margin, return on total assets, return on stockholders' equity (return on net worth), return on common equity and earnings per share. Non-financial measures considered performance outcomes such as employee development, satisfaction, commitment and empowerment.

Development was operationalized in terms of commitment based HR systems, broad-based flexible jobs, team-based production and incentive systems, multiple career ladders, investment in human capital (skills, knowledge, experience and attitudes) through training and development, career progression, status and training. Job satisfaction was operationalized by quality of supervision, social relationships with the work group, degree to which individual succeeds or fails in their work, career opportunities, Job influence, teamwork and job challenge, expectation about the job, expectation about the supervisor, expectation about the co-workers, expectation about organization's reward system, Individual's attitude towards work, worker's pay package, the nature of the job, worker's perception towards the institution, working environment, organizational culture and climate, organizational structure, organizational policies and management support.

Commitment meant sharing common values and beliefs espoused by the organization, strong desire to exert effort for organization, willingness to continue working with the organization, satisfaction of employee expectations, intention to leave the organization for another, absenteeism, acceptance of organizational goals and values, willingness to exert considerable effort on behalf of the organization in terms of work, definite desire to maintain organizational membership, perceived level of in justice or psychological contract violation. Empowerment considered perception of job security, the presence of a union, compensation level, job satisfaction, organizational tenure, demographic variables, organization's culture and decision making. A composite index of the variable firm performance (Y) was obtained by computing the average of the total sum of the responses for each respondent over the two scales (financial and non-financial performance measures) (Table 2 – Variable Y).

There were two moderating variables namely, business strategy (Moderating Variable X1) and organizational structure (Moderating Variable X2). Business strategy was measured by defender, prospector and analyzer strategies which are in turn measured on the extent to which they focus on entrepreneurial, engineering and administrative solutions to problems. A composite index of this variable was obtained by calculating the average of the total sum of the responses for each respondent over the four scales in column three measuring this variable (Table 2 – Moderating Variable X1). Organizational structure was measured in terms of mechanistic and the organic forms of structures (Table 2 – Moderating Variable X2).

Mechanistic form of structure was measured in terms of high levels of complexity and centralization, division of labour into many highly specialized functions, granting workers limited discretion in performing their tasks, rules and procedures carefully defined, granting employees limited participation in decision making, concentrating decision making at the top level management; decisions characterized complexity, formalization and centralization, rigid departmentalization, many layers of management, narrow span of control and long chain of command.

Organic structure, on the other hand, was represented by relatively simple, informal, decentralized, not complex structures, giving employees greater discretion in decision - making, pushing decision - making to the lower levels (decentralization), low degree of job specialization, loose departmentalization, few levels of management and short chains of command. A composite index for this variable was obtained by calculating the average of the total sum of the responses for each respondent over the two scales in the questionnaire (Table 2 – Variable X3).

Table 3.1 Summary of Measurement Scales for the Operationalization of the Study Variables

No	Variables	Scales	Operational Definition	Question Number
1	HR strategic orientation (Independent Variable X)	A composite index of this variable was obtained by calculating the average of the total sum of the responses for each respondent over the two scales in column three measuring this variables	Human Resource strategic orientation is evidenced by: (i) Universalistic and (ii) Contingency Perspectives	Part B Q1
2	Firm Performance (Dependent Variable Y)	A composite index of this variable was be obtained by calculating the average of the total sum of the responses for each respondent over the two scales in column three measuring this variables	Firm Performance is evidenced by: (a) Quantitative Measures • Profitability Ratios (b) Qualitative Measures • Development • Satisfaction • Commitment • Empowerment	Part B: Q3 and Part C: Q2
3	Business Strategy (Moderating Variable X1)	A composite index of this variable was obtained by calculating the average of the total sum of the responses for each respondent over the four scales in column three measuring this variables	Business Strategy: • Defender, • Prospector and • Analyzer These strategies will defer in the way they handle the following problems: • Entrepreneurial, • Engineering and • Administrative Problems	Part D Q4
4	Organizational Structure (Moderating Variable X2)	A composite index of this variable was obtained by calculating the average of the total sum of the responses for each respondent over the two scales in column three measuring this variables	Organizational Structure is evidenced by: • Mechanistic and • Organic Structure	Part D Q5

3.8 Reliability and Validity Tests of the Instruments

Reliability is the consistency of a set of measurement items, while validity indicates whether or not instrument is measuring what it should. Reliability does not, however, imply validity

because while a scale may be measuring something consistently, it may not necessarily be what it is supposed to be measuring. Validity, on the other hand, subsumes reliability. For reliability, the researcher used the most common internal consistency measure known as Cronbach's Alpha (α). It indicates the extent to which a set of measurement items could be treated as measuring a single latent variable (Cronbach, 1951). The standardized Cronbach's alpha is defined as:

$$\alpha = \frac{N.\bar{C}}{\left[\bar{V} + (N-1).\bar{C}\right]}$$

Where N is the number of components (items or testlets), $\bar{v}$ is the average variance and $\bar{c}$ is the average of all covariances between the components (i.e. average Pearson correlation coefficients between the components). The recommended value of $\alpha = 0.7$ and above was used as a cut–off for acceptable levels of reliability (Nunnally, 1978; Cronbach, 1951). Cronbach's alpha generally increases when the correlations between the items increase. For this reason, the coefficient is also called the internal consistency or the internal consistency reliability of the measurements.

3.9 Data Analysis and Interpretation

Table 3 below shows the study hypotheses and analytical models used. The study utilized both correlation and regression analysis to determine the relationship between human resource strategic orientation, business strategy, organizational structure, and firm performance. For hypotheses H_1-H_4, correlation analysis was used to test for significance of the relationships and the derived Pearson's product moment correlation (PPMC) coefficient was employed to indicate the strength and significance of the relationships between the variables. A high r value denoted a very strong and significant correlation, thereby implying a very strong relationship. The regression analysis was also performed to predict the effect of one predictor variable (human resource strategic orientation - HRSO) on a secondary or criterion variable which in this case was firm performance. In some cases there were more than one predictor variable. The Statistical Package for the Social Sciences (SPSS) Version 17 was used by the researcher to effectively process the data. The coefficient of determination (R^2 value) which is a measure

of the degree of variability in the dependent variable, in this case firm performance, attributable to predictor variables namely: the configurational aspect of human resource strategic orientation, business strategy and organizational structure. In the regression models, the beta coefficient (β value) estimates the degree of change in competitive advantage resulting from each unit change in human resource strategic orientation and the two moderating variables (that is business strategy and organizational structure).

Both descriptive and inferential statistics were used in the analysis. Descriptive statistics, namely, frequency distributions, and measures of central tendency such as mean and standard deviation were used to describe the characteristics of the collected data. On the other hand, inferential statistics including correlation and regression analysis were used. Inferential statistics help us draw inferences from a sample to the population. To test the pattern of relationships between the research variables as stated in the hypotheses, simple and multiple linear regression equations were used as appropriate. The specific tests of hypotheses are presented in Table 3 below.

Table 3.2 Hypotheses and Analytical Models

No	Objective	Hypothesis	Analytical model	Question
1	To establish the relationship between human resource strategic orientation and firm performance	**H1:** There is a relationship between human resource strategic orientation and firm performance.	(i) Karl Pearson's coefficient of correlation (r)* Pearson Product Moment Correlation – (PPMC) $r = \frac{\Sigma\left(Xi - \bar{X}\right)\left(Yi - \bar{Y}\right)}{n.\delta_X \ .\delta_Y}$ Where: X_i = ith value of X variable $\bar{X}$ = Mean of X Y_i = ith value of Y variable $\bar{Y}$ = Mean of Y n = Number of pairs of observations of X and Y δ_X = Standard deviation of X δ_Y = Standard deviation of Y (ii) Simple linear regression analysis; $Y = \beta_0 + \beta_1 X_1 + \varepsilon$ $Y = \beta_0 + \beta_1(X_{1.1} + X_{1.2}) + \varepsilon$ Where : Y = Firm Performance (FP) β_0 = Intercept constant β_1 = regression coefficient for human resource strategic orientation X = composite index for human resource strategic orientation $X_{1.1}$= Composite index for universalistic perspective $X_{1.2}$ = composite index for contingency perspective ε = error term	Part B Q1

Table 3.2 Hypotheses and Analytical Models - Continued

No	Objective	Hypothesis	Analytical model	Question
2	To determine the moderating effect of business strategy on the relationship between human resource strategic orientation and performance	**H2:** The strength of the relationship between human resource strategic orientation and firm performance depends on business strategy	Stepwise regression analysis; Y = $\beta_0 + \beta_1 X_1 + \beta_2 X_2$ Y = $\beta_0 + \beta_1(X_{1.1} + X_{1.2}) + \beta_2(X_{2.1} + X_{2.2} + X_{2.3}$ Where Y = Firm Performance β_0 = Intercept / constant β_1 = regression coefficient for human resource strategic orientation β_2 = regression coefficient for business strategy $X_{1.1}$= composite index of universalistic perspective $X_{1.2}$= composite index contingency perspective $X_{2.1}$= composite index of defender strategy $X_{2.2}$= composite index of prospector strategy $X_{2.3}$= composite index of analyzer strategy ε = error term	Part D Q4
3	To determine the moderating effect of organizational structure on the relationship between human resource strategic orientation and performance	**H3:** The strength of the relationship between human resource strategic orientation and performance is depends on the organizational structure	Stepwise regression analysis Y = $\beta_0 + \beta_1 X_1 + \beta_3 X_{.3} + \varepsilon$ Y = $\beta_0 + \beta_1 X_1 + \beta_3(X_{3.1} + X_{3.2}) + \varepsilon$ Where Y = firm performance β_0 = Intercept constant β_1 = regression coefficient for human resource strategic orientation X_1 = Composite index of human resource strategic orientation β_3 = regression coefficient for organizational structure X_3 = Composite index of organizational structure $X_{3.1}$ = Composite index of mechanistic structure $X_{3.2}$ = Composite index of organic structure ε = error term	Part D Q5
4	To establish if the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effects	**H4:** The joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effects	Stepwise regression analysis Y = $\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ Where Y = firm performance β_0 = Intercept constant β_1 = regression coefficient for human resource strategic orientation β_2 = regression coefficient for business strategy β_3 = regression coefficient for organizational structure X_1 = Composite index of human resource strategic orientation X_2 = Composite index of business strategy X_3 = Composite index of organizational structure ε = error term	Part B: Q1 Part B: Q3 Part C: Q2 Part D: Q4 Part D: Q5

3.10 Chapter Summary

This chapter provides a general overview of the methodology used in this study. The chapter has discussed the philosophical orientation taken by the study and guided by this philosophical orientation, the researcher was able to arrive at the appropriate research design for the study. In addition, the chapter addressed the population of the study, the sampling design, sampling technique, the data collection methods, operational definition and measurement of variables, reliability and validity of the instruments, the normality of the data and data analysis. Data was collected using abstract questionnaire. The collected data was analyzed and interpreted as presented in chapter four.

CHAPTER FOUR
DATA ANALYSIS AND INTEPRETATION OF RESULTS

4.1 Introduction

The previous chapter had presented the research methodology used in this study. The study was set to investigate the effect of business strategy and organizational structure on the relationship between human resource strategic orientation and firm performance based on the following research objectives: (i) to establish the relationship between human resource strategic orientation and performance; (ii) to determine the moderating effect of business strategy on the relationship between human resource strategic orientation and performance; (iii) to establish the moderating effect of organizational structure on the relationship between human resource strategic orientation and performance and (iv) to establish the combined effect of human resource strategic orientation, organizational structure and competitive strategies on firm performance.

A total of 108 questionnaires were administered but the researcher managed to collect 75 questionnaires hence a response rate of 69.4%. Data cleaning was done to establish the number of questionnaires which were completely filled. Seven (7) questionnaires were not completely filled therefore sixty eight (68) questionnaires were entered into the SPSS Version 17 software for analysis. The data clean-up process involved editing, coding and tabulation in order to detect any anomalies in the responses, and assign specific numerical values to the responses for further analysis. Both descriptive and inferential statistics were used in this study.

4.2 Descriptive Statistics

This section used descriptive statistics comprising of frequencies, percentages, means, standard deviations, skewness and kurtosis for the variables under study.

4.2.1 Profile of Organizations and Respondents

This section was set to address the following items in the data collection tool: (i) respondent characteristics; (ii) number of employees; (iii) distribution of manufacturing firms by ownership; (iv) distribution of manufacturing firms by industry type; (v) number of years the organization has been in operation in Kenya and (vi) the distribution of market share by manufacturing firms. These items show the profile of the firms studied. This study targeted

108 large private manufacturing firms that were registered members of the Kenya Association of Manufacturers (KAM). The selection process of these firms was based on the random probability sampling on 498 manufacturing firms drawn from different sectors in the industry. Questionnaires were therefore sent to three managers in each organization including: the human resource managers, finance managers and planning managers. A total of 68 properly filled questionnaires were returned, achieving despondence rate of approximately 63%. This part provides the general information of the surveyed manufacturing firms such as positions of the people filled in questionnaire, locations, ownership, industry types, ages and number of employees. Such information comes from the questions in the part on personal and business details in the questionnaires (Part A).

In terms of size, most of the firms had more than 50 employees. Any manufacturing firm with more than 50 employees according to the Kenya National Bureau of Statistics (KNBS) was considered large manufacturing firm. From the analysis therefore, it was noted that most firms had more than 50 employees, hence they were large manufacturing firms. Specifically, the firms' sizes based on the number of employees are indicated in the Table 4.1 as follows: In general, 91.2% of the sampled firms had more than 50 employees (i.e. 7.4% + 10.3% + 73.5%) showing that these were large private manufacturing firms.

Table 4.1 Number of Employees in the Organization

Employees	Frequency	Percent	Cumulative Percent
26-50	6	8.8	8.8
51-75	5	7.4	16.2
76-100	7	10.3	26.5
Over 101	50	73.5	100.0
Total	68	100.0	

4.2.2 Distribution of Manufacturing Firms by Ownership

Data was sought on two levels of ownership, public and private. Table 4.2 below provides the frequency distributions. From the Table, it can clearly be seen that 88.2% of the firms were private manufacturing firms, 8.8% were public owned manufacturing while 2.9% were others. It is therefore clear that the study looked at private manufacturing firms in Kenya.

Table 4.2 Distribution of Manufacturing Firms by Type of Ownership

Ownership	Frequency	Percent	Cumulative Percent
Public	6	8.8	8.8
Private	60	88.2	97.1
Others	2	2.9	100.0
Total	68	100.0	

4.2.3 Distribution of Manufacturing Firms by Industry Type

The results in Table 4.3 provide the industry types of the surveyed manufacturing firms. Firms operating in the Food and Beverage industry had the largest portion, accounting for 38.2% of the total sample, while chemical and allied companies were only 13.2%. The firms in Paper and Board sector occupied about 10.3% of the total sample. Motor Vehicle and Accessories and Metal and Allied sectors accounted for 8.8% respectively. Building, Construction and Mining, Pharmaceuticals and Medical Equipment and Plastics and Rubber sectors accounted for 4.4% respectively. Textiles and Apparels and Timber, Wood and Furniture sectors accounted for 2.9% respectively of the total sample, while Leather and Footwear accounted for 1.5% of the sample. The distribution of these firms according to sub-sectors (i.e. agro-based; engineering and chemical subsectors); were as follows: 55.8% were agro-based, and 22% were engineering and chemical and allied firms respectively.

Table 4.3 Distribution of Manufacturing Firms by Type of the Business Activities

Sector	Frequency	Percent	Cumulative Percent
Building, Construction and Mining	3	4.4	4.4
Leather and Footwear	1	1.5	5.9
Motor Vehicle and Accessories	4	8.8	14.7
Pharmaceuticals and Medical Equipment	3	4.4	19.1
Textiles and Apparels	3	2.9	22.1
Chemical and Allied	9	13.2	35.3
Energy, Electrical and Electronics	6	8.8	44.1
Food and Beverages	15	38.2	73.5
Metal and Allied	6	8.8	82.4
Paper and Board	8	10.3	92.6
Plastic and Rubber	8	4.4	97.1
Timber, Wood and Furniture	2	2.9	100
Total	**68**	**100**	

4.2.4 Number of Years the Organization has been in Operation in Kenya

This section presented the number of years the firms have been in operation in Kenya. The respondents were asked to indicate the number of years their firm has been in operation in Kenya. Years of operation used as proxy for firm is age. The frequency distributions are shown in Table 4.4 below. From the Table, it is clear that the majority of the surveyed manufacturing firms had been in operation for a long time that is to say 51.5% of the firms have been in operation for a period ranging from 21 to 40 years, while 26.5 had been in operation for an average of 50 years. Those with 61-80 accounted for 10.3% while the rest represented 11.8% of the total sample. It is therefore clear that majority of the manufacturing firms in Kenya have been in operation for more than twenty years. The Table also shows that about 88.3% (51.5 + 26.5 + 10.3) of large private manufacturing firms in Kenya have been in existence between 21–80 years in the market, hence confirming that most of them were mature firms and old firms. These results are consistent with the results founds by Kidombo (2007) and Awino, (2007).

Table 4.4 Distribution of Firms by Number of Years in Operation

Range of Years	Frequency	Percent	Cumulative Percent
Less than 20	3	4.4	4.4
21-40	35	51.5	55.9
41-60	18	26.5	82.4
61-80	7	10.3	92.6
81-100	4	5.9	98.5
100 above	1	1.5	100.0
Total	**68**	**100.0**	

4.2.5 Distribution of Market Share by Manufacturing Firms

Market share enjoyed by an enterprise plays a significant role in sustainable firm performance. Manufacturing firms in this study commanded varying percentages of market share as shown in Table 4.5 below. From the results, 26.5% of the firms command over 75% of the market share, while 26.5% and 33.8% command between 25-50 % and 51-75% of the market share

respectively. 13.2% command less than 25% of the market share. These results reflected the diversity of firms' areas of operations.

Table 4.5 Distribution of Firms by Market Share

No of Years	Frequency	Percent	Cumulative Percent
Less than 25	9	13.2	13.2
25-50	18	26.5	39.7
51-75	23	33.8	73.5
Over 75	18	26.5	100.0
Total	**68**	**100.0**	

4.2.6 Human Resource Strategic Orientation

In this study, human resource strategic orientation consisted of two main perspectives, namely; universalistic and contingency perspectives.

4.2.6.1 Universalistic Perspective

The results of descriptive statistical analysis for the universalistic perspective of human resource strategic orientation scale were presented in Table 4.3.1. This measurement scale consisted of 10 items reflecting: (i) the training and development activities; (ii) human resource practices; (iii) staffing; (iv) human resource strategies; (v) reduction of status difference; (vi) employment policy; (vii) employees' feel of organizational ownership; (viii) human resource policies; (ix) principles and practices and (x) compensation strategies, and procurement of human resources. Respondents were asked to indicate to what extent the items were true regarding their organizations' human resource practices in enhancing organization performance. Items that were measured on a five point Likert-Type scale ranging from 1 being "to very less extent" to 5 being "to a very great extent".

The results from the test of the universalistic perspective of human resource strategic orientation were therefore as follows: item 1, for example, sought to find out the extent to which the training and development activities are geared towards improving employees' skills and corporate strategy adopted by the organization. The mean score for this was 3.9706 with a standard deviation of 0.59777. These results indicate that the majority of the private manufacturing firms encouraged training and development in managing their human resources

function, while at the same time enhancing their corporate strategy. Item 2 on the other hand asked the respondents to what extent the human resource practices are tailored towards enhancing employee empowerment. The mean score for these was 3.8676 and the standard deviation was .59612. These results show that most of the firms empowered their employees towards improving firm performance. Item 3 on Table tested the extent to which staffing is geared towards fulfilling the objectives of the organization. Once again the results from these tests show that the mean score was 3.8676 and standard deviation of .73107. The mean score was also high denoting that most firms gear their staffing function towards fulfilling the objectives of the firm. Item 4 was also tested and that the item looked at the extent to which human resource strategies are based on human resource attributes that enhance self-managed teams across the organization.

The results were as follows: M=3.7794 and SD=.68279. These results were also high and show that most of the firms tested engaged in human resource strategies that are based on human resource attributes that enhances self-managed teams across the organizations. Items 5 also sought to find out the extent to which the management approach is geared towards reduction of status difference across the organization. The respondents' mean score was 3.7353 and standard deviation was 0.68279. These results show that most of the private manufacturing firms in study employed management approaches that were geared towards reducing the status difference in their firms. For the remaining items, except item 10, they had mean score values above 3.6, indicating that the items in question were highly adopted by most of the private manufacturing firms under study. In this section, it was only item 10 that achieved a mean score of 3.54 and standard deviation of .836 indicating that the item was moderately applied by most private manufacturing firms.

Based on the mean score for each item indicated in Table 4.6, the manufacturing firms in this study expressed high universalistic perspective of human resource strategic orientation practices with mean scores ranging from 3.54 and 3.9706. On average therefore, manufacturing firms in this study registered a mean score of 3.73 and standard deviations of 0.518 on various universalistic perspective of Human Resource Strategic Orientation. Thus, it can safely be concluded that the large private manufacturing firms that were registered members of Kenya

Association of Manufacturers (KAM) showed somewhat higher adoption of universalistic human resource strategies.

Table 4.6 Means and Standard Deviations for the Measures of Universalistic Perspective

Universalistic Perspective Aspects	N	Mean	SD
Training and development activities are geared towards improving employees skills, corporate strategy adopted by organization	68	3.9706	.59777
The human resource practices are tailored towards enhancing employee empowerment	68	3.8676	.59612
Staffing is geared towards fulfilling the objectives of the organization	68	3.8676	.73107
Human resource strategies are based on human resource attributes that enhance self-managed teams across the organization	68	3.7794	.68775
The management approach is geared towards reduction of status difference across the organization	68	3.7353	.68279
Employment policy is geared towards guaranteeing employee's security in the job	68	3.71	.793
Employees' feel of organizational ownership is high, because the human resource practices encourage the same	68	3.6176	.91471
Human resource policies, principles and practices are geared towards enhancing employee participation in decision making	68	3.6176	.69173
Compensation strategies are aligned with role behaviours that support cultural strategies adopted by the organization	68	3.6176	.62365
Procurement of human resources is geared towards selective hiring of staff across the organization based on the behaviours the employees are expected to exhibit.	68	3.54	.836
Overall Mean	**68**	**3.73**	**0.518**

4.2.6.2 Contingency Perspective

The results of descriptive statistical analysis for the contingency perspective of human resource strategic orientation scale are presented in Table 4.7. This measurement scale consisted of 11 items reflecting the training and development activities, human resource practices, staffing, human resource strategies, reduction of status difference, employment policy, employees' feel of organizational ownership, human resource policies, principles and practices, compensation strategies, and procurement of human resources. Respondents were asked to indicate to what extent the items were true regarding their organizations' human resource practices enhanced organization performance. These items were then measured on a five point Likert-Type scale ranging from 1 being "to very low extent" to 5 being "to a very great extent". The results from the test of the contingency perspective of human resource strategic orientation were therefore as follows: item 1 sought to find out from the respondents the extent to which the

question “since organization believes that, behaviour is a function of ability and motivation, it has set up human resource practices that ensure that individuals with the required abilities are hired and retained”. The mean score and standard deviation for the responses were M=3.8676 and .54374 respectively. These results show that most of the private manufacturing firms in the study placed high emphasis on human resource practices that enhance employee motivation toward improving performance. Item 2 on the other hand sought to find out to what extent the organization has laid a great emphasis on aligning the organization’s interests and those of its employees so as to achieve good performance. The mean score was 3.8529 and the standard deviation was 0.65254. These results show that most of these firms were actually keen to align organizations’ interests together with those of their employees to a great extent. Item 3 was also tested and this was to test the extent to which the alignment of business strategy and human resource practices allows the organization to achieve superior performance. The mean score for this was 3.7794 and the standard deviation was 0.76968. These results show that most private manufacturing firms in this study aligned their human resource strategies with their corporate strategies to a great extent. Item 4 on the other hand sought to find out the extent to which the organization motivates employees to behave in ways that are consistent with the business strategy in order to improve performance. The mean score and standard deviation for this were 3.7794 and 0.76968 respectively, indicating that most of these firms motivated their employees to behave in ways that were consistent with organization’s strategy to enhance performance. In addition, item 5 was also set to find out to what extent the organization knows what employee behaviours it needs, and therefore has enacted policies and procedures that elicit these behaviours. The mean score and standard deviation for the response were 3.7647 and 0.64917 respectively. These results show that organizations are aware of behaviours that enhance performance therefore, based on that fact alone, organizations are able to put in place policies and procedures that control these behaviours.

Item 6 sought to establish the extent to which the organization has implemented human resource policies, principles and practices that encourage the employee behaviours that are consistent with the organization’s strategy. The mean score and standard deviation for this were 3.7353 and 0.76525 respectively. These results were also high indicating that these firms placed emphasis on behaviours that are consistent with firm’s business strategy. Item 7 was also posed to establish the extent to which the organization believes that given a specific

organizational strategy, it is more useful to rely on employee selection than on employee development. The mean score and the standard deviation values were 3.7353and 0.78451 respectively. The results show that most of the manufacturing firms in this study consider to a great extent the fact that given business strategy, organization enhances performance through employment development. The remaining three items i.e. item 8, 9 and 10; all had mean score below 3.5 indicating that most of the firms were moderately implementing the tested variables. Based on the mean score for each item indicated in Table 4.3.2, the manufacturing firms in this study expressed high contingency perspective of human resource strategic orientation practices with the mean scores ranging from 3.1912 and 3.8676. On average therefore, manufacturing firms in this study registered a mean score of 3.6618 and standard deviations of 0.55993 on various contingency perspective of Human Resource Strategic Orientation.

Thus, it can safely be concluded that the large private manufacturing firms that were registered members of Kenya Association of Manufacturers (KAM) showed somewhat higher adoption of contingency perspective of human resource strategic orientation. These results further confirmed that most of the private manufacturing firms were using both forms of human resource strategic orientation of universalistic and contingency and that it was difficult to draw a line and clearly state that these firms applied one strategy than the other. These findings were therefore consistent with Huselid (1995), Athour (1994) among others who expressed similar findings.

Table 4.7 Means and Standard Deviations for the Measures of Contingency Perspective

Contingency Perspective Items	N	Mean	SD
Since organization believes that, behaviour is a function of ability and motivation, it has set up human resource practices that ensure that individuals with the required abilities are hired and retained	68	3.8676	.54374
The organization has laid a great emphasis on aligning the organization's interests and those of its employees so as to achieve good performance	68	3.8529	.65254
The alignment of business strategy and human resource practices allows the organization to achieve superior performance	68	3.7794	.76968
The organization uses effective human resource policies and practices so as to ensure employees are motivated to behave in ways consistent with the business strategy intended to improve performance	68	3.7794	.76968
The organization knows what employee behaviours it needs, hence has enacted policies and procedures that elicit these behaviours	68	3.7647	.64917
The organization has implemented human resource policies, principles and practices that encourage the employee behaviours that are consistent with the organization's strategy	68	3.7353	.76525

Table 4.7 Means and Standard Deviations for Contingency Perspective-Continued

Contingency Perspective Items	N	Mean	SD
The organization believes that given a specific organizational strategy, it is more useful to rely on employee selection than on employee development	68	3.7353	.78451
The organization's strategy necessitates behavioural requirements for success , and the use of HR practices in the organization which rewards and controls employee behavior	68	3.4559	.78100
Implementation of business strategy relies heavily on employee behaviour	68	3.3529	.89384
The relationship between the use of specific employment practices and organizational performance is posited to be contingent on the organization's strategy	68	3.1912	.93453
Overall Mean	**68**	**3.6618**	**0.55993**

4.2.7 Firm Performance

The study measured firm performance using both qualitative and quantitative aspects of performance as follows: qualitative firm performance included employee development, job satisfaction, employee commitment and empowerment and the quantitative aspect of firm performance considered responses relating to firm's profitability.

4.2.7.1 Employee Development

The results of descriptive statistical analysis for the development scale were presented in Table 4.8. This measurement scale consisted of 10 items reflecting (i) the investment in experience and attitude; (ii) investment in training and development; (iii) investment in knowledge creation; (iv) incentive systems in the organization; (v) team-based production; (vi) investment in skills development; (vii) investment in human capital; (viii) multiple career ladders; (ix) commitment to human resource systems and (x) broad-based flexible jobs. Respondents were asked to provide answers on each item that was measured on a five point Likert-Type scale ranging from 1 being to a very less extent to 5 being to a very great extent and the results were as indicated below.

The results were therefore as follows: item 1 sought to establish to what extent the statement "Investment in experience and attitude has greatly enhanced individual employee's career development". The mean and standard deviation for these were 3.8971 and 0.73586 respectively. The results show that most of the firms invest on experience and attitude that enhance employee career development. Item 2 also sought to establish the extent to which investment in training and development has had a positive effect on employee's career

development. The results show that the mean score was 3.8971 and standard deviation was 0.69411. These results further shows that most private manufacturing firms in this study invest to a great extent on training and development in order to enhance employee career development. Further still, item 3 was set to establish the firm's investment in knowledge creation has contributed much to employee's level of career development. The mean score and standard deviation were 3.8676 and 0.59612 respectively. These results show that most of these firms invest to a great extent on knowledge creation towards enhancing employee career development. Item also sought to establish to what extent the incentive systems in the organization are geared towards enhancing employee's level of career development. The mean score and standard deviation were 3.8382 and 0.78437 respectively. These results indicate that most of these firms invest to a great extent on incentive systems that enhances employee career development. Item 5 was posed to test the extent to which team-based production is geared towards improving or enhancing individual employee's level of development. The mean score and standard deviation were 3.8382 and 0.72504 respectively. These results show that most of these firms encourage team-based production in order to enhance individual employee level of development.

In addition, item 6 was also posed to establish the extent to which investment in skills development has greatly enhanced employee development. The mean score and the standard deviation for this were 3.8382 and 0.57149 respectively. These results show high indication of investment in skill development in a bid to enhance career development. Further, item 7 in the table was to confirm to what extent the organization has invested in human capital to the extent that employee development is enhanced. The mean score for this was 3.7794 and the standard deviation was 0.75004 indicating high investment on human capital to enhance employee development. Considering Item 8 on the multiple career ladders that are tailored towards improving individual employee's development; this indicator revealed high mean score of 3.7647 and standard deviation of 0.67177. These results indicate that most of the private manufacturing firms were employing multiple career ladders that are tailored towards enhancing individual career development.

Item 9 on commitment human resource systems, results led to a mean score of 3.6176 and standard deviation of 0.79230. These results show that most of these manufacturing firms engage in commitment human resource systems that are geared towards improving employee's level of development. The last item on employee development was posed to establish the broad-based flexible jobs that enhances employee's level of development; had a mean score and standard deviation of 3.5294 and 0.85467 respectively. These results revealed that most of these firms enhance broad-based flexible jobs that enhance employee's level of development to a moderate extent.

As shown in Table 4.4.1, the mean scores of the measurement items were between 3.5294 and 3.8971. The highest mean score and standard deviation was Investment in experience and attitude (M=3.8971 ,SD=0.73586), followed by Investment in training and development (M=3.8971, SD=0.69411), Investment in Knowledge creation (M=3.8676 ,SD=.59612), Incentive Systems in the organization (M=3.8382, SD=0.78437), Team-based production (M=3.8382, SD=0.72504), Investment in skills development (M=3.8235, SD=0.57149), Investment in human capital (M=3.7794, SD=0.75004), Multiple Career Ladders (M=3.7647, SD=0.67177), Commitment to human resource Systems (M=3.6176, SD=0.79230) and Broad-based flexible job (M=3.5294 ,SD=0.85467). On average therefore, manufacturing firms in this study registered a mean score of 3.7853 and standard deviations of 0.56391 on various measures of employee development. Thus generally large private manufacturing firms in this study put great emphasis on employee development in order to enhance organizational performance. These results are also consistent with the results by Wright and Snell (1998); Becker and Gerhart (1996) and Huselid (1995).

Table 4.8 Means and Standard Deviations for the Measures of Employee Development

Employee Development Aspects	N	Mean	SD
Investment in experience and attitude has greatly enhanced individual employee's career development	68	3.8971	.73586
Investment in training and development has had a positive effect on employee's career development	68	3.8971	.69411
Investment in Knowledge creation has contributed much to employee's level of career development	68	3.8676	.59612

Table 4.8 Means and Standard Deviations Employee Development- Continued

Employee Development Aspects	N	Mean	SD
Incentive Systems in the organization are geared towards enhancing employee's level of career development	68	3.8382	.78437
Team-based production is geared towards improving or enhancing individual employee's level of development	68	3.8382	.72504
Investment in skills development has greatly enhanced employee development	68	3.8235	.57149
The organization has invested in human capital to the extent that employee development is enhanced	68	3.7794	0.75004
Multiple Career Ladders are tailored towards improving individual employee's development	68	3.7647	0.67177
Commitment human resource Systems are geared towards improving employee's level of development	68	3.6176	0.79230
Broad-based flexible job enhances employee's level of development	68	3.5294	0.85467
Overall Mean	**68**	**3.7853**	**0.56391**

4.2.7.2 Employee Job Satisfaction

The results of descriptive statistical analysis for the job satisfaction scale are presented in Table 4.9. This measurement scale consisted of 9 items reflecting the Degree to which individuals succeed, Teamwork and job challenge, Social Relationships with the work group, Quality of Supervision, Career opportunities, Job influence, Employees expectation, and Degree to which individuals fail. Respondents were asked to provide answers on each item that was measured on a five point Likert-Type Scale ranging from 1 being to a very less extent to 5 being to a very great extent. Item 1 sought to establish the degree to which individuals' success is geared towards employee satisfaction and the results indicated a mean and standard deviation of 3.7353 and 0.63757 respectively. These results reveals that majority of the respondents' success was geared towards employee satisfaction. Item 2 was posed to establish whether teamwork and job challenge is geared towards employee satisfaction. This yielded a mean score of 3.6765 and a standard deviation of 0.74195 implying that majority of the respondents felt that teamwork and job challenge is geared towards employee satisfaction.

Item 3 sought to establish the extent to which employees' expectation about the job is usually geared towards job satisfaction. A mean score of 3.6471 and a standard deviation of 0.59261 was obtained implying that the majority of the respondents agreed that employees' expectations about their job is usually geared towards job satisfaction. Item 4 was posed to establish whether social relationships with the work group are usually enhanced to improve employee level of satisfaction in their respective firms. The mean score of this item was 3.6471 and the standard deviation was 0.66388. This meant that most of the respondents in manufacturing firms felt that social relationships with the work group was usually enhanced to improve employee level of satisfaction in their respective firms. Respondents were asked to rate their perception on how the quality of supervision is geared towards improving employee job satisfaction as per item 5. The mean score of this item was 3.5882 and the standard deviation was 0.79617 implying that the majority of the firms have geared their quality of supervision towards improving employee job satisfaction. Item 6 sought to establish the extent to which career opportunities is tailored towards enhancing employee satisfaction in their respective firms. This yielded a mean score of 3.5735 and a standard deviation of 0.71896 implying that career opportunities are tailored towards enhancing employee satisfaction in the majority of the firms.

Item 7 was posed to establish whether job influence has positive effect on employee satisfaction level in the manufacturing firms. A mean score of 3.5147 and a standard deviation of 0.80098 were obtained for this item. This revealed that job influence had a positive effect on employee satisfaction in majority of the manufacturing firms under study. Item 8 sought to establish the extent to which employees' expectation about supervisor enhances job satisfaction. This yielded a mean of 3.4118 and a standard deviation of 0.59261. This indicated that the majority of the respondents felt that the expectations about their supervisors enhance employee job satisfaction. Respondents were required to rate the degree to which they fail in their work. A mean score of 2.9412 and a standard deviation of 1.14452 were obtained for this item implying that few respondents in the manufacturing firms studied fail in their work.

As shown in Table 4.4.2, the mean scores of the measurement items for job satisfaction were between 2.9412 and 3.7353. The highest mean score was degree to which individuals succeed, (M=3.7353, SD=0.63757), followed by teamwork and job challenge (M=3.6765, SD=0.74195), employees expectation (M=3.6471, SD=0.59261), social relationships with the

work group (M=3.6471, SD=0.66388), quality of supervision (M=3.5882, SD=0.79617), career opportunities(M=3.5735, SD=0.71896) and job influence (M=3.5147, SD=0.80098). However, respondents did not have great attachment on two items which were related to functional value and attachment, employees expectation (M= 3.4118, SD=0.69616), and degree to which individuals fail (M=2.9412, SD=1.14452). On average, manufacturing firms in this study registered a mean score of 3.5261 and standard deviations of 0.52735 on various measures of job satisfaction. Thus large private manufacturing firms put great emphasis on individual success, teamwork, employees' expectations, and social relationship with work group, quality supervision, career opportunities and job influence in enhancing organization performance.

Table 4.9 Means and Standard Deviations for the Measures of Job Satisfaction

Employee Job Satisfaction Aspects	**N**	**Mean**	**SD**
Degree to which individuals success is geared towards employee satisfaction	68	3.7353	.63757
Teamwork and job challenge is geared towards employee satisfaction	68	3.6765	.74195
Employees expectation about the job is usually geared towards job satisfaction	68	3.6471	.59261
Social Relationships with the work group is usually enhanced to improve employee level of satisfaction	68	3.6471	.66388
Quality of Supervision is geared towards improving employee job satisfaction	68	3.5882	.79617
Career opportunities is tailored towards enhancing employee satisfaction	68	3.5735	.71896
Job influence has positive effect on employee satisfaction level	68	3.5147	.80098
Employees expectation about supervisor enhances job satisfaction	68	3.4118	.69616
Degree to which individuals fail in their work	68	2.9412	1.14452
Overall Mean	**68**	**3.5261**	**0.52735**

4.2.7.3 Organization Commitment

The results of descriptive statistical analysis for the commitment scale are presented in Table 4.10. This measurement scale consisted of 11 items reflecting the willingness to exert considerable effort, willingness to continue working, perceived level of injustice, intention to leave the organization, commitment to organization policies and practices, acceptance of goals and values, level of absenteeism, desire to maintain membership, desire to exert effort, perception of job security and sharing of common values and beliefs. Respondents were asked to provide answers on each item that was measured on a five point Likert-Type Scale ranging

from 1 being strongly disagree to 5 being strongly agree. The results were as shown below. Item 1 sought to establish the extent of employees' willingness to exert considerable effort on behalf of the organization in terms of work. This yielded a mean of 3.8824 and a standard deviation of 0.58665 implying that majority of the employees in manufacturing firms were willing to exert considerable effort on behalf of their organization in terms of work. Item 2 was intended to establish the extent to which employees were willing to continue working for their organization. The mean score was 3.8676 and the standard deviation was 0.51556, indicating that majority of the respondents were willing to continue working for their organizations. Respondents were required to rate the level of in-justice or psychological contract violation amongst the employees as per item 3. This yielded a mean score of 3.8676 and a standard deviation of 0.66701 implying that there was a low level of injustice or psychological contract violation amongst employees in manufacturing firms.

Item 4 asked to rate the employees' intention to leave the organization for another. This yielded a mean of 3.8529 and a standard deviation of 0.60507 implying that the majority of the employees were not willing to move from their current firm for another. Item 5 sought to establish the extent to which organization policies and practices satisfy employee expectations leading to job commitment. This yielded a mean of 3.8529 and a standard deviation 0.62925. This revealed that in most manufacturing firms, organization policies and practices satisfy employee expectations leading to job commitment. Item 6 was posed to establish the extent to which acceptance of organizational goals and values amongst the employees. This item yielded a mean score of 3.8088 and a standard deviation of 0.69663 implying that there was high acceptance of organizational goals and values amongst employees in majority of the firms under study.

Respondents were required to rate the level of absenteeism amongst employees in the manufacturing firms under study as per item 7. A mean score of 3.8088 and a standard deviation of 0.71774 were obtained implying that absenteeism was very low in majority of the firms under study. Item 8 sought to establish the extent to which employees have a definite desire to maintain organizational membership. A mean score of 3.7941 and a standard deviation of 0.68150 were obtained. This revealed that majority of the employees in manufacturing firms have a definite desire to maintain organizational membership. Item 9 was

posed to determine the extent to which employees exert effort for the organization. This yielded a mean score of 3.7647 and a standard deviation of .49226 implying that majority of the employees in manufacturing firms have a strong desire to exert effort for their organizations. Respondents were required to indicate their perception of whether job security is geared towards enhancing employee empowerments per item 10. A mean score of 3.5147 and a standard deviation of 0.95406 were obtained implying that in majority of the firms under study, job security was geared towards enhancing employee empowerment to a great extent. Item 11 sought to establish the extent to which the sharing of common values and beliefs espoused by the organization had enhanced commitment to work. This yielded a mean score of work 3.5147 and a standard deviation of 0.72261. This revealed that the sharing of common values and beliefs espoused by the organization had enhanced commitment to work in majority of the firms under study.

Table 4.10 Means and Standard Deviations for the Measures of Organization Commitment

Organization Commitment Aspects	**N**	**Mean**	**SD**
Willingness to exert considerable effort on behalf of the organization in terms of work is very high amongst the employees	68	3.8824	.58665
Employees have a greater willingness to continue working with the organization	68	3.8676	.51556
Perceived level of in justice or psychological contract violation amongst the employees is very low	68	3.8676	.66701
Employees' intention to leave the organization for another is too low	68	3.8529	.60507
Organization policies and practices satisfy employee expectations leading to job commitment	68	3.8529	.62925
Acceptance of organizational goals and values is high amongst the employees	68	3.8088	.69663
The level of absenteeism amongst employees is very low	68	3.8088	.71774
Employees have a definite desire to maintain organizational membership	68	3.7941	.68150
Employees have strong desire to exert effort for organization	68	3.7647	.49226
Perception of job security is geared towards enhancing employee empowerment to a great extent	68	3.5147	.95406
Sharing of common values and beliefs espoused by the organization has enhanced commitment to work	68	3.5147	.72261
Overall Mean	**68**	**3.7754**	**0.48627**

As shown in Table 4.4.3, the mean scores of the measurement items were between 3.5147 and 3.8824. The highest mean score was the Willingness to exert considerable effort on behalf of organization (M=3.8824 , SD= 0.58665), followed by the willingness to continue working for the organization (M=3.8676, SD= 0.51556), the Perceived level of in justice (M=3.8676, SD= 0.66701), the intention to leave the organization (M=3.8529, SD= 0.60507), the commitment to organization policies and practices (M=3.8529, SD= 0.62925), the acceptance of goals and values (M=3.8088, SD=0.69663), the level of absenteeism (M=3.8088, SD=0.71774), the desire to maintain membership (M=3.7941, SD= 0.68150), the desire to exert effort (M=3.7647, SD=0.49226), Perception of job security (M=3.5147, SD= 0.95406) and Sharing of common values and beliefs (M=3.5147, SD= 0.72261). On average therefore, manufacturing firms in this study registered a mean score of 3.7754 and standard deviations of 0.48627 on various measures of organization commitment. From the results, it can safely be concluded that large private manufacturing firms in this study placed considerable importance on organizational commitment in order to enhance performance.

4.2.7.4 Employee Empowerment

The results of descriptive statistical analysis for the empowerment scale were also presented in Table 4.11. This measurement scale consisted of 6 items reflecting the job satisfaction, presence of a union, organization's culture, organizational tenure reflects demographic variables, and compensation level. Respondents were asked to provide answers on empowerment of organization performance items and their response measured on a five point Likert-Type Scale ranging from 1 being a very low extent to 5 being to a very great extent. The results were captured and shown in Table 4.4.4.

Item 1 sought to establish the extent to which empowerment of employees' affect job satisfaction. A mean score of 3.6618 and a standard deviation of 0.78437 were obtained implying that in majority of the manufacturing firms under study, employee empowerment influences job satisfaction to a great extent. Respondents were required to rate the extent to which the presence of a union empowers them at their work place as per item 2. This yielded a mean score of 3.6176 and a standard deviation of 0.99295. This revealed that the presence of a union empowers employees at their place of work in the majority of the manufacturing firms under study. Item 3 was posed to rate how organization culture was key to empowered

employees in the firms. A mean score of 3.6029 and a standard deviation of 0.84887 were obtained implying that organization culture is key to empowered employees in the firms under study. Respondents rated the relationship between organizational tenure and employee empowerment as per item 4. The mean score obtained was 3.4412 and the standard deviation was 0.81739. This means that majority of the respondents believe that organization tenure reflects employee empowerment to a great extent. Item 5 sought to establish the extent to which demographic variables within the organization empowers the employees in the manufacturing firms under study. A mean score of 3.4118 and a standard deviation of 0.88495 were obtained implying that, majority of the respondents felt that demographic variables within their organizations empowers employees to a great extent. Item 6 was posed to rate the extent to which compensation level is geared towards employee empowerment. A mean score of 3.3971 and a standard deviation of 0.9008 were obtained. This revealed that in majority of the firms under study compensation level is geared towards empowering employees.

Table 4.11 Means and Standard Deviations for Measures of Employee Empowerment

Employee Empowerment Aspects	**N**	**Mean**	**SD**
Job Satisfaction is as a result of empowered employees in the organization	68	3.6618	.78437
The Presence of a union greatly empowers employees in their work place a	68	3.6176	.99295
Organization's culture is key to empowered employees in the firm	68	3.6029	.84887
Organizational Tenure reflects employee empowerment to a great extent	68	3.4412	.81739
Demographic variables within the organization have greatly empowered the employees	68	3.4118	.88495
Compensation Level is usually geared towards empowering employees	68	3.3971	.90008
Overall Mean	**68**	**3.7754**	**0.48627**

As shown in Table 4.4.4, the mean scores of the measurement items were between 3.3971 and 3.6618. The highest mean score was Job Satisfaction (M=3.6618 SD=0.78437), followed by "Presence of a union (M= 3.6176, SD=0.99295)," "Organization's culture (M= 3.6029, SD=0.84887)," "Organizational Tenure reflects (M=3.4412, SD=0.81739)," "Demographic variables (M=3.4118, SD=0.88495)," and "Compensation Level (M=3.3971, SD=0.90008)." On average therefore, manufacturing firms in this study registered a mean score of 3.7754 and standard deviations of 0.48627 on various measures of employee empowerment. From the

results, it can safely be concluded that large private manufacturing firms in this study placed considerably importance on employee empowerment in order to enhance performance.

4.2.7.5 Firm Profitability

The results of descriptive statistical analysis for the profitability scale are presented in Table 4.12. This measurement scale consisted of 10 items reflecting: High profitability from current operations, ability to cover operating expenses and yield profits, earnings available to the owners of common stockholders, net profit margin, gross profit margin, after-tax profits per sales, operating profit margin, return on total investment in the enterprise, rate of return on the investment of common owners and rate of return on the stockholders' investment. Respondents were asked to provide answers on each item that was measured by a five point Likert-Type Scale ranging from 1 being to a very low extent to 5 being to a very great extent.

Item 1 sought to determine the extent of profitability from current operations without regard to the interest charges accruing from the capital structure. A mean score of 3.8676 and a standard deviation of 0.73107 were obtained implying that there was high profitability from current operations without regard to interest charges accruing from capital structure in majority of the firms under study. Item 2 was meant to determine the extent to which firms are able to cover their operating expenses and yield profitability. This yielded a mean score of 3.8235 and a standard deviation of 0.68982 implying that majority of the firms is able to meet their operating expenses and yield profitability. Respondents were also required to rate the amount of earnings available to the owners of common stock as per item 3. A mean score of 3.75 and a standard deviation of 0.71806 were obtained. This revealed that the earnings available to common stockholders in majority of the firms under study are high. Item 4 was posed for respondents to rate the gross profit margin of the firms under study. A mean score of 3.6765 and a standard deviation of 0.63343 were obtained meaning that the gross profit margin in a majority of the manufacturing firms under study was high.

Respondents were further required to rate the after tax-profit per sales of the firms under study as per item 5. The mean score for this item was3.6765 and the standard deviation was 0.80002. This implied that most of the firms had high after-tax profits per sales. Item 6 sought to establish the extent of the firms operating profit margin. A mean score of 3.6471 and a

standard deviation of 0.64100 were obtained implying that a majority of the firms under study had high operating profit margins. Item 7 was posed to rate the measure of the return on total investment in manufacturing firms. A mean of 3.6176 and a standard deviation of 0.66981 were obtained implying that there was a high return on investment in majority of the firms under study. Item 8 sought to measure the rate of return on the investment which the owners of common stock have made in the firm. A mean score of 3.6176 and a standard deviation of 0.66981 were obtained implying that the return on investment which the owners of common stock have made in the firm is high in majority of the firms under study. Item 9 also sought to measure the rate of return on the stockholders' investment in the firms. A mean score of 3.5294 and a standard deviation of 0.70118 were obtained. This revealed that the return on stockholders' investment in the firms under study was high in the majority of the firms.

As shown in Table 4.4.5 below, the mean scores of the measurement items were between 3.5294 and 3.8676. The highest mean score was, high profitability from current operations (M= 3.8676, SD= 0.73107), followed by ability to cover operating expenses and yield profits (M=3.8235 , SD=0.68982), earnings available to the owners of common stockholders (M=3.7500, SD=0.60779), net profit margin (M=3.7015, SD=0.71806), gross profit margin (M=3.6765,SD=0.63343), after-tax profits per sales (M=3.6765,SD=0.80002), operating profit margin (M=3.6471, SD=0.64100), return on total investment in the enterprise (M=3.6176 ,SD=0.66981), rate of return on the investment of common owners (M=3.6176, SD=0.66981) and rate of return on the stockholders' investment (M=3.5294, SD=0.70118). On average therefore, manufacturing firms in this study registered a mean score of 3.7754 and standard deviations of 0.48627 on various measures of firm profitability. Thus, it can be generally interpreted that the manufacturing firms in this study put a lot of emphasis on profitability. These results were therefore consistent with previous studies by Arthur (1992); Becker and Gerhart (1996) and Khatri (2000).

Table 4.12 Means and Standard Deviations for Measures of Firm Profitability

Firm Profitability Aspects	N	Mean	SD
High profitability from current operations without regard to the interest charges accruing from the capital structure	68	3.8676	0.73107
The firm's ability to cover operating expenses and yield profits is usually high	68	3.8235	0.68982
The earnings available to the owners of common stockholders is usually high	68	3.7500	0.60779
The firm's net profit margin (return on sales) is usually high	67	3.7015	0.71806
The firm's gross profit margin is usually high	68	3.6765	0.63343
The after-tax profits per sales is usually high	68	3.6765	0.80002
The firm's operating profit margin is usually high	68	3.6471	0.64100
The measure of the return on total investment in the enterprise is usually high	68	3.6176	0.66981
The measure of the rate of return on the investment which the owners of common stock have made in the firm is usually high	68	3.6176	0.66981
The measure of the rate of return on the stockholders' investment in the enterprise is usually high	68	3.5294	0.70118
Overall Mean	**68**	**3.7754**	**0.48627**

4.2.8 Business Strategy

Business strategy was measured using the three different perspectives of defender, prospector and analyzer as advocated by Miles and Snow (1978) in his typology.

4.2.8.1 Defender

The results of descriptive statistical analysis for the defender strategy scale were presented in Table 4.13. This measurement scale consisted of 16 items reflecting: the how to improve our technology, produce and distribute goods or services, cost-efficient technology, vertically integrated, intensive and cost oriented planning, single core technology, cautious and incremental growth, market domain through competitive pricing, functional structure with extensive division, how to maintain strict control of the organization in order to ensure efficiency, to ignore developments outside of our market domain, senior management team with limited environmental knowledge, lengthy tenure of senior management and problem of how to seal off apportion of market from competitive edge. Respondents were asked to rate their organization strategic activities for Kenya they consider each item to be in order to enhance organization performance. Items were measured by a five point Likert scale ranging from 1 being 'a very less extent' to 5 being 'to very great extent.'

As shown in Table 4.5.1, the mean scores of the measurement items were between 2.7500 and 3.6618. The highest mean score was " how to improve our technology, produce and distribute goods or services, cost-efficient technology, vertically integrated, intensive and cost oriented planning, single core technology, cautious and incremental growth, market domain through competitive pricing, functional structure with extensive division, how to maintain strict control of the organization in order to ensure efficiency, to ignore developments outside of our market domain, senior management team with limited environmental knowledge, lengthy tenure of senior management and problem of how to seal off apportion of market from competitive edge. On average therefore, manufacturing firms in this study registered a mean score of 3.2114 and standard deviations of 0.39544 on various measures of defender strategy. Thus, it is safe to conclude that the most of the manufacturing firms in this study showed somewhat higher adoption of defender business strategy.

Item 1 sought to determine how often the manufacturing firms improve technology to ensure efficiency. A mean score of 3.6618 and a standard deviation of 0.76510 were obtained implying that majority of the firms continuously change their technology to ensure efficiency. Item 2 was posed to establish the problems faced by the firms to produce and distribute goods or services as efficiently and effectively as possible. This yielded a mean of 3.5294 and a standard deviation of 0.93793. This revealed that majority of the firms experience the problem of production and distribution of goods or services to a great extent. Item 3 sought to establish the extent to which the firms under study emphasize on cost-efficient technology. A mean score of 3.5147 and a standard deviation of 0.68005 were obtained implying that majority of the firms emphasize on cost-efficient technology to a great extent. Item 4 was posed to establish the extent to which they tend to be vertically integrated. This yielded a mean score of 3.5 and a standard deviation of 0.68021 meaning that a majority of the firms tends to be vertically integrated.

Respondents were further required to rate the extent to which their firms' planning was cost intensive, cost oriented and completed before action was taken as per item 5. A mean score of 3.4412 and a standard deviation of 0.79892 were obtained. This implies that a majority of the firms under study were intensive in their planning, cost oriented and completed before action was taken. Item 6 was posed to establish the extent to which their firms emphasized on single

core technology. A mean score of 3.2941 and a standard deviation of 0.79286 were obtained. This revealed that majority of the firms under study emphasized on single core technology. Item 7 also sought to determine the extent to which their firms prefer cautious and incremental growth primarily through market penetration. A mean score of 3.2794 and a standard deviation of 1.00514 were obtained implying that fairly a good number of manufacturing firms prefer cautious and incremental growth primarily through market penetration to a great extent. Item 8 was posed to determine the aggressiveness with which the firms under study maintain their market domain through competitive pricing and excellent customer service. This yielded a mean score of 3.2353 and a standard deviation of 0.96379 implying that a majority of the firms maintained their market domain through competitive pricing and excellent customer service.

Item 9 sought to establish the extent to which firms under study have a tendency toward functional structure with extensive division of labour and high degree of formalization. A mean score of 3.2059 and a standard deviation of 0.6815 were obtained implying that a majority of the firms under study have a high tendency toward functional structure with extensive division of labour and high degree of formalization. Item 10 was posed to determine the extent to which maintaining strict control of the organization in order to ensure efficiency was an administrative problem. A mean score of 3.2059 and a standard deviation of 0.72398 were obtained. This revealed that maintaining strict control of the organization in order to ensure efficiency was an administrative problem in most of the manufacturing firms under study. Respondents were required to indicate the extent to which a centralized control and a long-looped vertical information system characterized their organization as per item 11. A mean score of 3.1765 and a standard deviation of 0.66784 were obtained. This showed that the structure of majority of the firms under study, were characterized by centralized control and a long-looped vertical information system. Item 12 was posed to establish the extent to which the firms tend to ignore developments outside their market domain. A mean score of 2.9412 and a standard deviation of 1.03495 were obtained implying a majority of the firms under study did not ignore developments outside their market domain but explored them instead. Respondents were further required to rate the extent to which they considered their financial and production experts to be most powerful members of the senior management team with limited environmental knowledge as per item 13. A mean score of 2.8971 and a standard deviation of

0.88334 were obtained. This meant that fairly a good number of firms have financial and production experts who have limited environmental knowledge.

Respondents were required to rate the extent to which they preferred operating in narrow and stable market domains as per item 14. This yielded a mean score of 2.8824 and a standard deviation of 0.95463 implying that few firms under study preferred operating in narrow and stable market domain. Item15 sought to establish the extent to which the tenure of the senior management team was lengthy as a result of emphasize of internal promotions. A mean score of 2.8676 and standard deviation of 0.73107 were obtained revealing that the tenure of the senior management is lengthy as a result of emphasize on internal promotions in few firms under study. Finally, item 16 sought to establish the extent to which sealing off a portion of the market from competition so as to create a stable set of products was an entrepreneurial problem. A mean score of 2.75 and a standard deviation of 0.99813 were obtained. This implies that this aspect was an entrepreneurial problem in a few firms under study.

Table 4.13 Means and Standard Deviations for Measures of Defender Strategy

Defender Strategy Aspects	**N**	**Mean**	**SD**
We continuously improve our technology to ensure efficiency	68	3.6618	.76510
Our problem is how to produce and distribute goods or services as efficiently and effectively as possible.	68	3.5294	.93793
We emphasize on cost-efficient technology	68	3.5147	.68005
We tend to be vertically integrated	68	3.5000	.68021
Our planning is intensive, cost oriented and completed before action is taken.	68	3.4412	.79892
We emphasize on single core technology	68	3.2941	.79286
We prefer cautious and incremental growth primarily through market penetration	68	3.2794	1.00514
We aggressively maintain our market domain through competitive pricing and excellent customer service.	68	3.2353	.96379
We have a tendency toward functional structure with extensive division of labour and high degree of formalization.	68	3.2059	.68150
Our administrative problem is how to maintain strict control of the organization in order to ensure efficiency.	68	3.2059	.72398
Our structure is characterized by centralized control and long-looped vertical information system.	68	3.1765	.66784
We tend to ignore developments outside of our market domain	68	2.9412	1.03495

Table 4.13 Means and Standard Deviations for Measures of Defender Strategy- Continued

Defender Strategy Aspects	N	Mean	SD
We consider our financial and production experts to be most powerful members of the senior management team with limited environmental knowledge	68	2.8971	.88334
We prefer to operate in a narrow and stable market domain	68	2.8824	.95463
The tenure of the senior management team is lengthy since we emphasize promotions from within.	68	2.8676	.73107
Our entrepreneurial problem is how to "seal off" a portion of the market from competition to enable us create a stable set of products and customers.	68	2.7500	.99813
Overall Mean	**68**	**3.2114**	**0.39544**

4.2.8.2 Prospector Strategy

Descriptive statistics for the support of defender strategies are presented in Table 4.14. The measurement scale consisted of 16 defender strategies reflecting the following: (i) we emphasize on broad and continuous development of our market domain; (ii) we emphasize on monitoring wide range of environmental conditions and events; (iii) we encourage growth through product and market development; (iv) our entrepreneurial problem is how to locate and exploit market opportunities; (v) our administrative problem is how to facilitate and coordinate numerous and diverse operations; (vi) our technological flexibility permits a rapid response to a changing market domain; (vii) our problem is how to avoid long term commitments to a single technological process; (viii) we create change in the industry; (ix) the tenure of the senior management team is not always lengthy; (x) we encourage flexible technologies; (xi) we encourage low degree of routinization and mechanization; (xii) we also engage in multiple technologies; (xiii) our marketing experts are most powerful members of the senior management team; (xiv) our strategic decision - making team is large; (xv) diverse and transitory and may include an inner cycle; (xv) our research and development experts are most powerful members of the senior management team, and (vi) our entrepreneurial problem is how to locate and exploit new products. Respondents were asked to rate their organizations strategic activities for Kenya they consider each item to be in order to enhance organization performance. Items were measured by a five point Likert scale ranging from 1 being 'a very less extent' to 5 being 'to very great extent.'

As shown in Table 4.5.2, the mean scores of the measurement items were between 2.7647 and 3.7500. The ranking of the mean scores for the sixteen (16) items mentioned above starting with the highest to the lowest was as follows: (i) we emphasis on broad and continuous development of our market domain; (ii) we emphasis on monitoring wide range of environmental conditions and events; (iii) we encourage growth through product and market development; (iv) our entrepreneurial problem is how to locate and exploit market opportunities; (v) our administrative problem is how to facilitate and coordinate numerous and diverse operations; (vi) our technological flexibility permits a rapid response to a changing market domain; (vii) our problem is how to avoid long term commitments to a single technological process; (viii) we create change in the industry; (ix) the tenure of the senior management team is not always lengthy; (x) we encourage flexible technologies; (xi) we encourage low degree of routinization and mechanization; (xii) we also engage in multiple technologies; (xiii) our marketing experts are most powerful members of the senior management team; (xiv) our strategic decision - making team is large, diverse and transitory and may include an inner cycle; (xv) our research and development experts are most powerful members of the senior management team and (xvi) our entrepreneurial problem is how to locate and exploit new products.

Most of these indicators measuring Prospector strategy were above the mean of 3.00 except the last three indicators of: our strategic decision making team is large, diverse and transitory and may include an inner cycle, our research and development experts are most powerful members of the senior management team, our entrepreneurial problem is how to locate and exploit new products as shown in Table 4.2.9. On average therefore, manufacturing firms in this study registered a mean score of 3.3208 and standard deviations of 0.42553 on various measures of prospector business strategy.

Item 1 sought to establish the extent to which the firms under study emphasize on broad and continuous development of their market domain. A mean score of 3.75 and a standard deviation of 0.77988 were obtained implying that a majority of the respondents emphasize on broad and continuous development of their market domain. Item 2 also sought to determine the extent to which their firms emphasized on monitoring a wide range of environmental conditions and events. A mean score of 3.6765 and standard deviation of 0.80002 were

obtained implying that a majority of the firms under study emphasized on monitoring a wide range of environmental conditions and events. Item 3 was posed to establish the extent to which their firms encourage growth through product and market development. This yielded a mean score of 3.6471 and a standard deviation of 0.84226. This revealed that a majority of the manufacturing firms under study encourage growth through product and market development. Respondents were required to rate locating and exploiting market opportunities was an entrepreneurial problem as per item 4. This yielded a mean score of 3.6176 and a standard deviation of 0.84693 implying that locating and exploiting market opportunities was an entrepreneurial problem in majority of the manufacturing firms under study.

Item 5 was posed to rate how facilitating and coordinating numerous and diverse operations was an administrative problem in the firms under study. A mean score of 3.4706 and a standard deviation of 0.87196 were obtained meaning that facilitating and coordinating numerous and diverse operations was an administrative problem in majority of the firms under study. Item 6 was also posed establish the extent to which firms' flexibility permits rapid response to changing market domain. This obtained a mean score of 3.4412 and a standard deviation of 0.83545 implying that technological flexibility permits rapid response to changing market domain in a majority of the firms under study. Respondents were further required to rate avoidance of long term commitments to single technological processes was a problem in their firms as per item 7. This yielded a mean of 3.4412 and a standard deviation of 0.79892 implying that avoidance of long term commitments to single technological processes was a problem in many manufacturing firms. Item 8 sought to establish the extent to which their firms had created change in their industry. This yielded a mean score of 3.4118 and a standard deviation of 1.0109. This meant that a majority of the firms had created change in the industry.

Respondents were further required to rate the tenure of the senior management as per item 9. This yielded a mean score of 3.3382 and a standard deviation of 0.83951. This meant that the tenure of senior management team is not always long in a majority of the firms under study. Item 10 sought to establish the extent to which the firms under study encourage flexibility of technologies. A mean score of 3.3235 and a standard deviation of 0.72155 were obtained implying that majority of the firms under study encourage technological flexibility in their production. Item 11 also sought to establish the extent of routinization and mechanization in

the firms under study. This gave a mean of 3.3088 and standard deviations of 0.77762 implying that majority of the firms encourage low routinization and mechanization. Item 12 was posed to establish the extent to which the firms engage in multiple technologies. A mean of 3.1029 and a standard deviation of 0.71529 were obtained meaning that majority of the firms under study engage in multiple technologies. Item 13 sought to mention the extent to which the marketing experts were most powerful members of the senior management team. This gave a mean score of 3.0588 and a standard deviation of 0.94446 implying fairly a good number of manufacturing firms had their marketing experts comprising of powerful members of the senior management team. Item 14 sought to establish the extent to which their strategic decision making team was large, diverse and transitory and inner cycle composition. This obtained a mean of 2.9559 and a mean of 0.92129 implying that a few firms under study had their strategic decision making teams being large, diverse and transitory and had inner cycle composition. Item 15 was posed to establish the extent to which research and development experts are most powerful members of the senior management team. This yielded a mean score of 2.8235 and a standard deviation of 0.99162 which therefore meant that research and development experts are most powerful members of the senior and management team in fairly a majority of the firms under study. Item 16 sought to establish the extent to which locating and exploiting new products is an entrepreneurial problem for the firms under study. This yielded a mean score of 2.7647 and a standard deviation of 0.91615 implying that locating and exploiting new products is an entrepreneurial problem for few of the firms under study.

From the results, it is suggested that the items measuring Prospector strategy as shown above are all considerably important strategies supported by private manufacturing firms in Kenya. These strategies are: (i) the ability to emphasize on broad and continuous development of market domain; (ii) the emphasis on monitoring wide range of environmental conditions and events; (iii) the determination to encourage growth through product and market development; (iv) the power to locate and exploit market opportunities; (v) the strategy of facilitating and coordinating numerous and diverse operations; (vi) the capacity to enhance technological flexibility that permits a rapid response to a changing market domain; (vii) avoiding long term commitments to a single technological process; (viii) creating change in the industry; (ix) shortening the tenure of the senior management team; (x) encouraging flexible technologies; (xi) encouraging low degree of routinization and mechanization to enhance competitiveness;

(xii) engaging multiple technologies; (xiii) having marketing experts who are powerful members of the senior management team among others.

Table 4.14 Means and Standard Deviation for Measures of Prospector Strategy

Prospector Strategy Aspects	N	Mean	SD
We emphasize on broad and continuous development of our market domain.	68	3.7500	.77988
We emphasize on monitoring wide range of environmental conditions and events.	68	3.6765	.80002
We encourage growth through product and market development	68	3.6471	.84226
Our entrepreneurial problem is how to locate and exploit market opportunities.	68	3.6176	.84693
Our administrative problem is how to facilitate and coordinate numerous and diverse operations.	68	3.4706	.87196
Our technological flexibility permits a rapid response to a changing market domain.	68	3.4412	.83545
Our problem is how to avoid long term commitments to a single technological process.	68	3.4412	.79892
We create change in the industry.	68	3.4118	1.0109
The tenure of the senior management team is not always lengthy	68	3.3382	.83951
We encourage flexible technologies	68	3.3235	.72155
We encourage low degree of routinization and mechanization	68	3.3088	.77762
We also engage in multiple technologies	68	3.1029	.71529
Our marketing experts are most powerful members of the senior management team.	68	3.0588	.94446
Our strategic decision making team is large, diverse and transitory and may include an inner cycle.	68	2.9559	.92129
Our research and development experts are most powerful members of the senior management team.	68	2.8235	.99162
Our entrepreneurial problem is how to locate and exploit new products	68	2.7647	.91615
Overall Mean	**68**	**3.3208**	**0.42553**

4.2.7.3 Analyzer Strategy

The descriptive statistics for the support of analyzer strategies were presented in Table 4.15. The indicators measuring the Analyzer strategy included: technical efficiency is moderate, applied research group is large, The surveillance mechanism in our case is mostly limited to research and development activities, Our administrative problem is how to differentiate the organization's structure and processes to accommodate both stable and dynamic areas of

operation, We maintain a hybrid domain product that is both stable and changing, We maintain a hybrid domain market that is both stable and changing, The surveillance mechanism in our case is mostly limited to marketing activities, We have a matrix structure that combines both functional divisions and product groups, we have a matrix structure that combines both functional divisions and product groups, Our applied research team is most influential members of senior management and Our marketing team is the most influential members of senior management. Respondents were asked to indicate how they rate there organizations strategic activities for manufacturing firms in Kenya they consider each item to be in order to enhance organization performance. Items were measured by a five point Likert scale ranging from 1 being 'a very less extent' to 5 being 'to very great extent.'

As shown in Table 4.5.3, the mean scores of these measurement items were between 2.5735 and 3.5588. On average therefore, manufacturing firms in this study registered a mean score of 3.1691 and standard deviations of 0.45533 on various measures of analyzer business strategy. The highest mean score was "technical efficiency is moderate, followed by applied research group is large, The surveillance mechanism in our case is mostly limited to research and development activities, Our administrative problem is how to differentiate the organization's structure and processes to accommodate both stable and dynamic areas of operation, We maintain a hybrid domain product that is both stable and changing, We maintain a hybrid domain market that is both stable and changing, The surveillance mechanism in our case is mostly limited to marketing activities, We have a matrix structure that combines both functional divisions and product groups, we have a matrix structure that combines both functional divisions and product groups, our applied research team is most influential members of senior management and our marketing team is the most influential members of senior management. From the results, it was found that analyzer strategies related to technical efficiency was moderate, applied research group, the surveillance mechanism in our case is mostly limited to research and development activities, our administrative problem is how to differentiate the organization's structure and processes to accommodate both stable and dynamic areas of operation were considerably important strategies supported by private manufacturing firms in Kenya.

Item 1 sought to establish the extent to which their firms' core business was able to serve a hybrid stable changing domain. A mean score of 3.5588 and a standard deviation of 0.93653 were obtained which meant that a majority of the firms under study had a technological core that was able to serve a hybrid stable-changing domain. Item 2 was posed to rate the influence of the research group in the firms under study. A mean score of 3.4706 and a standard deviation of 0.819 were obtained which meant that the research team had influence in a majority of the firms under study. Item 3 was posed to rate how to be efficient in stable portions of the market domain and flexible in changing portions was a problem. This yielded a mean score of 3.4412 and a standard deviation of 0.79892 implying that being efficient in stable portions of the market domain and flexible in changing portions was a problem in a majority of the firms under study. Item 4 was to rate the extents to which firms maintain a dual technological core (stable and flexible). A mean score of 3.4412 and a standard deviation of 0.95233 were obtained implying that a majority of the manufacturing firms maintain a dual technological core. Item 5 sought to establish the extent to which locating and exploiting new market opportunities while simultaneously maintaining a firm base of old customers was an entrepreneurial problem for the firms under study. A mean score of 3.4265 and a standard deviation of 0.85197 were obtained implying that this aspect was an entrepreneurial problem for a majority of the firms under study. Respondents were further required to rate the extent of their technical efficiency as per item 6. This yielded a mean score of 3.3971 and a standard deviation of 0.67226 which meant that the technical efficiency in a majority of the firms under study was moderate. Item 7 further sought to rate the size of the research groups in their companies. A mean score of 3.2794 and a standard deviation of 0.87836 were obtained implying that the research groups in a majority of the firms under study were large. Item 8 was posed was to establish the extent to which the surveillance mechanism was limited to research and development activities. This yielded a mean score of 3.1176 and a standard deviation of 0.68086. This revealed that a majority of the firms under study have limited their surveillance mechanism to research and development activities. Item 9 was also posed to establish the extent to which differentiating the organizations structure and processes to accommodate both stable and dynamic areas of operations was an administrative problem for the firms under study. This yielded a mean score of 3.1029 and a standard deviation of 0.73586 which meant that a majority of the firms experience differentiating the organizations structure and processes to accommodate both stable and dynamic areas of operations as an administrative problem.

Respondents were further required to mention the extent to which they had maintained a hybrid domain product that is both stable and changing as per item 9. This yielded a mean score of 3.0735 and a standard deviation of 0.88632 which meant that fairly a majority of the firms under study had maintained a hybrid product that was stable and changing. Item 10 sought to establish the extent to which the firms under study had maintained a hybrid domain market that was both stable and changing. This yielded a mean score of 2.9706 and a standard deviation of 0.88048. This revealed that a few of the firms under study had maintained a hybrid market that was both stable and changing.

The respondents were further required to indicate the extent to which the surveillance mechanism was limited to marketing activities as per item 11. A mean score of 2.9265 and a standard deviation of 0.69789 were obtained implying that a few of the firms had surveillance mechanisms that were mostly limited to marketing activities. Item 12 further sought to establish the extent to which they had a matrix that combined both functional divisions and product groups. This yielded a mean of 2.8971 and a standard deviation of 0.64968 implying that few of the firms under study had matrices that combined both functional divisions and product groups. Item 13 was posed to establish the extent to which research team members comprised of most influential members of senior management. This yielded a mean score of 2.6029 and a standard deviation of 0.71529 which meant that in most manufacturing firms the research team did not comprise of most influential members of senior management. Finally item 14 sought to establish the extent to which the marketing team comprised of most influential members of senior management. This yielded a mean score of 2.5735 and a standard deviation of 0.71896 implying that few manufacturing firms had their marketing team comprising of influential senior management team.

Table 4.15 Means and Standard Deviations for Measures of Analyzer Strategy

Analyzer Strategy Aspects	N	Mean	SD
Our technological core is able to serve a hybrid stable –changing domain, but the technology can never be completely effective or efficient.	68	3.5588	0.93653
Our applied research group is influential	68	3.4706	0.81900
Our problem is how to be efficient in stable portions of the market domain and flexible in changing portions.	68	3.4412	0.79892
We maintain a dual technological core (stable and flexible).	68	3.4412	0.95233
Our entrepreneurial problem is to locate and exploit new market opportunities while simultaneously maintaining a firm base of old customers.	68	3.4265	0.85197
Our entrepreneurial problem is to locate and exploit new products while simultaneously maintaining a firm base of traditional products.	68	3.4265	0.91938
Our technical efficiency is moderate	68	3.3971	0.67226
Our applied research group is large	68	3.2794	0.87836
The surveillance mechanism in our case is mostly limited to research and development activities.	68	3.1176	0.68086
Our administrative problem is how to differentiate the organization's structure and processes to accommodate both stable and dynamic areas of operation.	68	3.1029	0.73586
We maintain a hybrid domain product that is both stable and changing.	68	3.0735	0.88632
We maintain a hybrid domain market that is both stable and changing	68	2.9706	0.88048
The surveillance mechanism in our case is mostly limited to marketing activities.	68	2.9265	0.69789
We have a matrix structure that combines both functional divisions and product groups	68	2.8971	0.64968
Our applied research team is most influential members of senior management	68	2.6029	0.71529
Our marketing team is the most influential members of senior management	68	2.5735	0.71896
Overall Mean	**68**	**3.1691**	**0.45533**

4.2.9 Organization Structure

Descriptive statistics for the support for organizational structure were presented in Table 4.16. The measurement scale consisted of 11 indicators of organizational structure including: decision making process is concentrated at the top level of management, organization rules and procedures are carefully defined, specialized groups of labour, employees are granted limited participation in decision making, departmentalization of the firm, workers are granted limited discretion performing of tasks, several levels of management, high level of centralization of activities, highly informal organization structure, several branches across the country and high level of complexity. Respondents were asked to rate organizations strategic activities by indicating to what extent they are adopted for Kenya they consider each item to be in order to enhance organization performance. All these items were measured on a five point Likert-Type scale ranging from 1 being 'a very less extent' to 5 being 'to very great extent.'

As shown in Table 4.6.1, the mean scores of the measurement items were between 2.8676 and 3.7353 and standard deviations of between 0.56899 and 1.02760. On average therefore, manufacturing firms in this study registered a mean score of 3.4184 and standard deviations of 0.35231 on various measures of organization structure. The highest mean score was decision making concentrated at top management, followed by organization rules and procedures are carefully defined, specialized groups of labor, employees are granted limited participation in decision making, departmentalization of the firm, workers are granted limited discretion performing of tasks, several levels of management, high level of centralization of activities, highly informal organization structure, several branches across the country and high level of complexity.

From the results, it can be noted that destination competitive strategies related to decision making concentrated at top management, organization rules and procedures are carefully defined, specialized groups of labor, employees are granted limited participation in decision making, departmentalization of the firm, workers are granted limited discretion performing of tasks, several levels of management are considerably important strategies supported by manufacturing firms in Kenya. Item 1 sought to extent to which decision making in the firms under study was concentrated at the top level management. This yielded a mean score of 3.7353 and a standard deviation of 0.63757 implying that decision - making in a majority of

the firms under study was concentrated at the top. Item 2 was posed to establish the extent to which the organizations' rules and procedures are carefully defined. A mean score of 3.7206 and standard deviation of 0.56899 were obtained which meant that in a majority of the firms under study the organizations' rules and procedures are carefully defined. Item 3 also sought to extent to which the firms had specialized groups. This yielded a mean score of 3.6912 and a standard deviation of 0.71774 implying that a majority of the firms under study had specialized groups like research and development, finance, human resource, marketing, production etc. Respondents were further required to indicate the extent to which they were allowed to participate in decision-making as per item 4. A mean score of 3.5147 and a standard deviation of 0.77720 were obtained implying that employees in many manufacturing firms are allowed limited participation in decision - making. Item 5 sought to establish the number of departments. This yielded a mean of 3.5147 and a standard deviation of 0.68005 implying that majority of the manufacturing firms had several departments. Item 6 was posed to establish the extent to which the workers are granted discretion in performing their tasks. A mean score of 3.4853 and a standard deviation of 0.74296 were obtained.

This revealed that workers in a majority of the organizations under study are granted limited discretion in performing their tasks. Item 7 was posed to establish the level of management. This yielded a mean score of 3.3382 and standard deviation of 0.63740 implying that majority of the firms under study had different levels of management. Item 8 sought to establish the extent to which their activities are centralized. A mean score of 3.3235 and standard deviation of 0.8002 were obtained which meant that most firms under study are characterized by high levels of centralized activities. Respondents were further required to rate the adoption extent of an informal structure in their organizations as per item 9. This yielded a mean score of 3.25 and a standard deviation of 1.02760 implying fairly a large number of firms had a highly informal structure in their organizations. Item 10 was posed to establish the number of branches in the country. A mean score of 3.0882 and a standard deviation of 0.94214 were obtained implying that fairly a large number of firms under study had several branches across the country. Finally, item 11 sought to establish the extent of complexity in the firms under study. This yielded a mean score of 2.8676 and a standard deviation of 0.75121. This revealed that few of the firms under study had embraced high levels of complexity.

Table 4.16 Means and Standard Deviations for Measures of Organization Structure

Organization Structure Aspects	N	Mean	SD
The decision making process is concentrated at the top level management.	68	3.7353	0.63757
The organization's rules and procedures are carefully defined	68	3.7206	0.56899
The firm has specialized groups such as research and development, finance, human resource, marketing, production etc.	68	3.6912	0.71774
The employees are granted limited participation in decision making	68	3.5882	0.77720
The firm has several departments	68	3.5147	0.68005
Workers in the firm are granted limited discretion in performing their tasks	68	3.4853	0.74298
The firm has several levels of management	68	3.3382	0.63740
The firm is characterized by high level of centralization of activities	68	3.3235	0.80002
The organizational structure is highly informal	68	3.2500	1.02760
The firm has several branches across the country	68	3.0882	0.94214
The firm is characterized by high level of complexity	68	2.8676	0.75121
Overall Mean	**68**	**3.4184**	**0.35231**

4.2.10 Business Strategy – Organizational Structure Relationship

Descriptive statistics for business strategy-organizational structure relationship were presented in Table 4.17. The measurement scale consisted of 9 items reflecting this relationship and these include: need for a decentralized market-based design with low specialization and a lot of participation from employees is encouraged by the firm followed by the firm business strategy usually calls for narrow and routine work to enhance performance, the technological system is not contingent only upon the organizations current product mix but also the future mix, need for routinization is fundamental to the firm's strategy formulation and implementation, Need for standardization is usually fundamental to the firm's strategy, organization's business strategy emphasize a lot on formalization and standardization of jobs and tasks, need for flexibility to be incorporated into the technological system is key to the firm's business strategy, organization's business strategy calls for centralized decision making across the operations, and need for mechanization is the organization's key strategy. Respondents were therefore, asked to indicate how favorable or unfavorable for them they consider each item reflect the relationship between strategy and structure in their firms. Items measuring this

relationship were measured on a five point Likert-Type scale ranging from 1 being 'To a very less extent to 5 being 'To a very great extent.'

As shown in Table 4.7.1, the mean scores of the measurement items were between 3.6176 and 4.0588. On average therefore, manufacturing firms in this study registered a mean score of 3.8203 on various measures of business strategy-organizational structure relationship. The highest mean score was need for a decentralized market-based design with low specialization and a lot of participation from employees is encouraged by the firm followed by the firm business strategy usually calls for narrow and routine work to enhance performance, the technological system is not contingent only upon the organizations current product mix but also the future mix, need for routinization is fundamental to the firm's strategy formulation and implementation, need for standardization is usually fundamental to the firm's strategy, organization's business strategy emphasize a lot on formalization and standardization of jobs and tasks, need for flexibility to be incorporated into the technological system is key to the firm's business strategy, organization's business strategy calls for centralized decision making across the operations, and need for mechanization is the organization's key strategy.

Item 1 sought to establish the need for a decentralized market –based design with low specialization and a lot of participation from employees of the firms under study. This yielded a mean score of 4.0588 and a standard deviation of 0.70989 implying that a majority of the firms were in need of decentralized market-based design with low specialization and a lot of participation from employees. Item 2 sought to establish the extent to which firm business strategy usually calls for narrow and routine work to enhance performance. A mean score of 3.9706 and a standard deviation of 0.80984 were obtained which meant that the business strategy in most of the manufacturing firms under study called for narrow routine work to enhance performance. Item 3 was also posed to determine whether the technological system in the firms under study was not only contingent upon their product mix then but also the future product mix. This yielded a mean score of 3.9559 and a standard deviation of 0.781 implying that the technological systems in manufacturing firms under study was not only contingent upon the then product mix but also upon the future product mix. Respondents were further required to rate the extent to which the need for routinization was fundamental to their firm's strategy formulation and implementation as per item 4. This yielded a mean score of 3.8382

and a standard deviation of 0.90785 which implied that the need for routinization was fundamental to firm's strategy formulation and implementation. Item 5 sought to establish the extent to which need for standardization was fundamental to firm's strategy. This yielded a mean score of 3.7941 and a standard deviation of 0.61228 implying that the need for standardization was fundamental to firm's strategy. Item 6 also sought to establish the extent to which organization business strategy emphasized on formalization and standardization of jobs and tasks in firms under study. A mean score of 3.7647 and a standard deviation of 0.62576 were obtained which meant that organization business strategy emphasized a lot on the formalization and standardization of jobs and tasks in majority of the firms under study.

Item 7 was posed to extent to which the need for flexibility to be incorporated into the technological system was key to the firms' business strategy implying that there was need for flexibility to be incorporated into the technological systems to influence business strategy in majority of the firms under study. Item 8 was posed to determine the extent to which organization business strategy called for centralized decision making across the operations of firms under study. This yielded a mean score of 3.6765 and a standard deviation of 0.55828 implying that organization strategy called for centralized decision making across the operation of majority of the firms under study. Finally, item 9 was posed to determine the extent to which the need for mechanization was key to organization strategy in majority of the firms under study. A mean score of 3.6176 and standard deviation of 0.62365 were obtained implying that the need for mechanization was key for mechanization of organization strategy in majority of the manufacturing firms under study.

From the results, it is suggested that the items measuring business Strategy – organizational structure relationship strategy as shown below are all considerably important strategies supported by private manufacturing firms in Kenya. These strategies are: (i) need for a decentralized market-based design with low specialization and a lot of participation from employees is encouraged by the firm; (ii) the firm business strategy usually calls for narrow and routine work to enhance performance; (iii) the technological system is not contingent only upon the organizations current product mix but also the future mix; (iv) need for routinization is fundamental to the firm's strategy formulation and implementation; (vi) need for standardization is usually fundamental to the firm's strategy; (vii) organization's business strategy emphasize a lot on formalization and standardization of jobs and tasks; (viii) need for

flexibility to be incorporated into the technological system is key to the firm's business strategy; (ix) organization's business strategy calls for centralized decision making across the operations; (x) need for mechanization is the organization's key strategy.

Table 4.17 Means and Standard Deviations for Business Strategy – Organizational Structure Relationship

Business and Organizational Structure Aspects	N	Mean	SD
Need for a decentralized market-based design with low specialization and a lot of participation from employees is encouraged by the firm	68	4.0588	0.70989
The firm business strategy usually calls for narrow and routine work to enhance performance	68	3.9706	0.80984
The technological system is not contingent only upon the organizations current product mix but also the future mix	68	3.9559	0.78100
Need for routinization is fundamental to the firm's strategy formulation and implementation	68	3.8382	0.90785
Need for standardization is usually fundamental to the firm's strategy	68	3.7941	0.61228
Organization's business strategy emphasize a lot on formalization and standardization of jobs and tasks	68	3.7647	0.62576
Need for flexibility to be incorporated into the technological system is key to the firm's business strategy	68	3.7059	0.57456
Organization's business strategy calls for centralized decision making across the operations	68	3.6765	0.55828
Need for mechanization is the organization's key strategy	68	3.6176	0.62365
Overall Mean	**68**	**3.8203**	**0.52081**

4.2.11 Reliability of the Instrument

Reliability is a fundamental issue in any measurement scale. Scale reliability is considered as the proportion of variance attributed to the true score of the construct (DeVellis, 1991; Gable and Keilty, 1998). It is usually measured by internal consistency reliability that indicates the homogeneity of items comprising a measurement scale. The meaning of internal consistency is the extent that its items are inter-correlated. Thus, high inter-item correlations explain that the items of a scale have a strong relationship to the construct and are possibly measuring the same thing. Usually, the internal consistency of a measurement scale is assessed by using Cronbach's coefficient alpha and calculating the Cronbach's alpha along with the item-to-total

correlation for each item examined in the overall reliability of the measurement scale. It is generally recommended that if a measurement scale having a Cronbach's coefficient above 0.70 is acceptable as an internally consistent scale so that further analysis can be possible. However, if the scale has a coefficient alpha below 0.70, the scale should be examined for any sources of measurement errors such as inadequate sampling of items, administration errors, situational factors, sample characteristics, number of items, and theoretical errors in developing a measurement scale (Gable and Keility, 1998). As an initial examination of the reliability for the measurement scales for the twelve constructs proposed in this study, the Cronbach's alpha coefficients were calculated in SPSS 17.0 and presented in Table 4.18. All of the measurement scales for the twelve constructs obtained an acceptable level of a coefficient alpha above 0.70, indicating that the measurement scales were reliable and appropriate for further data analysis. Specifically, the average Cronbach's Alpha Coefficient was 0.85875.

Table 4.18 Test of Internal Consistency of Measurement Scales

Measurement Scale	**No of Items**	**Cronbach Alpha**
Universalistic	10	0.859
Contingency	11	0.915
Defender strategy	16	0.765
Prospector strategy	16	0.797
Analyzer strategy	16	0.858
Development	10	0.929
Job satisfaction	9	0.859
Commitment	10	0.924
Empowerment	7	0.935
Profitability	10	0.934
Mechanistic	11	0.630
Organic	9	0.900
Average		**0.85875**

4.2.11 Composite Mean Scores and Standard Deviations

The composite means and standard deviations for the twelve variables indicated in Table 4.19 were as follows: Universalistic (M = 3.73, SD = 0.518), Contingency (M = 3.66, SD = 0.560), Development (M = 3.79, SD = 0.564), Job satisfaction (M = 3.53, SD = 0.527), commitment (M = 3.80, SD = 0.491), empowerment (M=3.52, SD=0.751), profitability (M=3.68, SD= 0.544), mechanistic (M=3.42, SD=0.352), organic (M=3.82, SD=0.521). The high means shows that these variables were highly related and have effect on one another. Item 1 sought to establish the extent to which maunfacturing firms had adopted universalistic human resource strategic orientation. This yielded a mean score of 3.730 and a standard deviation of 0.518. This revealed that a majority of the respondents had adopted universalistic strategic orientation. Item 2 was posed to establish the extent to which firms under study had adopted contingency human resource strategic orientation. A mean of 3.660 and a standard deviation of 0.560 were obtained implying that a majority of the respondents had also adopted contingency human resource strategic orientation. Therefore, majority of the manufacturing firms had embraced the two strategies and not just a single strategy. Item 3 also sought to establish the extent to which they had embraced defender business strategy in their firms. This yielded a mean score of 3.21 and a standard deviation of 0.3950. This revealed that a majority of the firms under study had embraced defender strategy.

Item 4 was posed to determine the extent to which firms under study had adopted prospector business strategy. This yieded a mean score of 3.32 and a standard deviation of 0.426 implying that a majority of them had adopted the prospector business strategy. Item 5 also sought to establish the extent to which they had embraced analyzer business strategy. A mean score of 3.17 and a standard deviation of 0.455 implying that majority of the firms under study had also adopted the analyzer strategy.It was noted that no firm had adopted one business strategy but instead combined all the three strategies. The business strategies were adopted in the order of Prospector, Defender and Analyzer strategies, respectively, in a majority of the firms. Items 6,7,8 and 9 sought to establish the extent of qualitative performance indicators (development, job satisfaction,commitment and empowerment). These yielded mean scores of between 3.520 – 3.800 and standard deviations of between 0.491– 0.751. This revealed that a majority of the manufacturing firms under study had obtained good performance indicators. Item 10 sought to

establish the extent to which the firms under study had attained quantitative performance measures of Profitability.

A mean score of 3.68 and a standard deviation of 0.544 were obtained implying that a majority of the firms were profitable as a result of their operations. Item 11 and 12 sought to establish the extent to which they had adopted different organization structures (mechanistic and organic). This yielded mean scores of 3.42 for mechanistic and 3.82 for organic and standard deviations of 0.352 for mechanistic and 0.521 for organic. This revealed that a majority of the manufacturing firms under study had adopted all the two organization structures and no organization had just adopted one of the structures independently. Composite indexes of these variables were obtained by calculating the averages of the total sum of the responses for each respondent over the two scales in column three measuring these variables.

Table 4.19 Composite Mean Scores and Standard Deviations for Measures of each Variable

Item	N	Mean	Std. Deviation
Universalistic	68	3.73	0.518
Contingency	68	3.66	0.560
Defender strategy	68	3.21	0.395
Prospector strategy	68	3.32	0.426
Analyzers strategy	68	3.17	0.455
Development	68	3.79	0.564
Job satisfaction	68	3.53	0.527
Commitment	68	3.80	0.491
Empowerment	68	3.52	0.751
Profitability	67	3.68	0.544
Mechanistic	68	3.42	0.352
Organic	68	3.82	0.521
Average	**68**	**3.55**	**0.473**

4.2.12 Normality, Skewness and Kurtosis of the Composite Scores

Table 4.20 shows the composite scores of normality, skewness and kurtosis. For example, if the data have a non-normal distribution, the weighted least square (WLS) estimation should be used with a large sample size. Otherwise, the maximum likelihood (ML) or generalized least squares (GLS) estimation process is suggested (Bollen, 1989; Byrne, 1995; Jöreskog and Sörbom, 1999). Subsequently, if the data achieve normal distribution and the sample size is

large enough, the maximum likelihood (ML) or generalized least squares (GLS) is recommended because these estimation methods produce computational simplicity, accuracy, and correctness of statistical results (Chou and Bentler, 1995). Generally, the normality of variables can be tested by skewness and kurtosis (Byrne, 1998; Kline, 1998). Zero score assumes perfect normality in the data distribution of the variable. Skewness can be categorized into two directions: positive skewness indicates a distribution with an asymmetric tail extending toward more a positive value and negative skewness shows a distribution with an asymmetric tail tending toward more negative values.

Defender strategy, job satisfaction, profitability, organic organization structure, human resource strategic orientation, business strategy and organization structure had positive skewness (0.656, 0.179, 0.098, 0.0.002, 0.003, 0.706 and 0.198 respectively). On the other hand universalistic human resource strategic orientation, contingency human resource strategic orientation, prospector strategy, analyzer strategy, development, commitment, mechanistic organization structure and organization performance had negative skewness as shown in the table. Kurtosis refers to the proportions of scores in the middle of a distribution or in its tails relative to those in a normal curve, and it usually explains the relative peakedness or flatness of a distribution compared to the normal distribution. Positive kurtosis indicates a relative peak, and negative kurtosis indicates a relative flat. Development as a measure of firm performance was notably most peaked (4.514) followed by analyzer strategy at 3.516. Organic organization structure was more flattened at -1.109 as shown below.

Table 4.20 Composite Scores of Normality as Measured by Skewness and Kurtosis

Item	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Universalistic	68	3.7324	.51845	-.699	.291	1.744	.574
Contingency	68	3.6618	.55993	-.520	.291	.983	.574
Defender strategy	68	3.2114	.39544	.656	.291	.606	.574
Prospector strategy	68	3.3208	.42553	-1.233	.291	2.256	.574
Analyzer strategy	68	3.1691	.45533	-1.329	.291	3.516	.574
Development	68	3.7853	.56391	-1.478	.291	4.514	.574

Table 4.20 Composite Scores of Normality as Measured by Skewness and Kurtosis

Job satisfaction	68	3.5261	.52735	.179	.291	2.035	.574
Commitment	68	3.8015	.49066	-.062	.291	.934	.574
Empowerment	68	3.5210	.75139	-1.097	.291	.927	.574
Profitability	68	3.6941	.54878	.098	.291	-.366	.574
Mechanistic	68	3.4184	.35231	-.449	.291	.852	.574
Organic	68	3.8203	.52081	.002	.291	-1.109	.574
Human resource strategic orientation	68	3.6793	.52533	.003	.291	.622	.574
Business strategy	68	3.3464	.44983	.706	.291	1.056	.574
Organization structure	68	3.5035	.51399	.198	.291	-.247	.574
Organization Performance	68	3.8498	.51579	-.165	.291	.211	.574

4.3 Test of Hypotheses

This section presents the results of tests of hypotheses as guided by the objectives of the study. Both correlation and regression analysis were used to test the hypothesis. This section is divided into four main parts. The first part focuses on testing the direct-individual and overall relationship between each of the two components of human resource strategic orientation (that is universalistic and contingency perspectives) and the five components of firm performance (that is quantitative and qualitative firm performance measures). The relationship between these study variables were as follows: (i) universalistic versus profitability, development, satisfaction, commitment and empowerment, (ii) contingency versus profitability, development, satisfaction, commitment and empowerment and (iii) the overall human resource strategic orientation (universalistic and contingency) and firm performance (profitability, development, satisfaction, commitment and empowerment).

The second part presents the results for the moderating effect of business strategy (i.e. defender, prospector and analyzer) on the relationship between human resource strategic orientation and firm performance. This part was split into two sub-sections as follows: (i) the effect of individual business strategy variables on the relationship between the individual and the overall components of both human resource strategic orientation and firm performance and

(ii) the overall moderating effect of business strategy on the relationship between human resource strategic orientation and firm performance.

The third part presents the results for the moderating effect of organizational structure (i.e. mechanistic and organic) on the relationship between human resource strategic orientation and firm performance. This part was also split into two sub-sections as follows: (i) the effect of individual organizational structure variables on the relationship between the individual and the overall components of both human resource strategic orientation and firm performance and (ii) the overall moderating effect of organizational structure on the relationship between human resource strategic orientation and firm performance.

The fourth part presents the results of the combined effect of all the independent variables (human resource strategic orientation, business strategy and organizational structure) on firm performance. In order to effectively test the relationships in part one to four above, Pearson Product Moment Correlation (PPMC) and regression analysis were used. The choice of these statistical methods was based on the measurement scales and the purpose of the study, which was to establish the nature and strength of the relationships among the study variables.

4.3.1 Human Resource Strategic Orientation and Firm Performance

Objective one of the study was designed to establish the relationship that exists jointly and individually between the human resource strategic orientation (HRSO) of Universalistic and Contingency perspectives and firm performance. The literature review and theoretical reasoning led to the belief that both universalistic and contingency human resource strategic orientation will be associated with firm performance. The Universalistic arguments are the simplest form of theoretical statements in the strategic human resource management literature because they imply that the relationship between a given independent variable and a dependent variable is universal across the population of organizations. However, the Universalistic approach to strategic human resource management as the process of transforming traditional HR practices into a limited set of “correct” HR procedures and policies has no single best way to manage human resources and strategy. The set of HR practices include: high levels of employment security; selective hiring practices; a focus on teams and decentralized decision making; high pay levels; extensive employee training among others.

Contingency theorists on the other hand, argue that human resource practices must be consistent with other aspects of the organization. The contingency arguments are more complex than universalistic arguments because contingency arguments imply interactions rather than the simple linear relationships incorporated in universalistic theories. In other words, contingency theories posit that the relationship between the relevant independent variable and dependent variable will be different for different levels of the critical contingency factor in the SHRM literature. In contrast to universalistic thinking, contingency scholars argued that HR perspectives would be more effective only when appropriately integrated with a specific organizational and environmental context.

From the above, it was anticipated therefore, that both Universalistic and Contingency human resource strategic orientations would have a strong, positive and significant relationship with firm performance.

Many authors in the previous study have found evidence suggesting that the human resource strategic orientation (that is universalistic and contingency perspectives) have a direct and positive effect on firm performance (Arthur, 1994; Huselid, 1995; Huselid and Becker, 1996; Pfeffer, 1994). Most of these human resource strategic orientation practices revolve around work involvement and participation in decision-making processes in organizations. Khatri (2000) and Youndt et al. (1996) argue that on the surface the universalistic and contingency perspectives of human resource strategic orientation appear to be competing but they are, in fact, complementary. Further, they are noted that while the universalistic approach helps researchers examine the benefits of consistent human resource practices across all contexts, the contingency approach helps us look more deeply into organizational phenomena that have their roots in situational specific circumstances and managerial practices. In addition, when considered the different theoretical perspectives of Delery and Doty (1996) and Baker (1999), among others and empirical studies by Arthur (1992), Youndt et al. (1996) and Khatri (2000), it can be argued that high-performance practices vary across strategies, hence the first hypothesis indicated below:

Hypothesis 1: There is a relationship between human resource strategic orientation and firm performance

This hypothesis was tested using ten (10) items measuring both universalistic and contingency perspectives of human resource strategic orientation and forty four (44) items measuring firm performance (Appendix II). The measurement items were all on a five point Likert Type scale ranging from (1= to a very less extent to **5**= to a very great extent). In order to understand this section of the study, one hypothesis was set (that is to say Hypothesis 1), however, for the same; several tests were performed in order to expand the scope of the findings. The following structure of hypothesis 1 shows six stages in which the hypothesis was analyzed. The first three stages utilized Pearson product moment correlation while the last three used regression analysis. Pearson product moment correlation was used to test; (i) the relationship between human resource strategic orientation (HRSO) and firm performance (FP) (ii) the relationship between universalistic human resource strategic orientation and the individual aspects of firm performance and (iii) the relationship between contingency human resource strategic orientation and individual aspects of firm performance. The results of these relationships are presented in Tables 4.21, 4.22 and 4.23 respectively. On the other hand, regression analysis was performed to establish (i) the effect of universalistic human resource strategic orientation on firm performance; (ii) the effect of contingency human resource strategic orientation on performance and (iii) the effect of the composite human resource strategic orientation on firm performance shown in Table 4.24 - Model 1, Table 4.25 - Model 2 and Table 4.26- Model 3 respectively.

4.3.1.1 Relationship between Human Resource strategic Orientation and Firm Performance

To test hypothesis 1, the measures of HRSO that is universalistic and contingency were collapsed. Likewise different measures of performance were also collapsed. These resulted in composite indices for human resource strategic orientation and organizational performance. The relationship between the composite indices for human resource strategic orientation (HRSO) and performance were further analyzed using Pearson Product Moment Correlation (PPMC) technique and the results are presented in Table 4.21below. The findings in the Table show strong positive correlation between human resource strategic orientation and firm performance, ($n=68$, $r = 0.772$, $p < 0.01$), two tailed, implying that firm performance is affected by human resource strategic orientation adopted by the firm. These correlation results confirm

the findings reported in previous research by Pfeffer (1994), Lado and Wright (1992) and Huselid (1995) among others. However, these correlation results are not sufficient enough to make conclusive remarks on the cause and effect between the two variables (i.e. human resource strategic orientation and firm performance). To address this problem, stepwise regression analysis was used.

Table 4.21 Correlation Coefficients for Human Resource Strategic Orientation and Performance

		Organization Performance	Human resource strategic orientation
Organization Performance	Pearson Correlation (r)	1	
	Sig. (2-tailed)		
	n	68	
Human resource strategic orientation (HRSO)	Pearson Correlation	0.772(**)	1
	Sig. (2-tailed)	0.001	
	n	68	68
** Correlation is significant at the 0.01 level (2-tailed)			

4.3.1.2 Relationship between Universalistic Human Resource Strategic Orientation and Individual Dimensions of Performance

The results presented in Table 4.22 show that there is considerably strong positive correlation between the variables. Specifically, it is noted that there is a strong positive correlation between the universalistic human resource strategic orientation and the qualitative aspects of firm performance including; employee development, ($n=68$, $r = .781$, $p < .05$), employee job satisfaction ($n=68$, $r = .655$, $p < .05$) and employee commitment to work ($n=68$, $r = .655$, $p < .05$). However, there was moderate positive correlation between universalistic human resource strategic orientation and employee empowerment ($n=68$, $r = .525$, $p < 0.05$), and weak positive correlation between universalistic human resource strategic orientation and firm profitability ($n=68$, $r = 0.354$, $p < 0.05$). These results were all positive and statistically significant, hence supporting the fact that universalistic human resource strategic orientation has a positive influence on firm performance. These findings are consistent with the findings by Pfeffer (1994); Wang-Jing April and Tung Chun Huang (2005) and Dyer, (1983).

Table 4.22 Correlation Matrix for Universalistic Human Resource Strategic Orientation and Performance Variables

Development	Pearson Correlation	.781(**)
	Sig. (2-tailed)	.001
	n	68
Satisfaction	Pearson Correlation	.655(**)
	Sig. (2-tailed)	.001
	n	68
Commitment	Pearson Correlation	.655(**)
	Sig. (2-tailed)	.001
	n	68
Empowerment	Pearson Correlation	.525(**)
	Sig. (2-tailed)	.001
	n	68
Profitability	Pearson Correlation	.354(**)
	Sig. (2-tailed)	.003
	n	68

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

4.3.1.3 Relationship between Contingency Human Resource Strategic Orientation and Individual Dimensions of Performance

The relationship between the contingency perspective of human resource strategic orientation and the individual aspects of firm performance are presented in Table 4.23 below. With regard the contingency perspective of human resource strategic orientation and firm performance variables including; profitability, development, satisfaction, commitment and empowerment, there is considerably moderately high positive correlation between the variables. Specifically, it is noted that there is a high positive correlation between the contingency human resource strategic orientation and the qualitative aspects of firm performance including; employee development ($n=68$, $r = .690$, $p < .05$), two tailed, employee job satisfaction ($n=68$, $r = .730$, $p < .05$) two tailed and employee commitment to work ($n=68$, $r = .641$, $p < .05$) two tailed. However, there was moderate positive correlation between contingency human resource strategic orientation and employee empowerment ($n=68$, $r = .582$, $p < 0.05$), two tailed and very weak positive correlation between contingency human resource strategic orientation and

firm profitability, n= (68), r = 0.282, p < 0.05, two tailed. These results were all positive and statistically significant, hence supporting the fact that contingency human resource strategic orientation has a positive influence on firm performance.

Table 4.23 Correlation Matrix for Contingency Human Resource Strategic Orientation and Performance Variables

S/No	Development	Pearson Correlation	.690(**)
		Sig. (2-tailed)	.001
		n	68
1	Satisfaction	Pearson Correlation	.730(**)
		Sig. (2-tailed)	.001
		n	68
2	Commitment	Pearson Correlation	.641(**)
		Sig. (2-tailed)	.001
		n	68
3	Empowerment	Pearson Correlation	.582(**)
		Sig. (2-tailed)	.001
		n	68
4	Profitability	Pearson Correlation	.282(*)
		Sig. (2-tailed)	.020
		n	68

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

4.3.1.4 Effect of Universalistic HRSO on Composite Measures of Firm Performance

Table 4.24 below, shows a regression analysis that was performed in order to establish the amount of variation of the relationship between the universalistic perspective of human resource strategic orientation and firm performance. The results show strong positive relationship (R^2 = 0.65, P<0.05) implying that 65.1% of the variations in the model explaining the relationship between human resource strategic orientation and performance, is explained by the universalistic perspective of human resource strategic orientation. The standardized beta coefficient indicates that the universalistic perspective of human resource strategic orientation contributes substantially to the change in the dependent variable (β= 0.650; p < 0.05). Specifically, one unit change in universalistic human resource strategic orientation is associated with 0.650 changes in firm performance and that this change is statistically significant at p < 0.05. The F-ratio of 3.917 implies that the effect of universalistic human

resource strategic orientation on performance is statistically significant at less than the 0.05 level of significance. This shows that the relationship between the two variables is strong, positive and statistically significant.

The above findings show that the universalistic perspective of human resource strategic orientation (UHRSO) explains most of the variations in the relationship between human resource strategic orientation and firm performance. The findings are consistent with the findings by Pfeffer (1994) which showed that high performance work practices (HPWP) as indicated elsewhere in the literature review, were universally accepted human resource principles and practices that enhanced performance. The findings were still consistent with Khatri's (2000) proposition that the universalistic perspective of human resource management as opposed to the contingency and configurational perspectives has the greatest effect on firm performance. Further still, these findings are consistent with Kidombo (2007), who established that there is a fairly strong, positive and significant relationship between soft and hard human resource strategic orientation with firm performance.

Table 4.24 Regression Results for the Effect of Universalistic Human Resource Strategic Orientation on Performance

Model 1	Coefficients		Model summary			
	Beta	Std. Error	R^2	F-Value	df1	df2
Constant	1.251	0.22	0.651**	3.917	1	67
Universalistic HR Strategic Orientation	0.650**	0.059				

**p < 0.05; HR: human resource

4.3.1.5 Effect of Contingency HRSO on Composite Measures of Firm Performance

Table 4.25 below shows the findings of regression analysis performed in order to establish the amount of the variation of the relationship between the contingency perspective of human resource strategic orientation and firm performance. The results shows strong positive relationship ($R^2 = 0.602$; $p < 0.05$) implying that 60.2% of the variations in the model is explained by the contingency perspective of human resources. The standardized beta coefficients indicates that the contingency perspective of human resource strategic orientation makes a great contribution to the dependent variable ($\beta = 0.578$, $p < 0.05$). Specifically, one unit change in contingency human resource strategic orientation is associated with 0.578 changes in firm performance and that this change is statistically significant at $p < 0.05$. The F-ratio of 3.745 implies that the effect of contingency human resource strategic orientation on performance is statistically significant at $p < 0.05$. These results show that the relationship between the

two variables is strong, positive and statistically significant. The above findings are consistent with the findings by Pfeffer (1994) who found that high performance work practices (HPWP) as indicated elsewhere in the literature review, were universally accepted human resource principles and practices that enhance performance as opposed to the contingency perspective, though contradicts the finding by Youndt (1996). These findings are still consistent with Khatri's (2000) proposition that the universalistic perspective of human resources as opposed to the contingency and configuration perspectives enhance firm performance most. Further still, these findings are consistent with the findings by Lengnick-Hall and Lengnick-Hall (1988) that the reciprocal interdependence between a firm's business strategy and human resource strategic orientation were composite outcomes that influence firm performance.

Table 4.25 Regression Results for the Effect of Contingency Human Resource Strategic Orientation on Performance

	Coefficients		Model Summary			
	Beta	Std. Error	R^2	F-Value	df1	df2
Constant	1.558	0.214	0.602**	3.745	1	67
Contingency HR Strategic Orientation	0.578**	0.058				

**p < 0.05

4.3.1.6 Regression Results for the Effect of Human Resource Strategic Orientation (HRSO) on Firm Performance

Table 4.26 shows the composite effect of human resource strategic orientation (i.e. universalistic and contingency perspectives) on firm performance. The results presented in the Table show that human resource strategic orientation significantly explains 59.6 % of the variability in firm performance. The high variability in the regression analysis of 59.6% could be attributed to the fact that effective management of employees is likely to enhance firm performance. The standardized beta coefficient indicates that the human resource strategic orientation has a strong effect on performance (i.e. beta = 0.602, $p < 0.05$). Specifically, one unit change in composite human resource strategic orientation is associated with 0.602 changes in firm performance and that this change is statistically significant at $p< 0.05$. The F ratio is, 5.261 and is statistically significant ($p< 0.05$). These findings show that the combined effect of both universalistic and contingency perspectives of human resource strategic orientation (HRSO) on firm performance is compared to the individual effect of HR strategic orientation (i.e. universalistic and contingency perspectives) presented in Table 4.26 and 4.27, respectively. These findings support conclusion by Khatri (2000) and Youndt (1996) that the

two approaches of human resource strategic orientation are not in real sense competing forces, but rather complement each other. Overall, the hypothesis (H1) that there is a relationship between human resource strategic orientation and firm performance is supported.

Table 4.26 Regression Results for the Effect of Human Resource Strategic Orientation on Performance

Model 3	Standardized Coefficients		Model Summary			
	Beta	Std. Error	R^2	F-Value	df1	df2
Constant	1.472	0.239	0.596**	5.261	1	67
HRSO	0.602**	0.063				

**p < 0.05; HRSO: human resource strategic orientation

4.3.2 Business Strategy, HR Strategic Orientation and Firm Performance

Objective two of the study was designed to establish the moderating effect of business strategy on the relationship between human resource strategic orientation and firm performance. The literature review and theoretical underpinnings appear to suggest that the business strategy variables, both individual and jointly have effect on the relationship between human resource strategic orientation and firm performance. The analysis was done using composite scores computed from the measures of the key variables namely strategic human resource orientation, firm performance and business strategy. These data were used for the test of the following hypothesis:

> **Hypotheses 2:** The strength of the relationship between human resource strategic orientation and firm performance depends on business strategy

This hypothesis was tested both at macro and micro levels. At a macro level, the composite scores of the major variables (human resource strategic orientation, business strategy and firm performance) were used, whereas the scores pertaining to dimensions of the key variables were used at the micro level. The dimensions comprised the following: human resource strategic orientation: universalistic, contingency; business strategy: - defender, prospector and analyzer; firm performance: profitability, employee development, employee job satisfaction, organizational commitment and employee empowerment. Stepwise regression analysis was used to test the moderating effect of business strategy on the relationship between human resource strategic orientation and firm performance. Further analyses at micro - levels were

performed focusing on the various dimensions of human resource strategic orientation, business strategy and performance. The results are presented in Tables 4.27 to Table 4.40.

4.3.2.1 Effect of Business Strategy on the Relationship between Human Resource Strategic Orientation and Firm Performance

Hypothesis 2 was tested in this section at the macro level using composite scores of human resource strategic orientation, business strategy and firm performance. The results are presented in Model 1 below. The model shows the results of stepwise regression analysis when only human resource strategic orientation and firm performance variables are in the equation (n=68, $R^2 = 0.596$, $p < 0.05$). These results indicate that human resource strategic orientation accounts for 59.6% of the variability in firm performance. Model 2 presents statistical results when business strategy is included in the equation (n=68, $R^2 = 0.791$, $p < 0.05$). The results indicate that the addition of business strategy significantly improves the effect of business strategy on the relationship between human resource strategic orientation and firm performance by 19.5% ($F_{(1, 67)} = 1.029$, $p<0.05$). Further, the table shows that beta coefficient is 0.602 when human resource strategic orientation is in the model and that a unit change in human resource strategic orientation leads to a corresponding unit change in performance. However, with the introduction of business strategy, the beta coefficient increases from 0.602 to 0.750 implying that the moderating effect of business strategy on the relationship between human resource strategic orientation and firm performance increases by 0.148 (i.e. 14.8%) for every unit change in business strategy. These results are strong, positive and statistically significant ($F = 1.029$, $p< 0.05$). These results support the hypothesis that the strength of the relationship between human resource strategic orientation and firm performance depends on business strategy. These findings are consistent with observations made by Khatri (2000), Youndt et al (1996) and Delery and Doty (1996), among others. Each of these researchers concluded that, other things being equal, business strategy focused on enhancing human capital is a valuable approach for strengthening operational performance in the manufacturing and service sectors. In addition, these findings support conclusions by Lengnick-Hall and Lengnick-Hall (1988) that the reciprocal interdependence between a firm's business strategy and human resource strategic orientation are both composite outcomes that influence firm performance.

Table 4.27 Regression Results for the Effect of Business Strategy on the Relationship between HRSO and Firm Performance

Model		Standardized Coefficients	Model Summary				
		Beta	R^2	Adjusted R^2	F-Value	df1	df2
1	Constant		0.596**	0.589	0.706	1	67
	HRSO	0.602**					
2	Constant		0.791**	0.787	1.029	1	67
	HRSO * BS	0.750**					

*p < 0.05; HRSO: human resource strategic orientation; BS: business strategy

4.3.2.2 Effect of Individual Business Strategy Variables on the Relationship between Human Resources Strategic Orientation and Performance Variables

Analysis in this section was done using business strategy variables at the micro-level. A stepwise regression analysis was done separately for human resource strategic orientation and each of the three business strategies. The results are presented in Table 4.28 below. As shown in the table, models 2, 3 and 4, in addition to human resource strategic orientation, prospector strategy (PS), defender strategy (DS) and analyzer strategy (AS) were entered into the regression equation, respectively. From the table, prospector strategy appears to have the strongest effect on the relationship between human resource strategic orientation and firm performance ($R^2 = 0.818$) as opposed to analyzer and defender strategies with $R^2 = 0.807$ and $R^2 = 0.746$, respectively. The standardized beta coefficients indicate that each individual business strategy had a positive effect on the relationship between human resource strategic orientation and firm performance (beta = 0.743, 0.646 and 0.556 for defender, prospector and analyzer business strategies, respectively). These results are statistically significant (0.716, 1.649 and 1.08 at $p < 0.001$, respectively).

Table 4.28 Stepwise Regression Results for the Effect of Specific Business Strategies on the Relationship between Human Resource Strategic Orientation and Firm Performance

Model		Standardized Coefficients	Model Summary				
		Beta	R^2	Adjusted R^2	F-Value	df1	df2
1	Constant		0.596**	0.589	0.994**	1	67
	HRSO	0.602**					
2	Constant		0.818**	0.812	0.716**	1	67
	HRSO * PS	0.646**					
3	Constant		0.746**	0.738	1.649**	1	67
	HRSO * DS	0.743**					
4	Constant		0.807**	0.802	1.081**	1	67
	HRSO * AS	0.556**					

**p < 0.05; dependent variable: firm performance; Predictor variables are: - HRSO: human resource strategic orientation; PS: prospector strategy; DS: defender strategy; AS: analyzer strategy.

4.3.2.3 Effect of Individual Business Strategy Variables on the Relationship between Universalistic HRSO and Firm Profitability

This subsection focuses on the analysis of the moderating effect of individual business strategy components (defender, prospector, and analyzer) on the relationship between universalistic human resource strategic orientation and firm profitability. Table 4.29 below shows the moderating effect of each business strategy (prospector, defender and analyzer) on the relationship between universalistic human resource strategic orientation and the profitability indicator of firm performance. The regression results in Table 5.4 show that of the three business strategies, analyzer business strategy has the highest and significant effect on the relationship between universalistic human resource strategic orientation and profitability (n=68, $R^2 = 0.315$, $P<0.05$). The R^2 is strong, positive and statistically significant. From the R^2 value, we conclude that 31.5% of the variation in firm profitability is explained by the interaction between analyzer business strategy and universalistic human resource strategic orientation. On the other hand, the prospector and defender business strategies have a weak moderating effect on the relationship between universalistic human resource strategic orientation and profitability (n=68, $R^2 = 0.227$, $P<0.05$) and n=68, $R^2 = 0.126$, $P<0.05$,

respectively), implying that 22.7% and 12.6% of the variation in firm profitability is explained by the interaction between prospector and defender business strategies, respectively. The standardized beta coefficients indicate that the individual business strategies affect the relationship between universalistic human resource strategic orientation and firm profitability at β = 0.033, -0.049 and 0.004 (for prospector, defender and analyzer business strategies, respectively). The beta values are all statistically not significant at $p<0.05$ implying that the business strategies have a negligible effect on the relationship between universalistic human resource strategic orientation and firm profitability.

However, from the Table 4.29, the beta coefficients show that, while prospector and analyzer business strategies moderate the relationship positively, the defender strategy's effect is negative. Specifically, one unit change in prospector and analyzer strategies are associated with 3.3% and 0.4% unit change in the relationship between universalistic human resource strategic orientation and firm profitability, respectively. One unit change in defender business strategy leads to negative 4.9% change in profitability implying that the defender business strategy has an inverse moderating effect on the relationship, hence lowering profitability. The F values of 4.357, 3.689 and 2.694 are statistically significant i.e. prospector, $R^2 = 0.227$ and [F (1, 67) = 4.357, $p < 0.05$], defender, $R^2 = 0.126$ and [F (1, 67) = 3.689, $p < 0.05$], analyzer, $R^2 = 0.313$ and [F (1, 67) = 2.694, $p < 0.05$] imply that the goodness of fit for the model was statistically significant. The F ratios imply that the effect of each business strategy on the relationship between HRSO and profitability is statistically significant at less than the 0.05 level of significance. It can safely be concluded that the moderating effect of defender business strategy on the relationship between human resource strategic orientation and firm performance variables is negative and firms adopting this form of strategy are not likely to compete effectively in the market, while those employing prospector and analyzer strategies were bound to make positive effect on profitability. Specifically, statistics in the study show that defender business strategy lowers profitability.

Table 4.29 Stepwise Regression Results for the Effect of Each Business Strategy on the Relationship between Universalistic HRSO and Firm Profitability

	Standardized Coefficients	Model Summary		F-Value	df1	df2
	Beta	R^2	Adjusted R^2			
UHRSO*Defender strategy	-0.049	0.126*	0.990*	3.689*	1	67
UHRSO * Prospector strategy	0.033	0.227*	0.200*	4.357*	1	67
UHRSO *Analyzer strategy	0.004	0.315*	0.311*	2.694*	1	67

*p< 0.05; UHRSO: universalistic human resource strategic orientation

4.3.2.4 Effect of Individual Business Strategy Variables on the Relationship between Universalistic HRSO and Employee Development

Table 4.30 shows the effect of each business strategy (prospector, defender and analyzer) on the relationship between universalistic human resource strategic orientation and the development indicator of firm performance. The regression results show that of the three business strategies, prospector business strategy has the strongest effect on the relationship between universalistic human resource strategic orientation and employee development (R^2 = 0.765, P<0.05). Likewise, the defender and analyzer business strategies have a strong moderating effect on the relationship between universalistic human resource strategic orientation and employee development (R^2 = 0.732, P<0.05 and R2 = 0.654, p<0.05, respectively). From the R^2 value, we conclude that 73.2% and 65.4% of the variation in measures of employee development can be explained by the interaction effect of universalistic human resource strategic orientation and defender and analyzer business strategies respectively. Table 4.30, show that the beta values for all business strategies are small and statistically not significant (that is to say defender, -0.013; prospector, 0.043; and analyzer, 0.064, respectively). These imply that defender, prospector and analyzer business strategies have a small effect on the relationship between universalistic human resource strategic orientation and employee development.

Specifically, one unit change in defender strategy is associated with a negative 1.3% unit change in the relationship between universalistic human resource strategic orientation and employee development, while one unit change in prospector and analyzer strategies contributes to 4.3% and 6.4% unit change in the relationship between universalistic human resource strategic orientation and employee development, respectively. The value of the beta coefficients show that there is an inverse relationship between universalistic human resource strategic orientation and employee development when defender business strategy is employed, while a positive effect is realized when prospector and analyzer business strategies are introduced. However, all these changes as indicated above are very small and their effect on the relationship between universalistic human resource strategic orientation, is negligible. On the other hand, the F values of 1.697, 1.583 and 3.952 are statistically significant i.e. defender, $R^2 = 0.732$ and [F (1, 67) = 1.697, $p < 0.05$], prospector, $R^2 = 0.765$ and [F (1, 67) = 1.583, $p < 0.05$], analyzer, $R^2 = 0.654$ and [F (1, 67) = 3.952, $p < 0.05$]. These analyses show that the effect of prospector and analyzer business strategies on the relationship between human resource strategic orientation and employee development is positive and significant and thus firms adopting these forms of strategies are likely to have competitive edge in the market as opposed to those employing defender strategies with an inverse relationship. The inverse relationship in this case indicates that defender strategy lowers employee development.

Table 4.30 Stepwise Regression Results for the Effects of Each Business Strategy on the Relationship between Universalistic HRSO and Employee Development

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
UHRSO * Defender strategy	-0.013	0.732*	0.610	1.697*	1	67
UHRSO*Prospector strategy	0.043*	0.765*	0.715	1.583*	1	67
UHRSO *Analyzer strategy	0.064*	0.654*	0.624	3.952*	1	67

*p < 0.05; UHRSO: universalistic human resource strategic orientation

4.3.2.5 Effect of Individual Business Strategy Variables on the Relationship between Universalistic HRSO and Employee Job Satisfaction

Table 4.31 shows the effect of each business strategy (prospector, defender and analyzer) on the relationship between universalistic human resource strategic orientation and the employee job satisfaction indicator of firm performance. The regression Table shows that the three business strategies: defender, prospector and analyzer have a moderate and significant effect on the relationship between universalistic human resource strategic orientation and employee job satisfaction ($R^2 = 0.505$, $R^2 = 0.503$, and $R^2 = 0.597$, $P>0.05$) respectively. The results for all the strategies are positive and statistically significant. From the R^2 value, we conclude that 59.7%, 50.5% and 50.3% of the variation in qualitative firm performance measures of job satisfaction can be explained by the interaction effect of analyzer, defender and prospector business strategies, respectively. The standardized beta coefficients indicate that the individual business strategies have a positive relationship between human resource strategic orientation and employee job satisfaction (i.e. defender, $\beta = 0.101$, $P<0.05$; prospector, $\beta = 0.090$, $P<0.05$ and analyzer, $\beta = 0.046$, $p<0.05$). Specifically, one unit change in defender strategy is associated with 10% change, in employee job satisfaction, one unit change in prospector and analyzer strategies contributes to 9% and 4.6% changes in employee job satisfaction, respectively.

The value of the beta coefficients show that there is positive relationship between human resource strategic orientation and employee job satisfaction when either one or all business strategies are employed. These imply that firms employing these strategies are likely to enhance employee job satisfaction but at different levels as indicated by the beta coefficients. On the other hand, the F values of 1.697, 1.583 and 3.952 are statistically significant i.e. defender, $R^2 = 0.732$ and [$F (1, 67) = 1.697$, $p < 0.05$], prospector, $R^2 = 0.765$ and [$F (1, 67) = 1.583$, $p < 0.05$), analyzer, $R^2 = 0.654$ and [$F (1, 67) = 3.952$, $p < 0.05$] suggesting that the effect of each business strategy on the relationship between HRSO and employee job satisfaction is statistically significant at less than the 0.05 level of significance. These analyses, suggest that, the moderating effect of the three business strategies on the relationship between human resource strategic orientation and employee job satisfaction enhances firm performance and that firms adopting these strategies are likely to compete effectively in the market. These findings confirm the earlier findings by Youndt et al (1996), where the researcher established

that the manufacturing strategy enhances firm performance in a competitive business environment.

Table 4.31 Stepwise Regression Results for the Effects of Each Business Strategy on the Relationship between UHRSO and Employee Job Satisfaction

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
UHRSO * Defender strategy	0.101*	0.505*	0.490	3.585*	1	67
UHRSO*Prospector strategy	0.090*	0.503*	0.488	4.238*	1	67
UHRSO *Analyzer strategy	0.046**	0.597**	0.519	4.921**	1	67

*p < 0.05; **p < R^2 0.01; UHRSO: universalistic human resource strategic orientation

4.3.2.6 Effect of Individual Business Strategy Variables on the Relationship between Universalistic HRSO and Commitment

Table 4.32 contains findings on the effect of each business strategy (prospector, defender and analyzer) on the relationship between universalistic human resource strategic orientation and employee organizational commitment. The stepwise regression results in Table 4.32 show that of the three business strategies, defender and prospector business strategies have a moderate effect on the relationship between universalistic human resource strategic orientation and employee organizational commitment (n=68, R^2 = 0.562, and R^2 = 0.529; P<0.05, respectively), while the analyzer business strategy has a moderately weak but significant effect on the relationship (n=68, R^2 = 0.438, P<0.05). From the R^2 values, it is concluded that 56.2%, 52.9% and 43.8% of the variation in employee organizational commitment can be explained by the interaction effect of defender, prospector and analyzer business strategies respectively, implying that most of the variations in the model are explained by the defender and prospector business strategies as opposed to the analyzer business strategy. The standardized beta coefficient for defender strategy is negative and statistically not significant (β = - 0.033, P<0.05), while those of prospector and analyzer strategies are positive and statistically significant (β = 0.107, P<0.05, β = 0.100, P<0.05, respectively).

Specifically, one unit change in defender strategy is associated with negative 3.3% change in employee organizational commitment, while one unit change in prospector and analyzer strategies contributes to positive 10.7% and 10% change in employee organizational commitment, respectively. The value of the beta coefficients show that there is an inverse relationship between human resource strategic orientation and employee organizational commitment when defender business strategy is employed, while a positive effect is realized when prospector and analyzer business strategies are introduced. On the other hand, the F values of 3.564, 2.951 and 3.245 are statistically significant that is to say defender, n=68, R^2 = 0.562 and [F (1, 67) = 3.564, $p < 0.05$], prospector, n=68, R^2 = 0.529 and [F (1, 67) = 2.951, $p < 0.05$), analyzer, n=68, R^2 = 0.438 and [F (1, 67) = 3.245, $p < 0.05$]. The F ratios imply that the effect of each business strategy on the relationship between HRSO and organizational commitment is statistically significant at less than the 0.05 level of significance. From these analyses, it can safely be concluded that the moderating effect of defender business strategy on the relationship between universalistic human resource strategic orientation and employee organizational commitment is negative; hence firms adopting this form of strategy might not compete effectively in the market as opposed to those employing the prospector and analyzer business strategies. Miles and Snow (1978) found similar results and points out that defender business strategy rarely enhances firm performance. In this study, it is established that defender strategy lowers employee organizational commitment.

Table 4.32 Stepwise Regression Results for the Effect of Each Business Strategy on the Relationship between Universalistic HRSO and Employee Organizational Commitment

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
UHRSO * Defender strategy	-0.033	0.562*	0.412	3.564*	1	67
UHRSO*Prospector strategy	0.107*	0.529*	0.520	2.951*	1	67
UHRSO *Analyzer strategy	0.100*	0.438*	0.421	3.245*	1	67

*$p < 0.05$; UHRSO: universalistic human resource strategic orientation

4.3.2.7 Effect of Individual Business Strategy Variables on the Relationship between Universalistic HRSO and Employee Empowerment

Table 4.33 below, shows the effect of each business strategy variable (prospector, defender and analyzer) on the relationship between universalistic human resource strategic orientation and employee empowerment. The regression results in the Table 4.33 show that, of the three business strategies, prospector business strategy has a moderately weak but significant effect on the relationship between universalistic human resource strategic orientation and employee empowerment (n=68, $R^{2 =}$ 0.493, P <0.05) while defender and analyzer business strategies have a weak but significant effect on the said relationship (n=68, $R^2 = 0.282$, P<0.05 and n=68, $R^2 =$ 0.285, P<0.05 respectively). From the R^2 values, we conclude that 28.2%, 49.3%, and 28.5% of the variation in of employee empowerment is explained by the interaction effect of defender, prospector and analyzer business strategies respectively. On the other hand, the beta value for defender strategy is negative and statistically significant (β = - 0.183, P<0.05), while those of prospector and analyzer strategies are positive and statistically significant (β = 0.130, P<0.05; and β = 0.101 P<0.05, respectively). Specifically, one unit change in defender strategy is associated with a negative change in employee empowerment (i.e. β = - 18.3%), while one unit change in prospector and analyzer strategies contribute 13% and 10% change in employee empowerment, respectively. The value of the beta coefficients show that there is an inverse relationship between human resource strategic orientation and employee empowerment when defender business strategy is employed while a positive effect is realized when prospector and analyzer business strategies are introduced.

Further, the F values of 2.684, 3.925 and 1.962 are statistically significant i.e. defender, [F (1, 66) = 2.684, p < 0.05], prospector, [F (1, 67) = 3.925, p < 0.05], and analyzer, [F (1, 67) = 1.962, p < 0.05]. The F- ratios imply that the effect of each business strategy on the relationship between HRSO and empowerment is statistically significant at less than the 0.05 level of significance. It is concluded that the effect of prospector and analyzer business strategies on the relationship between universalistic human resource strategic orientation and employee empowerment is positive and statistically significant as opposed to defender strategy with a negative effect. It is implied that firms adopting prospector and analyzer strategies are likely to enhance firm performance in a competitive market situation as opposed to those

applying defender strategy. These findings confirm, to a significant extent the earlier findings by Miles and Snow (1978).

Table 4.33 Stepwise Regression Results for the Effect of Each Business Strategy on the Relationship between Universalistic HRSO and Employee Empowerment

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
UHRSO * Defender strategy	-0.183*	0.282*	0.260	2.684*	1	67
UHRSO*Prospector strategy	0.130*	0.493*	0.471	3.925*	1	67
UHRSO *Analyzer strategy	0.101*	0.285*	0.275	1.962*	1	67

*p< 0.05; UHRSO: universalistic human resource strategic orientation

4.3.2.8 Effect of Individual Business Strategy Variables on the Relationship between Contingency HRSO and Profitability

Table 4.34 contains stepwise regression results on the effect of each business strategy (prospector, defender and analyzer) on the relationship between contingency human resource strategic orientation and firm profitability (n=68, $R^2 = 0.189$, and $R^2 = 0.185$; $R^2 = 0.089$; $p<0.05$, respectively). From the R^2 values, it is concluded that 18.9%, 18.5% and 8.9% of the variation in firm profitability is explained by the interaction effect of defender, prospector and analyzer business strategies, respectively. These imply that most of the variations in the model are explained by the defender and prospector business strategies as opposed to the analyzer business strategy. The standardized beta coefficient for defender strategy is negative and statistically not significant ($\beta = - 0.022$, $p<0.05$), while those of prospector and analyzer strategies are positive and statistically significant ($\beta = 0.075$, $p<0.05$, $\beta = 0.028$, $p<0.05$, respectively). Specifically, one unit change in defender strategy is associated with negative 2.2% change in firm profitability, while one unit change in prospector and analyzer strategies contributes to positive 7.5% and 2.8% change in firm profitability, respectively. The value of the beta coefficients show that there is an inverse relationship between contingency human resource strategic orientation and firm profitability when defender business strategy is employed, while a positive effect is realized when prospector and analyzer business strategies

are introduced. On the other hand, the F values of 0.926, 2.964 and 3.951 are all statistically significant i.e. defender, n=68, $R^2 = 0.189$ and [F (1, 67) = 0.926, $p < 0.05$], prospector, n=68, $R^2 = 0.185$ and [F (1, 67) = 2.564, $p < 0.05$], and analyzer strategy, n=68, $R^2 = 0.089$ and [F (1, 67) = 0.028, $p < 0.05$]. The F ratios imply that the effect of each business strategy on the relationship between HRSO and firm profitability is statistically significant at $p< 0.05$ level of significance and that the data fit the model. Despite the above, the beta values suggest that the effect of defender business strategy on the relationship between contingency human resource strategic orientation and firm profitability is negative and that firms using this form of strategy may not add value to firm profitability as opposed to those employing the prospector and analyzer business strategies with positive beta values. Miles and Snow (1978) found similar results and points out that defender business strategy rarely enhances firm performance. In this study, it is established that defender business strategy lowers firm profitability.

Table 4.34 Stepwise Regression Results for the Effect of Each Business Strategy on the Relationship between Contingency HRSO and Firm Profitability

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
CHRSO * Defender strategy	-0.022	0.189	0.102	0.926*	1	67
CHRSO*Prospector strategy	0.075*	0.185	0.157	2.564*	1	67
CHRSO *Analyzer strategy	0.028*	0.089*	0.072	3.951*	1	67

*p< 0.05; CHRSO: contingency human resource strategic orientation

4.3.2.9 Effect of Individual Business Strategy Variables on the Relationship between Contingency HRSO and Employee Development

Table 4.35 shows the moderating effect of each business strategy (prospector, defender and analyzer) on the relationship between contingency human resource strategic orientation and the employee development. The regression results in Table 4.35 show that the three business strategies, defender, prospector and analyzer have strong moderate effect on the relationship between contingency human resource strategic orientation and employee development (n=68, $R^2 = 0.577$, $R^{2\ =}\ 0.523$, $R^{2\ =}\ 0.500$, $p >0.05$). From the R^2 value, we conclude that 57.7%,

52.3% and 50.0% of the variation in employee development is explained by the interaction effect between contingency human resource strategic orientation and defender, prospector and analyzer business strategies, respectively. The beta value for defender strategy is negative and statistically not significant (β = - 0.015, $p<0.05$), while those of prospector and analyzer strategies are positive and not significant statistically (β = 0.142, $P<0.05$, β = 0.160, $P<0.05$), respectively. The beta values indicate that one unit change in defender strategy is associated with negative 1.5% change in employee development, while one unit change in prospector and analyzer strategies contributes to 14.2% and 16% change in employee development respectively. The value of the beta coefficients show that there is an inverse relationship between human resource strategic orientation and employee development when defender business strategy is employed while a positive effect is realized when prospector and analyzer business strategies are introduced. On the other hand, the F value for the interaction between CHRSO and defender strategy is not statistically significant [$F (1, 67) = 0.652$, $p > 0.05$], while the interaction between CHRSO, prospector and analyzer strategies are all statistically significant [$F (1, 67) = 3.861$, $p < 0.05$, $F (1, 67) = 4.261$, $p < 0.05$]. The F ratios imply that the effect of each business strategy on the relationship between Contingency HRSO and employee development is statistically significant at less than the 0.05 level of significance for prospector and analyzer strategies as opposed to the defender strategy which has a p-value greater than 0.05.

From these analyses, it is concluded that the moderating effect of defender business strategy on the relationship between human resource strategic orientation and employee development is negative based on the beta values suggesting that firms adopting this form of strategy are likely not to add value to firm performance. These findings are consistent, to a greater extent, with the previous findings on the issue by Delery and Doty (1996). The researchers established that the defender strategy has a narrow and stable product-market domain and seldom makes major adjustments in technology or structure, hence affecting firm performance negatively.

Table 4.35 Stepwise Regression Results for the Effects of Each Business Strategy on the Relationship between Contingency HRSO and Employee Development

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
CHRSO * Defender strategy	-0.015	0.577*	0.591	0.652*	1	67
CHRSO*Prospector strategy	0.142*	0.523*	0.481	3.861*	1	67
CHRSO *Analyzer strategy	0.16*0	0.500*	0.485	4.261*	1	67

*p< 0.05; CHRSO: contingency human resource strategic orientation

4.3.2.10 Effect of Individual Business Strategy Variables on the Relationship between Contingency HRSO and Employee Job Satisfaction

Results for the moderating effect of each business strategy (prospector, defender and analyzer) on the relationship between contingency human resource strategic orientation and job satisfaction indicator of firm performance are presented in Table 4.36 below. As shown in the Table, prospector business strategy has a strong moderating effect on the relationship between contingency human resource strategic orientation and employee job satisfaction (n=68, R^2 = 0.633, p <0.05), implying that 63.3% of the variations in employee job satisfaction is explained by the interaction between contingency human resource strategic orientation and prospector business strategy. On the other hand, the defender and analyzer business strategies have a moderate influence on the relationship between contingency human resource strategic orientation and firm development (n=68, R^2 = 0.545, p<0.05) and (n=68, R^2 = 0.602, p<0.05 respectively). Based on R^2 values, we conclude that 54.5% and 60.2% of the variation in employee job satisfaction is explained by the interaction effect between contingency human resource strategic orientation, defender and analyzer business strategies respectively.

As shown in Table 4.36, beta coefficients for defender strategy is negative and statistically significant (β = - 0.111, P<0.05), while those of prospector and analyzer strategies are positive and not significant statistically (β = 0.010, P<0.05, β = 0.064, p<0.05, respectively). Specifically, one unit change in defender strategy is associated with negative 11.1% unit

change in the relationship between contingency human resource strategic orientation and employee job satisfaction, while one unit change in prospector and analyzer strategies contributes to 1% and 6.4% unit change in the relationship between contingency human resource strategic orientation and employee job satisfaction, respectively. The value of the beta coefficients show that there is an inverse relationship between contingency human resource strategic orientation and employee job satisfaction when defender business strategy is employed while a positive effect is realized when prospector and analyzer business strategies are introduced. On the other hand, the F - values of 4.384, 3.951 and 2.613 are statistically significant i.e. defender, [F (1, 67) = 4.384, $p < 0.05$], prospector, [F (1, 67) = 3.951, $p < 0.05$], analyzer, [F (1, 67) = 2.613, $p < 0.05$]. The F-ratios imply that the effect of each business strategy on the relationship between contingency HRSO and employee job satisfaction is statistically significant at less than the 0.05 level of significance and that the data fit the model adequately. The above analyses, lead to conclusions that the moderating effect of prospector and analyzer business strategies on the relationship between human resource strategic orientation and job satisfaction are positive, and firms adopting these forms of strategies are likely to compete effectively in the market as opposed to those using defender strategy.

Table 4.36 Stepwise Regression Results for the Effect of Each Business Strategy on the Relationship between Contingency HRSO and Employee Job Satisfaction

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
CHRSO * Defender strategy	-0.111	0.545*	0.531*	4.384*	1	67
CHRSO*Prospector strategy	0.010	0.633*	0.526*	3.951*	1	67
CHRSO *Analyzer strategy	0.064	0.602*	0.589*	2.613*	1	67

*$p < 0.05$; CHRSO: contingency human resource strategic orientation

4.3.2.11 Effect of Individual Business Strategy Variables on the Relationship between Contingency HRSO and Employee Commitment

Shown in Table 4.37, is the moderating effect of each business strategy (prospector, defender and analyzer) on the relationship between contingency human resource strategic orientation and employee commitment indicator of firm performance. The regression Table show that of the three business strategies, prospector has the strongest effect on the relationship between contingency human resource strategic orientation and employee job commitment ($R^2 = 0.621$, $P < 0.05$). On the other hand, the defender and analyzer business strategies have a moderate effect on the relationship between contingency human resource strategic orientation and employee job commitment ($R^2 = 0.512$, $P<0.05$) and ($R^2 = 0.611$, $P<0.05$, respectively), implying that 51.2% and 61.1% of the variation in employee job commitment can be explained by the interaction effect between contingency human resource strategic orientation, defender and analyzer business strategies, respectively.

The beta value for the interaction effect between human resource strategic orientation and defender strategy is negative and statistically not significant ($\beta = -0.026$, $p<0.05$). However, those of prospector and analyzer strategies are positive and statistically not significant ($\beta = 0.019$, $P<0.05$, $\beta = 0.011$, $p<0.05$) respectively. The beta coefficients indicate that, one unit change in defender strategy is associated with negative 2.6% change in the relationship between contingency human resource strategic orientation and employee organizational commitment, while one unit change in prospector and analyzer strategies contributes to 1.9% and $\beta = 1.1\%$ unit change in the relationship between contingency human resource strategic orientation and employee organizational development respectively. The value of the beta coefficients show that there is an inverse relationship between contingency human resource strategic orientation and employee job satisfaction when defender business strategy is employed, while a positive effect is realized when prospector and analyzer business strategies are introduced. On the other hand, the F values of 4.263, 2.492 and 3.852 are statistically significant that is defender, [$F (1, 67) = 4.263$, $p < 0.05$], prospector, [$F (1, 67) = 2.492$, $p < 0.05$] and analyzer, [$F (1, 67) = 3.852$, $p < 0.05$]. The F values of 4.263, 2.492 and 3.852 were statistically significant ($p <0.05$). The F- ratios imply that the effect of each business strategy on the relationship between HRSO and employee job commitment is statistically significant at less than the 0.05 level of significance. From these analyses, it is concluded that the

moderating effect of prospector and analyzer business strategies on the relationship between contingency human resource strategic orientation and employee job commitment are positive and firms adopting these forms of strategies are likely to be competitive in the market. These findings provide further support to a greater extent the earlier findings on the same by Youndt et al. (1996), who established that manufacturing strategies also moderate the relationship between human resource management and firm performance.

Table 4.37 Stepwise Regression Results for the Effect of Each Business Strategy on the Relationship between Contingency HRSO and Commitment

	Standardized Coefficients	Model Summary		F-Value	df1	df2
	Beta	R^2	Adjusted R^2			
CHRSO * Defender strategy	-0.026	0.512*	0.493*	4.263*	1	67
CHRSO*Prospector strategy	0.019	0.621*	0.498*	2.492*	1	67
CHRSO *Analyzer strategy	0.011	0.611*	0.582*	3.852*	1	67

*d< 0.05; CHRSO: contingency human resource strategic orientation

4.3.2.12 Effect of Individual Business Strategy Variables on the Relationship between Contingency HRSO and Employee Empowerment

Table 4.38 shows the moderating effect of each business strategy (prospector, defender and analyzer) on the relationship between contingency human resource strategic orientation and the employee empowerment indicator of firm performance. The Table shows that all the three business strategies, defender, prospector and analyzer business strategies have a moderate effect on the relationship between contingency human resource strategic orientation and employee empowerment (i.e. $R^2 = 0.427$, $P<0.05$; $R^2 = 0.432$, $p<0.05$; and $R^2 = 0.559$, $p <0.05$), respectively. The results for defender business strategy are negative but statistically significant, while those of prospector and analyzer business strategies are positive and statistically significant. From the R^2 value, we conclude that 42.7% and 43.2% and 55.9% of the variation in employee empowerment can be explained by the interaction effect of defender, prospector and analyzer business, strategies respectively.

The beta coefficients for all the strategies defender, prospector and analyzer business strategies were positive but not statistically significant ($\beta = 0.093$, $p<0.05$, $\beta = 0.053$, $p<0.05$; $\beta = 0.011$, $p<0.05$), respectively. Specifically, one unit change in defender, prospector and analyzer strategies is associated with 9.3%, 5.3% and 1.1% unit change in the relationship between contingency human resource strategic orientation and employee empowerment, respectively. The value of the beta coefficients show that there is positive relationship between contingency human resource strategic orientation and employee empowerment when all strategies are employed. The F values of 2.964, 4.824 and 3.953 were statistically significant ($p< 0.05$). The F ratios imply that the effect of each business strategy on the relationship between HRSO and empowerment is statistically significant ($p<0.05$). From these analyses, it can be concluded that the effect of analyzer business strategy on the relationship between human resource strategic orientation and employee empowerment indicator of firm performance is positive and firms adopting this form of strategy are likely to compete effectively in the market. These findings are highly consistent with the earlier findings on the same by Delery and Doty (1996) indicated elsewhere in the study. From the above, it is clear that the findings support the hypothesis that business strategy has a strong effect on the relationship between the human resource strategic orientation and firm performance and therefore, based on these results, we fail to reject the hypothesis that the strength of the relationship between human resource strategic orientation and firm performance depends on the business strategy.

Table 4.38 Stepwise Regression Results for the Effect of Each Business Strategy on the Relationship between CHRSO and Employee Empowerment

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
CHRSO * Defender strategy	0.093	0.427*	0.327*	2.964*	1	67
CHRSO*Prospector strategy	0.053	0.432*	0.421*	4.824*	1	67
CHRSO *Analyzer strategy	0.011	0.559*	0.456*	3.953*	1	67

*p < 0.05; CHRSO: contingency human resource strategic orientation

4.3.3 Effect of Organizational Structure on the Relationship between Human Resource Strategic Orientation and Performance

Objective three of the study was designed to establish the moderating effect of organizational structure on the relationship between human resource strategic orientation and firm performance. The study looked at the joint moderating effect of organizational structure variables (mechanistic and organic) and their separate effect on the relationship between individual and the joint aspects of human resource strategic orientation (universalistic and contingency perspectives) and both the individual and the joint aspects of firm performance. The literature review and theoretical reasoning led to the assumption that the organizational structure variables both individually and combined moderate the relationship between individual and combined aspects of human resource strategic orientation and firm performance (Burns and Stalker, 1961). The hypothesis that follows considers specific human resource strategic orientation and their relationship with organizational structure. Burns and Stalker (1961) typology of two organizational archetypes (mechanistic and organic structures) has been used very often in previous research (Farjoun, 2002; Armour and Teece, 1979). Further still, Burns and Stalker wrote an influential article (1984) specifically linking the organizational structure archetypes with human resource strategic orientation. In this study, Burns and Stalker's (1961) typology has been used to examine the moderating influence of organizational structure on the relationship between human resource strategic orientation and firm performance, hence the third hypotheses indicated below:

> **Hypotheses 3:** The strength of the relationship between human resource strategic orientation and performance depends on the organizational structure

Stepwise regression analysis was used to test the moderating effect of organizational structure on the relationship between human resource strategic orientation and firm performance. The results are presented in Table 4.39 below. The Table shows the results of the analysis that was performed to establish the effect of individual organizational structure variables (mechanistic and organic) and the composite organizational structure as they moderate the relationship between components of both human resource strategic orientation and firm performance. The results are as follows: Model 1 show the results of regression analysis when only human resource strategic orientation and firm performance are in the equation ($n=68$, $R^2 = 0.596$, $p <$

0.05). These results indicate that human resource strategic orientation account for 59.6% of the variability in firm performance alone. Model 2 presents statistical results when mechanistic organizational structure variable is included in the regression equation (n=68, $R^2 = 0.496$, $p < 0.05$). The results indicate that the inclusion of mechanistic structure moderates the relationship between human resource strategic orientation and firm performance by 10% ($F_{(1, 67)} = 0.157$, $p<0.05$). As shown in the Table, beta coefficient decreases from 0.602 to 0.4105 when mechanistic form of structure is introduced in the regression equation, implying that the strength of the moderating effect of mechanistic structure on the relationship between human resource strategic orientation and firm performance decreases by 0.1915 (i.e. 19.15%) for every unit change in organizational structure. These results were strong, positive and statistically significant.

On the other hand, model 3 presents statistical results when organic organizational structure is included in the regression equation (n=68, $R^2 = 0.744$, $p < 0.05$). The results indicate that the inclusion of organic structure, strengthens the relationship between human resource strategic orientation and firm performance by 14.8% ($F_{(1, 66)} = 0.194$, $p<0.05$) as compared with the introduction of the mechanistic structure giving a decrease in prediction of 10% ($F_{(1, 67)} = 0.157$, $p<0.05$). The beta coefficient decreases from 0.602 to 0.3535 when the organic form of structure is introduced in the regression model, implying that the strength of the moderating effect of organic structure on the relationship between human resource strategic orientation and firm performance decreases by decreases by 0.2485 (i.e. 24.85%) for every unit change in organic form of organizational structure.

Model 4 presents statistical results when the composite organic structure is included in the question (n=68, $R^2 = 0.629$, $p < 0.05$). This show that both human resource orientation and the organizational structure jointly account for 62.9% of variability in firm performance ($F_{(1, 67)} = 0.837$, $p<0.05$). As shown in the Table, beta coefficient decreases from 0.602 to 0.197 when the composite organizational structure is introduced in the regression model, implying that the strength of the moderating effect of organizational structure on the relationship between human resource strategic orientation and firm performance decreases by 0.405 for every unit change in organizational structure. Specifically, one unit change in human resource strategic orientation is associated with 60.2%, unit change in firm performance, one unit change in interaction of

human resource strategic orientation, mechanistic and organic structures leads to 41.05% and 35.35% unit change in firm performance, respectively. Further the interaction of human resource strategic orientation and organization structure leads to 19.7% unit change in firm performance. These analyses suggest that firm performance is enhanced by human resource strategic orientation in the absence of bureaucratic structures in organizations and this can be confirmed by the high beta coefficient of 60.2% as opposed to the rest which are below this figure. The analyses also imply that the effect of individual aspect of mechanistic and organic structures have greater effect on the relationship between human resource strategic orientation and performance as opposed to the two combined. The F values of 0.157, 0.194 and 0.837 were statistically significant and that the data fit the model ($p< 0.05$) implying that the effect of organization structure on the relationship between HRSO and firm performance is statistically significant at less than the 0.05 level of significance, but decreasing with every unit change in the organizational structure.

These results imply that most of the large private manufacturing firms that are registered members of Kenya Association of Manufacturers (KAM) are organic in nature to the extent that their management approach is flexible. Organizations are said to be organic if their management approach readily accept changes that are posed by the business environment, while the mechanistic form is rigid. These results are consistent with (Farjoun, 2002) who supports the concept of organic structure in enhancing performance. In fact the researcher viewed organic structure as one of organizational strategy variables that enhances firm performance.

Table 4.39 Stepwise Regression Results for the Effect of Organizational Structure Variables on the Relationship between HRSO and Firm Performance

Model		Standardized Coefficients	Model Summary				
		Beta	R^2	Adjusted R^2	F-Value	df1	df2
1	Constant		0.596**	0.589	0.568**	1	67
	HRSO	0.602**					
2	Constant		0.496**	0.489	0.157**	1	67
	HRSO* Mechanistic	0.4105**					
3	Constant		0.744**	0.737	0.194**	1	67
	HRSO* Organic	0.3535**					
4	Constant		0.629*	0.617	0.837*	1	67
	HRSO*OS	0.197*					

*p < 0.05 ** p < 0.01; HRSO: human resource strategic orientation; Organizational Structure (OS) = Mechanistic*Organic Structures (combined)

4.3.3.1 Effect of Organizational Structure Variables on the Relationship between Human Resource Strategic Orientation and Firm Performance

Further analysis was undertaken to examine the moderating effect of individual organizational structure variables (mechanistic and organic) on the relationship between individual aspects of both human resource strategic orientation (i.e. universalistic and contingency) and performance (i.e. profitability, development, satisfaction, commitment and empowerment). This was done in order to establish the different patterns of behavior with the introduction of different moderating variables. The results are shown in Tables 4.40-4.48 below.

4.3.3.2 Effect of Organizational Structure Variables on the Relationship between Universalistic Human Resource Strategic Orientation and Firm Profitability

Table 4.40 shows the moderating effect of each organization structure (mechanistic and organic) on the relationship between universalistic human resource strategic orientation and profitability. The Table show that of the two organization structure variables, organic structure

has a moderate effect on the relationship between universalistic human resource strategic orientation and firm profitability ($R^{2 =}$ 0.345, P <0.05). Mechanistic structure has a less effect on the relationship between universalistic human resource strategic orientation and firm profitability (n=68, $R^{2 =}$ 0.178, P<0.05). The results for mechanistic structure are negative and not significant statistically, while those of organic structure are positive and statistically significant. From the R^2 value, we conclude that 34.5% and 17.8% of the variation in firm performance as measured by profitability is explained by the interaction effect of organic and mechanistic organization structures, respectively. The beta coefficients indicate that, one unit change in mechanistic and organic structures is associated with negative 5% and 19% unit change in the relationship between human resource strategic orientation and firm profitability, respectively. The changes in beta values imply that, organic form of structure has greater effect on firm profitability as opposed to mechanistic. These findings were echoed by Burns and Stalker (1961). The F-values of 4.685 and 2.964 are statistically significant i.e. mechanistic, [F (1, 67) = 4.685, p < 0.05] and organic, [F (1, 67) = 2.964, p < 0.05]. The F-ratios imply that the effect of each organizational structure on the relationship between universalistic HRSO and profitability, are statistically significant at p < 0.05 and that the data fit the model. These analyses suggest that the effect of organic structure on the relationship between universalistic human resource strategic orientation and firm performance is positive and firms adopting this form of structure are likely to enhance performance as opposed to those employing mechanistic structure.

Table 4.40 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between UHRSO and Firm Profitability

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
UHRSO*Mechanistic	-0.050	0.178*	0.152	4.685*	1	67
UHRSO*Organic	0.190*	0.345*	0.207	2.964*	1	67

*p < 0.05; UHRSO: universalistic human resource strategic orientation

4.3.3.3 Effect of Organizational Structure Variables on the Relationship between Universalistic Human Resource Strategic Orientation and Employee Development

Table 4.41 shows the moderating effect of each organization structure (mechanistic and organic) on the relationship between universalistic human resource strategic orientation and the

development indicator of firm performance. The Table show that of the two organization structures, mechanistic organization structure has a strong moderating effect on the relationship between universalistic human resource strategic orientation and employee development ($R^{2 =}$ 0.719, P <0.05) as opposed to organic structure ($R^{2 =}$ 0.710, P<0.05), implying that 71.9% and 71.0% of the variations in the relationship between universalistic human resource strategic orientation and employee development is explained by mechanistic and organic structures, respectively. However, the results for the two structures are not statistically significant (P<0.05). From the R^2 value, we conclude that 71.9% and 71.0% of the variation employee development measures of performance is explained by the interaction effect of mechanistic and organic structures, respectively. The beta coefficients indicate that, one unit change in mechanistic and organic structures is associated with negative 0.047 and positive 0.100 unit change in employee development, respectively.

The beta value for the interaction effect between universalistic human resource strategic orientation and mechanistic structure is negative and not significant statistically (β = - 0.047, p<0.05), but the beta value for the interaction of universalistic human resource strategic orientation and organic structure is positive and significant statistically (β = 0.100). The beta coefficients indicate that, for one unit change in mechanistic and organic structure, there is a corresponding negative 4.7% and 10% unit change in the relationship between universalistic human resource strategic orientation and employee development, respectively. The beta coefficients show that there is an inverse effect on the relationship between universalistic human resource strategic orientation and firm performance when mechanistic structure is in place as opposed to the positive effect on the relationship when organic structure is put in place. These changes in beta values imply that, organic form of structure has greater effect on employee development as opposed to mechanistic. On the other hand, the F-values of mechanistic and organic structures are statistically significant, implying that the data fit the model i.e. [F (1, 67) = 2.751, p < 0.05] and [F (1, 67) = 0.928, p < 0.05], respectively. The F-ratios imply that the effect of each organizational structure variable on the relationship between universalistic HRSO and employee development, are statistically significant at p<0.05. These analyses, suggest that the moderating effect of organic structure on the relationship between human resource strategic orientation and firm performance variables is positive and firms

adopting this form of structure are likely to enhance their performance as opposed to those employing mechanistic form of structure.

Table 4.41 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between UHRSO and Employee Development

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-value	df1	df2
UHRSO*Mechanistic	-0.047	0.719*	0.654	2.751*	1	67
UHRSO *Organic	0.100*	0.710*	0.650	0.928*	1	67

*p<0.05 and p<0.01; UHRSO: universalistic human resource strategic orientation

4.3.3.4 Effect of Organizational Structure Variables on Relationship between Universalistic Human Resource Strategic Orientation and Employee Job Satisfaction

Table 4.42 shows the moderating effect of each organization structure (mechanistic and organic) on the relationship between universalistic human resource strategic orientation and job satisfaction measure of firm performance. The Table shows that the two structures, have a moderate effect on the relationship between universalistic human resource strategic orientation and job satisfaction (R^2 = 0.589, P <0.05; R^2 = 0.526, P<0.05), respectively, implying that 58.9% and 52.6% of the variations in the relationship between universalistic human resource strategic orientation and employee job satisfaction is explained by mechanistic and organic structures, respectively. The results of mechanistic structure are statistically significant at p<0.05, while for the organic structure are not statistically significant at p<0.05.

The standardized beta coefficients indicate that, one unit change in mechanistic and organic structures is associated with negative 0.120 and positive 0.165 unit change in employee job satisfaction, respectively. The beta coefficients indicate that, for one unit change in mechanistic and organic structure, there is a corresponding negative 12% and 16% unit change in the relationship between universalistic human resource strategic orientation and employee job satisfaction, respectively. The beta coefficients show that there is an inverse effect on the relationship between universalistic human resource strategic orientation and firm performance when mechanistic structure is in place as opposed to the positive effect on the relationship when organic structure is in place. These changes in beta values imply that, organic form of structure has greater effect on employee development as opposed to mechanistic. The

changes in beta values imply that, organic form of structure has a strong effect on employee job satisfaction as opposed to mechanistic with an inverse effect. On the other hand, the F-value for mechanistic structure is statistically significant [F (1, 67) = 2.357, $p < 0.05$], while that of the organic structure is not statistically significant [F (1, 67) = 3.843, $p < 0.05$]. The F-ratios for the two variables still fit the model despite the negative and positive beta coefficients for both mechanistic and organic structures, respectively. These analyses still suggest that the moderating effect of organic structure on the relationship between human resource strategic orientation and firm performance variables is positive and firms adopting this form of structure are likely to enhance their performance as opposed to those employing mechanistic form of structure.

Table 4.42 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between UHRSO and Employee Job Satisfaction

	Standardized Coefficients	Model Summary		F-Value	df1	df2
	Beta	R^2	Adjusted R^2			
UHRSO*Mechanistic	-0.120	0.526*	0.501	2.357*	1	67
UHRSO*Organic	0.165*	0.589*	0.507	3.843	1	67

* $p < 0.05$; UHRSO: universalistic human resource strategic orientation

4.3.3.5 Effect of Organizational Structure Variables on Relationship between Universalistic Human Resource Strategic Orientation and Employee Commitment

Table 4.43 presents results for the moderating effect of each organization structure (mechanistic and organic) on the relationship between universalistic human resource strategic orientation and employee commitment measure of firm performance. The Table shows that of the two organization structures, organic structure has a strong moderating effect on the relationship between universalistic human resource strategic orientation and employee commitment ($R^2 = 0.644$, $P < 0.05$), while on the other hand, mechanistic organization structure has moderately weak effect on the relationship between universalistic human resource strategic orientation and employee commitment ($R^2 = 0.434$, $P < 0.05$). From the R^2 value, it is clear that 64.4% and 43.4% of the variation in employee job commitment is explained by the interaction effect of organic and mechanistic organization structures, respectively.

The standardized beta coefficients indicate that, one unit change in mechanistic and organic structures is associated with negative 0.072 and positive 0.105 unit change in employee job commitment, respectively. The beta coefficients indicate that, for one unit change in mechanistic and organic structure, there is a corresponding negative 7.2% and 10.5% unit change in the relationship between universalistic human resource strategic orientation and employee organizational commitment, respectively. The changes in beta values imply that, organic structure has a positive effect on employee job commitment as opposed to mechanistic with an inverse effect. On the other hand, the F-value for mechanistic structure is statistically significant [F (1, 67) = 2.954, $p < 0.05$], while that of the organic structure is not statistically significant [F (1, 67) = 1.851, $p < 0.05$]. The F-ratios for the two variables imply that the data for the two variables still fit the model despite the negative and positive beta coefficients for both mechanistic and organic structures, respectively. From these analyses it can safely be inferred that the moderating effect of organic structure on the relationship between human resource strategic orientation and firm performance variables is positive and thus firms adopting this form of structure are likely to enhance competitive edge.

Table 4.43 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between UHRSO and Employee Organizational Commitment

	Standardized Coefficients	Model Summary		F-Value	df1	df2
	Beta	R^2	Adjusted R^2			
UHRSO*Mechanistic	-0.072	0.434*	0.416	2.954	1	67
UHRSO*Organic	0.105	0.644*	0.482	1.851	1	67

*$p < 0.05$; UHRSO: universalistic human resource strategic orientation

4.3.3.6 Effect of Organizational Structure Variables on Relationship between Universalistic Human Resource Strategic Orientation and Employee Empowerment

Table 4.44 presents results for the moderating effect of each organization structure (mechanistic and organic) on the relationship between universalistic human resource strategic orientation and the employee empowerment indicator of firm performance. The Table shows that of the two organization structures, organic organization structure moderates the relationship between universalistic human resource strategic orientation and employee empowerment ($R^2 = 0.410$, $P < 0.05$). On the other hand, mechanistic organization structure has a weak effect on the relationship between universalistic human resource strategic orientation

and employee empowerment (R^2 = 0.296, P<0.05). The results for mechanistic organization structure are negative but statistically significant, while those of organic organizational structure are positive and statistically significant. From the R^2 value, we conclude that 41.0% and 29.6% of the variation in firm performance measured by employee empowerment is explained by the interaction effect of organic and mechanistic organization structures, respectively.

The standardized beta coefficients indicate that mechanistic and organic structures have negative and positive moderating effect on the relationship between universalistic human resource strategic orientation and empowerment (that is β= -0.103 and 0.186), respectively. Specifically, one unit change in mechanistic and organic structures is associated with negative 10.3% and positive 18.6% unit change in the relationship between universalistic human resource strategic orientation and employee empowerment, respectively. These imply that as the organic form of organizational structure enhances employee empowerment, mechanistic impedes the same as a result of its inverse proportion. Mechanistic structures as opposed to organic forms have been associated with organizations inefficiencies apart from reducing firm performance (Burns and Stalker, 1961). On the other hand, the F-value for mechanistic structure is statistically significant [F (1, 67) = 1.925, p < 0.05], while that of the organic structure is not statistically significant [F (1, 67) = 1.834, p < 0.05]. The F-ratios for the two variables imply that the data for the two variables still fit the model despite the negative and positive beta coefficients for both mechanistic and organic structures, respectively. These analyses, suggests that the moderating effect of organic structure on the relationship between human resource strategic orientation and firm performance variables is positive and firms adopting this form of structure are likely to enhance competitiveness.

Table 4.44 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between UHRSO and Employee Empowerment

	Standardized Coefficients	Model Summary		F-Value	df1	df2
	Beta	R^2	Adjusted R^2			
UHRSO*Mechanistic	-0.103	0.296*	0.278	1.925*	1	67
UHRSO*Organic	0.186*	0.410	0.389	1.834*	1	67

*p< 0.05; UHRSO: universalistic human resource strategic orientation

4.3.3.7 Effect of Organizational Structure Variables on Relationship between Contingency Human Resource Strategic Orientation and Firm Profitability

The moderating effect of mechanistic and organic structures on the relationship between contingency human resource strategic orientation and the profitability measure of firm performance are presented in Table 4.45 below. As shown in the table, both mechanistic and organic structures have very weak moderating effect on the relationship between contingency human resource strategic orientation and profitability (R^2 = 0.279, P <0.05; R^2 = 0.180, P<0.05), respectively. The R^2 values, suggest that 27.9% and 18.0% of the variation in firm profitability is explained by the interaction effect of mechanistic and organic structures, respectively. Despite the beta coefficients for both mechanistic and organic structures being statistically significant, the beta coefficient for mechanistic structure is negative, while that of the organic structure is positive. The standardized beta coefficients indicate that each organization structure affect the relationship between human resource strategic orientation and profitability at β= -0.03 and 0.124 for mechanistic and organic structures respectively. Specifically, for one unit change in mechanistic and organic structures there is an associated negative 3% and positive 12.4% unit change in the relationship between contingency human resource strategic orientation and profitability, respectively. These statistics imply that, as the organic form of structure enhances profitability, mechanistic impedes the same by the above said margins.

On the other hand, the F-value for mechanistic structure is statistically significant [F (1, 67) = 1.659, p < 0.05], while that of the organic structure is not statistically significant [F (1, 67) = 2.943, p < 0.05]. The F-ratios for the two variables imply that the data for the two variables still fit the model despite the negative and positive beta coefficients for both mechanistic and organic structures, respectively. Further still, the F-ratios imply that the effect each organization structure variable on the relationship between contingency human resource strategic orientation and profitability is statistically significant at less than the 0.05 level of significance. These analyses, to a large extent, suggest that the moderating effect of mechanistic organization structure on the relationship between contingency human resource strategic orientation and firm profitability is negative and firms adopting this form of structure might not compete effectively in the market as opposed to those employing organic forms.

Table 4.45 Stepwise Regression Results for the Effects of Each Organization structure on the Relationship between CHRSO and Firm Profitability

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
CHRSO*Mechanistic	-0.03	0.279*	0.251	1.659*	1	67
CHRSO*Organic	0.124*	0.180*	0.152	2.943*	1	67

*p< 0.05; CHRSO: Contingency human resource strategic orientation

4.3.3.8 Moderating Effect of Organizational Structure Variables on the Relationship between Contingency Human Resource Strategic Orientation and Employee Development

Results for the moderating effect of each component of organization structure (mechanistic and organic) variables on the relationship between contingency human resource strategic orientation and employee development indicator of firm performance are presented in Table 4.46. The table shows that both structures have a moderate effect on the relationship between contingency human resource strategic orientation and employee development (R2 = 0.504, P <0.05 and R2 = 0.479, P<0.05). Based on the R2 value, we conclude that 50.4% and 47.9% of the variation in employee development is explained by the interaction effect of organic and mechanistic organization structures, respectively. The standardized beta coefficients indicate that each organization structure affect the relationship between human resource strategic orientation and employee development (β = -0.046 and 0.167 for mechanistic and organic structures, respectively). Specifically, one unit change in mechanistic and organic structures is associated with negative 4.6% and positive 16.7% unit change in employee development, respectively. These statistics imply that as the organic form of structure enhances profitability mechanistic structure impedes the same.

On the other hand, the F-value for mechanistic structure is statistically significant [F (1, 67) = 3,846, p < 0.05], while that of the organic structure is not statistically significant [F (1, 67) = 2.157, p < 0.05]. The F-ratios for the two variables imply that the data for the two variables still fit the model despite the negative and positive beta coefficients for both mechanistic and organic structures, respectively. Further still, the F-ratios imply that the effect each organization structure variable on the relationship between contingency human resource

strategic orientation and profitability is statistically significant at less than the 0.05 level of significance. these analyses, it can safely be concluded that the moderating effect of organic organization structure on the relationship between human resource strategic orientation and firm performance variables is positive and firms adopting this form of structure might compete effectively in the market.

Table 4.46 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between CHRSO and Employee Development

Model	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
CHRSO * Mechanistic	-0.046	0.479*	0.463	3.846*	1	67
CHRSO*Organic	0.167*	0.504*	0.488	2.157*	1	67

*p < 0.05; CHRSO: Contingency human resource strategic orientation

4.3.3.9 Effect of Organizational Structure Variables on the Relationship between Contingency Human Resource Strategic Orientation and Employee Job Satisfaction

Table 4.47 shows the moderating effect of each organization structure (mechanistic and organic) on the relationship between contingency human resource strategic orientation and the job satisfaction indicator of firm performance. The table shows that of the two organization structures, mechanistic structure has a strong moderating effect on the relationship between contingency human resource strategic orientation and employee job satisfaction ($R^2 = 0.636$, $p<0.05$). Organic structure has a moderate effect on the relationship between contingency human resource strategic orientation and employee job satisfaction ($R^2 = 0.535$, $P<0.05$). As shown in the table, the results for mechanistic organization structure are negative but statistically significant, while those of organic organizational structure are positive and statistically significant. The R^2 value of 63.6% and 53.5% suggest that the variation in firm performance as measured by employee job satisfaction is explained by the interaction effect of mechanistic and organic structures, respectively.

The standardized beta coefficients indicate that each organization structure affects the relationship between human resource strategic orientation and employee job satisfaction (β = -0.052 and 0.102 for mechanistic and organic structures, respectively). Specifically, one unit

change in mechanistic and organic structures is associated with negative 5.2% and positive 10.2% unit change in the relationship between contingency human resource strategic orientation and employee job satisfaction, respectively. These statistics imply that, as the organic form of structure enhances profitability, mechanistic impedes the same. On the other hand, the F-value for mechanistic structure is statistically significant [F (1, 67) = 0.891, $p < 0.05$], while that of the organic structure is not statistically significant [F (1, 67) = 2.849, $p < 0.05$]. The F-ratios for the two variables imply that the data for the two variables fit the model despite the negative and positive beta coefficients for both mechanistic and organic structures, respectively. Further still, the F-ratios imply that the effect each organization structure variable on the relationship between contingency human resource strategic orientation and employee job satisfaction is statistically significant at less than the 0.05 level of significance. These analyses indicate that the moderating effect of mechanistic organization structure on the relationship between human resource strategic orientation and employee job satisfaction variables is negative and thus firms adopting this form of structure are unlikely to compete effectively in the market.

Table 4.47 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between CHRSO and Employee Job Satisfaction

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
CHRSO*Mechanistic	-0.052	0.636	0.621	0.891	1	67
CHRSO*Organic	0.102	0.535*	0.519	2.849	1	67

*p< 0.05; CHRSO: Contingency human resource strategic orientation

4.3.3.10 Effect of Organizational Structure Variables on the Relationship between Contingency Human Resource Strategic Orientation and Employee Organizational Commitment

Table 4.48 shows the moderating effect of each organization structure (mechanistic and organic) on the relationship between contingency human resource strategic orientation and the commitment indicator of firm performance. The Table shows that both mechanistic and organic structures have a moderate effect on the relationship between contingency human resource strategic orientation and employee commitment ($R^2 = 0.613$, $P < 0.05$) and ($R^2 = 0.531$,

P<0.05), respectively. Mechanistic organization structure has negative but statistically significant results, while those of organic structure are positive and statistically significant. From the R^2 value, we conclude that 61.3% and 53.1% of the variation in firm performance as measured by employee organizational commitment is explained by the interaction effect of organic and mechanistic structures, respectively. The standardized beta coefficients indicate that each organization structure affects the relationship between human resource strategic orientation and employee organizational commitment (β = -0.139 and 0.144 for mechanistic and organic structures, respectively). Specifically, one unit change in mechanistic and organic structures is associated with negative 13.9% and positive 14.4% unit change in the relationship between contingency human resource strategic orientation and employee organizational commitment, respectively. These statistics imply that, as the organic form of structure enhances profitability, mechanistic impedes the same. On the other hand, the F-value for mechanistic structure is statistically significant [F (1, 67) = 1.989, $p < 0.05$], while that of the organic structure is not statistically significant [F (1, 67) = 2.098, $p < 0.05$].

The F-ratios for the two variables imply that the data for the two variables fit the model despite the negative and positive beta coefficients for both mechanistic and organic structures, respectively. Further still, the F-ratios imply that the effect each organization structure variable on the relationship between contingency human resource strategic orientation and employee organizational commitment is statistically significant at less than the 0.05 level of significance. These analyses, infer that the moderating effect of organic structure on the relationship between contingency human resource strategic orientation and firm performance variables is positive and firms adopting this form of structure are likely to compete effectively.

Table 4.48 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between CHRSO and Employee Organizational Commitment

	Standardized Coefficients	Model Summary				
	Beta	R^2	Adjusted R^2	F-Value	df1	df2
CHRSO*Mechanistic	-0.139	0.531*	0.513	1.989*	1	67
CHRSO*Organic	0.144*	0.613*	0.595	2.098*	1	67

*p < 0.05; CHRSO: Contingency human resource strategic orientation

4.3.3.11 Moderating Effect of Organizational Structure Variables on the Relationship between Contingency Human Resource Strategic Orientation and Employee Empowerment

Table 4.49 shows the moderating effect of each organization structure (mechanistic and organic) on the relationship between contingency human resource strategic orientation and employee empowerment indicator of firm performance. The Table show that of the two structures, mechanistic has a strong effect on the relationship between contingency human resource strategic orientation and employee empowerment (n=68, $R^2 = 0.561$, $p<0.05$), while organic structure has a moderate effect (n=68, $R^2 = 0.543$, $p<0.05$). The R^2 value, suggest that 56.1% and 54.3% of the variation in the relationship between contingency human resource strategic orientation and firm performance measured by employee empowerment is explained by the interaction effect of mechanistic and organic structures, respectively. Despite the beta values for both mechanistic organic structures being negative and positive respectively, they were all statistically significant at $p<0.05$. The standardized beta coefficients indicate that each organization structure affect the relationship between human resource strategic orientation and empowerment (β = -0.149 and 0.257 for mechanistic and organic structures, respectively). Specifically, one unit change in mechanistic and organic structures is associated with negative 14.9% and positive 25.7% unit change in employee empowerment, respectively. These statistics imply that, as the organic form of structure enhances employee empowerment, mechanistic reduces the same.

Comparatively, the F-value for mechanistic structure is statistically significant [$F(1, 67) = 1.983$, $p < 0.05$], while that of the organic structure is not statistically significant [$F(1, 67) = 2.942$, $p < 0.05$]. The F-ratios for the two variables imply that the data for the two variables fit the model despite the negative and positive beta coefficients for both mechanistic and organic structures, respectively. Further still, the F-ratios imply that the effect each organization structure variable on the relationship between contingency human resource strategic orientation and employee empowerment is statistically significant at less than 0.05 level of significance. These analyses imply that the moderating effect of mechanistic organization structure on the relationship between human resource strategic orientation and firm performance variables is negative and firms adopting this form of structure are likely to perform poorly in the market. Therefore, firms that have adopted organic structure stand a better chance of gaining

competitive advantage. From the above presentations (Tables 5.14-5.25), it is clear that the findings supports the hypothesis that organizational structure has a strong moderating effect on the relationship between the human resource strategic orientation and firm performance and therefore, based on these results; we fail to reject the hypotheses that: the strength of the relationship between human resource strategic orientation and firm performance depends on the organizational structure.

Table 4.49 Stepwise Regression Results for the Effect of Each Organization structure on the Relationship between CHRSO and Employee Empowerment

	Standardized Coefficients	Model Summary		F-Value	df1	df2
	Beta	R^2	Adjusted R^2			
CHRSO*Mechanistic	-0.149*	0.561*	0.541	1.983*	1	67
CHRSO*Organic	0.257*	0.543*	0.522	2.942*	1	67

*p< 0.05; CHRSO: Contingency human resource strategic orientation

4.3.4 Effect of Business Strategy and Organizational Structure on the Relationship between Human Resource Strategic Orientation and Firm Performance

Objective four of the study was designed to establish the combined effect of human resource strategic orientation, business strategy and organizational structure on firm performance. The literature review and theoretical reasoning led to the assumption that the combined effect of human resource strategic orientation, business strategy and organizational structure is greater than the average of the sum total of individual effect of the three variables, hence the fourth hypotheses indicated below:

> **Hypotheses 4:** The joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effect

Hypothesis four used linear regression analysis to test the effect of human resource strategic orientation, business strategy and organizational structure combined on firm performance. Table 4.50 below shows the test of the hypotheses by four models. Model 1 show the direct relationship between the composite human resource strategic orientation and firm performance whilst model 2 on the other hand, shows introduction of composite business strategy into the

model as the first moderating variable, model 3 shows the introduction of composite organizational structure variable and model 4 shows the combined effect of all the three variables put together (i.e. human resource strategic orientation, business strategy and organizational performance) to predict firm performance.

Model 1 show the results of analysis when only the human resource orientation is used in the model (n=68; $R^2 = 0.596$; Adjusted $R^2 = 0.589$; $p < 0.05$). These results suggest that 59.6% of the variability in the organization performance is explained by human resource strategic orientation, while 40.4% of the variations is not explained by the model, implying that there are other factors in the model that were not captured. These results are however, moderately strong, positive and statistically significant ($p<0.05$). The beta coefficient is positive 0.602, indicating that one unit change in human resource strategic orientation is associated with positive 60.2% unit change in the relationship between human resource strategic orientation and firm performance. These show that human resource strategic orientation has a strong positive effect on firm performance and organizations employing this orientation are likely to enhance competitive advantage as opposed to those which do not. Comparatively, the F-value of 0.994 is high and statistically significant implying that the data fit the model adequately.

In addition, model 2 introduces business strategy variable in the model (n=68, $R^2 = 0.791$, Adjusted $R^2 = 0.787$ $p<0.05$). These results imply that 79.1% of the variability in the firm performance is explained by the interaction effect of business strategy and human resource strategic orientation to predict firm performance. 20.9% of the variations are not explained by the model, implying that there could be other factors that were not included in the regression model. These results are however, very strong, positive and statistically significant ($p<0.05$). The beta coefficient is positive 0.750; implying that one unit change in business strategy is associated with positive 75% unit change in the relationship between human resource strategic orientation and firm performance. These show that the interaction effect of business strategy and human resource strategic orientation has a strong positive effect on firm performance and that firms aligning human resource strategic orientation with business strategy are likely to enhance competitive advantage as opposed to those firms which do not. This is confirmed by the R^2 Change of 0.195 (i.e. change in R^2 from $R^2 = 0.596$ to $R^2 = 0.791$). On the other hand,

the F-value of 1.029 is high and statistically significant implying that the data fit the model adequately.

Model 3 introduces organizational structure variable in the model (n=68, $R^2 = 0.629$, Adjusted $R^2 = 0.617$ $p<0.05$). These results imply that 62.9% of the variability in the firm performance is explained by the interaction effect of organizational structure and human resource strategic orientation to predict firm performance. However, the results indicate that 37.1% of the variations are not explained by the model, due to the fact that there are other factors in the model that are not captured. These results are however, strong, positive and statistically significant ($p<0.05$). The beta coefficient is positive 0.197; implying that one unit change in organizational structure is associated with positive 19.7% unit change in the relationship between human resource strategic orientation and firm performance. The statistical interpretations show that the interaction effect of organizational structure variable and human resource strategic orientation has a strong positive effect on firm performance and that firms aligning human resource strategic orientation with its organizational structure are likely to enhance competitive advantage as opposed to those firms which do not. This is confirmed by the R^2 Change of 3.3% (i.e. change in R^2 from $R^2 = 0.596$ to $R^2 = 0.629$). On the other hand, the F-value of 0.837 is high and statistically significant implying that the data fit the model adequately.

Model 4 brings in all the variables (human resource strategic orientation, business strategy and organizational structure) in the model to predict firm performance (n=68, $R^2 = 0.844$, Adjusted $R^2 = 0.837$, $p<0.05$). These results imply that 84.4% of the variability in the firm performance is explained by the interaction effect of human resource strategic orientation, business strategy and organizational structure to predict firm performance. The results indicate that only 15.6% of the variations are not explained by the model, due to the fact that there are other factors in the model that are not captured. These results are, however, very strong, positive and statistically significant ($p<0.05$). The beta coefficient is positive 0.556 implying that one unit change in business strategy and organizational structure is associated with positive 55.6% unit change in the relationship between human resource strategic orientation and firm performance. These show that the interaction effect of all these variable have a very strong positive effect on firm performance and that firms aligning their human resource strategic orientation together

with its business strategy and organizational structure, are likely to enhance competitive advantage as opposed to those firms that do not. This is confirmed by the R^2 Change of 24.8% (i.e. change in R^2 from $R^2 = 0.596$ to $R^2 = 0.844$, respectively). On the other hand, the F-value of 0.951 is high and statistically significant implying that the data also fit the model adequately. These statistics were found to be strongly positive and statistically significant.

Further, Table 4.50 shows that the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance (i.e. $R^2 = 0.844$) was greater than the average of the sum of the individual effect of human resource strategic orientation, business strategy and organizational structure (i.e. $R^2 = 0.596$, $R^2 = 0.791$ and $R^2 = 0.629$, respectively) by a margin of 0.172 or 17.2%. These imply that the joint application of the three stated variables contribute to a greater extent positive effect on performance as opposed to the average of the individual interactions of the same variables on performance. The findings support the hypothesis that business strategy and organizational structure has a strong moderating effect on the relationship between the human resource strategic orientation and firm performance and therefore, based on these results; we fail to reject the hypotheses that: the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effect. These findings are consistent with the results by Miles and Snow' (1978), Burns and Stalker's (1961), Farjoun, (2002) and Armour and Teece, (1979) among others where the researchers suggested that, other things being equal business strategy and organizational structure systems focused on enhancing human capital is a valuable approach for strengthening operational performance in the manufacturing and service sectors.

Table 4.50 Summary of the Regression Model for the Moderating Effect of Business Strategy and Organizational Structure on the Relationship between Human Resource Strategic Orientation and Firm Performance

Model		Standardized Coefficients	Model Summary				
		Beta	R^2	Adjusted R^2	F-Value	df1	df2
1	Constant HRSO	0.602**	0.596**	0.589	0.994**	1	67
2	Constant HRSO * BS	0.750**	0.791**	0.787	1.029**	1	67
3	Constant HRSO*OS	0.197**	0.629**	0.617	0.837**	1	67
4	Constant HRSO*BS*OS	0.556**	0.844**	0.837	0.951**	1	67

Workings:

(i) $\frac{\text{Model 1, } R^2 + \text{Model 2, } R^2 + \text{Model 3, } R^2}{3} = 0.672$

(ii) Model 4, (HRSO*BS*OS); $R^2 = 0.844$

(iii) Change in $R^2 = 0.172$ (i.e. 0.844 – 0.672) or (i.e. R^2, $0.844 > R^2$, 0.672)

*p < 0.05; **p< 0.01; dependent variable: firm performance; predictor variables: (i) HRSO: human resource strategic orientation; (ii) BS: Business strategy; (iii) OS: Organization Structure

4.4 Chapter Summary

Chapter four presents both descriptive and inferential data analysis using frequency tables, percentages, means, standard deviations, Cronbach alpha, coefficients of reliability and correlation and regression coefficients. The profiles of respondents and organizations that formed the sample are presented. This is followed by a description of the responses for each variable. The individual measurement items are also described. The descriptive data showed that the data collection instrument had a high reliability. It captured the data that was needed to answer the research questions. The reliability coefficients for the various scales ranged from 0.630 – 0.935, which fall within the acceptable levels. Means and standard deviations of

individual items in the scales were computed and presented. The results indicate that the data was good and fit for further computation, which can lead to making inferences.

The first set of hypotheses consisted of variables whose measurement scales were interval and the appropriate techniques were the Pearson Product Moment Correlation (PPMC) and stepwise regression analysis. The relationships of interest were those between each of the human resource strategic orientations and firm performance both individual and the overall relationship, the moderating effect of business strategy on the relationship between human resource strategic orientation and firm performance, both individual and overall relationship, the moderating effect of organizational structure on the relationship between human resource strategic orientation and firm performance, both individual and overall relationship and the overall relationship amongst all variables combined. The results in this chapter reveal that all the study variables have positive correlation with firm performance, however, the degree of their effect vary from one variable to another. A summary of research objectives, hypotheses and corresponding results of the tests of hypotheses and their interpretations are presented in Chapter five as Table 5.1.

CHAPTER FIVE
SUMMARY, DISCUSSION AND CONCLUSIONS

5.1 Introduction

This chapter presents the summary and discussions of the findings of the study as well as interpretations. It addresses the implications of the findings for the existing body of knowledge and the field of strategic human resource management. The central theme of this study was to examine the effect of business strategy and organizational structure on the relationship between human resource strategic orientation and firm performance. To accomplish the objectives of the study, four hypotheses were developed and tested and the findings were presented in chapter four. The contributions and main limitations of the study are presented and recommendations are made both for future research as well as for public policy and practice.

5.2 Summary of Findings

This section provides a summary of the major findings of the study, conclusions, recommendations, implication for policy, literature and practice and suggestions for future research. The researcher's focus was the effect of business strategy and organizational structure on the relationship between human resource strategic orientation and firm performance. The study departed from the previous studies by introducing the constructs of business strategy and organizational structure as moderating variables on the relationship between human resource strategic orientation and firm performance of large private manufacturing firms in Kenya.

Further, the study departed from previous studies by looking at the combined interaction effect of both business strategy and organizational structure on the relationship between human resource strategic orientation and performance. The hypotheses were tested and interpreted in terms of how the findings relate to the existing literature. In this respect, it contributes to two main objectives of this research, which are (i) scholarly work and (ii) a tool for practicing managers. The aim of the discussion therefore, is to indicate why the findings were the way they were and if they were consistent with or contrary to the previous empirical findings. Table 5.1 below shows summary of the objectives, hypotheses, type of analysis used, results and recommendations. The table shows that the hypotheses were all tested and confirmed.

Table 5.1 Summary of Test of Hypotheses and Results

No	Objectives	Hypotheses	Type of Analysis	Results	Decision
1	To establish the relationship between human resource strategic orientation and firm performance	H1: There is a relationship between human resource strategic orientation and performance	Pearson's Product Moment Correlation Co-efficient (r) (PPMC) Regression Analysis	r (68) = 0 .772, $p < 0.001$, two tailed $R^2 = 0.596$	Confirmed
2	To determine the moderating effect of business strategy on the relationship between human resource strategic orientation and performance	H2: The strength of the relationship between human resource strategic orientation and firm performance depends on business strategy	Stepwise Regression Analysis	Change in R^2 = 0.195 (i.e. 0.791 – 0.596) Changes in the R^2 Statistic from 0.596 to 0.791 $p < .001$, two tailed	Confirmed
3	To determine the moderating effect of organizational structure on the relationship between human resource strategic orientation and performance	H3: The strength of the relationship between human resource strategic orientation and performance is depends on the organizational structure	Stepwise Regression Analysis	Change in R^2 = 0.031 (i.e. 0.627 – 0.596) Changes in the R^2 Statistic from 0.596 to 0.627	Confirmed
4	To establish whether or not the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effects	H4: The joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effects	The linear regression that was used was $C= \alpha+\beta_1x_1+\beta_2x_2+\beta3x3+\varepsilon$	Change in R^2 = 0.172 (i.e. 0.844 – 0.672) or (i.e. R^2, $0.844 > R^2$, 0.672) Table 5.26 - workings	Confirmed

5.3 Discussion of the Findings

The key findings from the tests of each hypothesis are discussed in this section in terms of their various implications for the relevant body of knowledge, among others. Each finding is discussed under the corresponding research objective which in total falls into four sections.

5.3.1 Objective One: To Establish the Relationship between Human Resource Strategic Orientation and Firm Performance

To address objective one, Hypothesis 1 which states that there is a relationship between human resource strategic orientation and performance was tested using both correlation and simple linear regression analysis. It was found that r (68) = 0 .772, $p < 0.001$ and $R^2 = 0.596$. The results show that the correlation coefficient (r) is 77.2% implying that there is strong positive correlation between human resource strategic orientation and firm performance. Further, the regression results show that 59.6% of the variation in firm performance is explained by human resource strategic orientation (HRSO). These results are strong, positive and statistically significant at $p<0.05$. These results in general support the fact that application of effective human resource strategy is key to good performance.

The first major finding under objective one is that human resource strategic orientation has a positive and statistically significant influence on firm performance. This finding means that as firms increase the use of human resource strategic orientation, performance improves positively and that the findings are supported by researchers, practitioners and management writers. In the first analysis, these results are consistent with the findings by Huselid (1995), Khatri (2000) and Banker et al., (1996) among others. Huselid (1995) found that human resource strategic orientation had an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short-and long-term measures of corporate financial performance. In support of the current study and Huselid (1995) findings, Banker et al., (1996) confirmed that high performance work practices or teams enhance firm performance. The findings by Banker et al., (1996) were in line with the universalistic human resource management practices adopted by organizations to enhance their competitive advantage. Further support comes from Khatri (2000) who in her study on the direct influence of human resource practices on firm performance, found that human resource practices had a strong direct effect on profitability as compared to sales growth and non-financial performance of quality, image/goodwill and efficiency of operations.

Kidombo (2007) confirms that both soft and hard human resource strategic orientations as predicted in her hypotheses are positively and statistically related to firm performance. Her findings to a large extent are consistent with the results established in this this study taking into

consideration the strong and direct effect of human resource strategic orientation on firm performance. Wright and Snell (1996) noted that innovative selection systems that seek to identify individuals with the ability to learn and adapt to new situations can provide a firm with competitive advantage. These findings were also confirmed in the current study whereby the manufacturing firms using this approach in managing employees led to high firm performance. In addition, training and development programmes increase the skills and behavioural repertoires of employees in a way that impacts both efficiency and adaptability. Subsequent studies conducted by Becker and Huselid (2006) and Huselid and Delaney (1996) found similar results. This study concur with Lengnick-Hall and Lengnick-Hall (1988) who confirmed that an alternative approach to creating fit is to match the firm's human resource strategic orientation with specific strategic choices. The researcher found that although financial marketing and technical plans frequently are altered to reflect changing strategies, the human resource strategic orientation should be tailored to reflect the needs of future, rather than monitoring current conditions or past human resource strategic orientations.

The current study reveals that universalistic perspective of human resource strategic orientation (UHRSO) explains most of the variations in the relationship between human resource strategic orientation and firm performance and that the findings are consistent with Pfeffer (1994) who found that high performance work practices were universally accepted human resource principles and practices that enhanced performance. The findings were still consistent with Khatri's (2000) proposition that the universalistic perspective of human resource management as opposed to the contingency and configurational perspectives has the greatest effect on firm performance. In their study, Huselid and Becker (1996) found that human resource strategic orientation in turn increase workers motivation and enhance the retention of quality employees while at the same time encouraging non-performers to leave the firm.

In this study, the underlying assumption of human resource strategic orientation is that firm performance is influenced by a set of human resource management practices which have been supported by recent empirical evidence. Arguments made in related research by Huselid and Schuler (1997), were that a firm's current and potential human resources were important considerations in the development and execution of its strategic business plan. Further, the researchers confirm that the significant relationship between human resource strategic

orientation and employee productivity, cash flow and market value was found to be consistent with institutional theory and the resource-based view of the firm. As emphasized by Huselid (1995), human resource strategic orientation influences employee skills and competencies through the development of a firm's human capital. Becker and Huselid (2003) confirmed that most on-the-job training presumably increases the future marginal productivity of workers in the firms providing it. Delaney and Huselid, (1996) found a positive relationship between human resource strategic orientation and firm performance.

The findings in the current research are consistent with the findings by these researchers. Pfeffer (1994) in his study provide evident of significance of quality management in improving performance through team spirit, improving systems, and problem solving techniques among other high performing work practices. By taking the integral role in determining the organization's flexibility, human resource strategic orientation can contribute to a firm's competitive advantage to the extent that bureaucracy and inertia can be minimized. The current study noted that human resource strategic orientation can be changed quickly to meet the needs of a changing environment, in addition to simultaneously promoting flexibility within a firm, hence creating competitive advantage for the firm. Certain intractable or institutionalized human resource strategic orientation might still promote firm flexibility, through development of a wide range of employee skills and behavioural repertoires.

Universalistic theoretical perspective of human resource strategic orientation, which posit that greater use of specific employment practices will always result in better (or worse) firm performance, was also confirmed in this study and that the same has been echoed by other researchers. Delery and Doty (1996) found that many universalistic arguments as opposed to contingency ones seem reasonable. Specifically, the researchers in their study provided relatively strong support for universalistic perspective and some support for both the contingency and configurational perspectives. They clarified that three individual human resource strategic orientation, profit sharing results-oriented appraisals and employment security had relatively strong universalistic relationship with important accounting measures of performance. While the contingency relationship between strategy and three human resource practices, namely participation, result-oriented appraisals and internal career opportunity - explained a significant portion of the variation in the same performance measures. The

arguments in the current study to a large extent contradict Arthur (1994) who provides strong support for the contingency perspective of human resource strategic orientation as opposed to the universalistic perspective. Despite these, many researchers have supported the universalistic predictions. Leanard (1990) found that organizations having long term incentive plans for their executives had larger increase in return on equity over a four year period than did other organizations. Abowd (1990) found that the degree to which managerial compensation was based on an organization's financial performance was significantly related to future financial performance.

Gerhart and Milkovich (1990) discovered that pay mix was related to financial performance. Organizations with pay plans that included a greater amount of performance contingent pay achieved superior financial performance. In combination, these studies indicate that organizations with stronger pay-for-performance norms achieved better long-term financial performance than did organizations with weaker pay-for-performance norms. Most of the above studies have a softer spot for the universalistic perspective of human resource strategic orientation. Delery and Doty (1996) found that the universalistic relationship between the use of profit sharing and performance also support both the agency theory and a behavioural theory in explanation. The researchers confirm that the agency theory posit that basing employee rewards on profits ensures that employee interests are aligned with owner interest.

Youndt et al (1996) contradicts the findings of this study on the effect of universalistic perspectives of human resource strategic orientation on firm performance. The researchers found that it was not accurate to conclude from their study that there were strong universal or best-practices approach to human resource management. Instead, their findings provide much more support for the contingency perspective of human resource management. Further, Wang-Jing and Tung Huang (2005) contradicted the findings in this research but provided immense support to Youndt et al (1996). Wang-Jing and Tung Huang (2005) found that their study did not support the universalistic perspective of human resource strategic orientation which suggested that human resource strategic orientation is the best practice and a source of sustainable competitive advantages in any context. In contrast, the researchers supported the contingency perspective of human resource strategic orientation indicating that a fit between human resource strategic orientation and other organizational aspects including product market

strategy contribute to firm performance. On the other hand, Dimba and K'Obonyo (2009) further contradicted this study by concluding that there is no empirical evidence showing that a popular bundle of human resource strategic orientation is superior to another. Instead the researchers found that the number and type of strategic human resource practices differ according to the aims and objectives of each study. In fact, based on their study were tempted to say conclude by saying that in reality the universalistic and contingency perspectives of human resource strategic orientation are in actual fact not competing theories, but instead complementing each other.

This study support supports existing theoretical research findings by McGregor. From theoretical point of view, employees behave as desired under systems that control and direct their activities towards set targets, goals or objectives. This is in conformity with for example, with McGregor's classification of people in his idea of Theory X and Theory Y. Although these assumptions have not received scientific support, they nevertheless, provide a general guideline on management attitude and behaviour towards employees. Under Theory X, McGregor observes that most people prefer to be directed and are not interested in assuming responsibility but want job security and empowerment a philosophy echoed by Pfeffer (1994). The positive and statistically significant relationship between human resource strategic orientation and firm performance is further supported by Edgar Schein's 'rational-economic view' in which people are seen as basically passive and driven by economic incentives, which are controlled by the firm. Accordingly, people can be manipulated by use of effective human resource strategic management practices including motivation in both financial and non-financial aspects of organization. Managers with this view of management technique tend to interact with employees on a rational basis and ignore their emotions and the human side of their personalities, an approach which is consistent with the philosophy and values of human resource strategic orientation that are paramount to the organization.

In Kenya's private manufacturing sector the adoption of universalistic human resource strategic orientation appears to have been driven by an unfavourable economic climate, which began in the early 1990s coupled with the economic meltdown in the international market in the recent times. As a result, manufacturing firms experienced high costs of production, shrinking product markets due to international competition occasioned by government

liberalization policies and declining aggregate demand due to low consumer incomes. In order to overcome these challenges, large private manufacturing firms in Kenya responded by introducing efficiency-enhancing strategies in the management of their business affairs and that these activities among others included: (i) training and development activities that were geared towards improving employees' skills; (ii) corporate strategy adopted by organization; (iii) human resource practices tailored towards enhancing employee empowerment; (iv) staffing practices geared towards fulfilling the objectives of the organization; (v) human resource strategies based on human resource attributes that enhance self-managed teams across the organization; (vi) management approach geared towards reduction of status difference across the organization; (vii) employment policy geared towards guaranteeing employee's security in the job; (vii) management practices that enhances employees' feel of organizational ownership; (viii) human resource policies, principles and practices geared towards enhancing employee participation in decision – making; (ix) compensation strategies aligned with role behaviours that support cultural strategies adopted by the organization and procurement of human resources geared towards selective hiring of staff across the organization based on the behaviours the employees are expected to exhibit. All these activities were found to be practiced to a greater extent by most of the large private manufacturing firms in Kenya.

5.3.2 Objective Two: To Determine the Moderating Effect of Business Strategy on the Relationship between Human Resource Strategic Orientation and Firm Performance

In order to address objective 2, the corresponding hypothesis 2 which states that, the strength of the relationship between human resource strategic orientation and firm performance depends on business strategy. Using stepwise regression analysis, the study found that n = 68, R^2 = 0.791, $p<0.05$, implying that 79.1% of the variations in the strength of relationship between human resource strategic orientation and firm performance is explained by business strategy. These results were strong, positive and statistically significant at $p<0.05$. The change statistic, $R^2 = 0.195$ (i.e. changes in the R^2 statistic from 0.596 to 0.791 $p < .05$, two tailed) shows that the introduction of business strategy into the equation is associated with 19.5% increase in performacne.

These results imply that business strategy improves the relationship between human resource strategic orientation and firm performance by the said margin. Khatri (2000) found that the relationship between human resource practices and performance is highly moderated by organizational strategy. Khatri (2000) confirmed that her hypothesis on the relationship received strong support in that the interaction term of human resource practices and strategic types showed highly significant effect across three performance measures and across three strategic arch-types, with one exception, the profitability of prospectors. Just as in this study, when the stepwise regression results for the effect of specific business strategies on the relationship between human resource strategic orientation and firm performance was performed, it was established that the prospector business strategy had a greater effect on the relationship as compared to the others, hence confirming Khatri's position. While Khatri (2000) performed her study in the Asian context, this study agrees with most of her findings which show that there might be elements of similarities with the firms in the Kenyan context. One might be tempted to say that, most of the large private manufacturing firms in Kenya are of Asian origin, thus the possibility of shared vision and mission.

Objective two of the study sought to determine the moderating effect of business strategy on the relationship between human resource strategic orientation and firm performance. Specifically, the objective was to determine the moderating effect of the individual aspects of business strategy namely: defender, prospector and analyzer on the relationship between the individual and combined perspectives of human resource strategic orientation (that is universalistic and contingency) and firm performance indicators (profitability, development, satisfaction, commitment and empowerment) both individual and combined. The correlation and regression analysis were performed and the results show that most variables had significant relationship; however, the relationships were negative in most of the cases considering their negative beta values. For example, the defender strategy negatively moderates the relationship between universalistic human resource strategic orientation and firm profitability and that this moderation was statistically significant. The high $R^2 = 0.596$ value confirm that 59.6% of the variation in the model can be explained by the moderating effect of the defender on universalistic human resource strategic orientation and performance.

These results were negative showing that defender strategy affect organizational profitability negatively and that organizations adopting this mode of strategy my not effectively compete in the market. In addition, the moderating effect of defender on the relationship between universalistic and the individual firm performance indicators of development, commitment and empowerment were all negative, moderate and statistically significant. These results show that the defender strategy has a negative effect on organizational operations including development, commitment and empowerment and that organization utilizing this mode of strategy might not effectively compete in the market when using development, commitment and empowerment as basis to improve firm performance. Further, the defender strategy was found to have positive, moderate and statistically significant moderating effect between universalistic human resource strategic orientation and job satisfaction.

The adjusted $R^2 = 0.490$ shows that about 49% of the variations in the model can be explained by defender business strategy. These results show that organizations utilizing universalistic human resource strategic orientation and defender strategy have positive effect on job satisfaction as compared to other organizational variables of development, commitment and empowerment which reflect negative effect. These findings tally with those of Zahra and Pearce (1990) who carried out a comprehensive study based on Miles and Snow (1978) typology. Their findings supported Miles and Snow (1978) typology and further established that these strategies (defender, prospector and analyzer) exist in different environments hence affecting organizations differently just as in this study. The findings in the current study are intuitively appealing and are consistent with Miles and Snow's (1984) framework and assumptions. Miles and Snow (1984) found out that as prospectors are constantly looking for new niches and opportunities, outcome management is especially important to them. Just as in this study, Miles and Snow (1984) confirm that prospector and analyzer strategies had greater reliance than defender strategies on human resource strategic orientation activities as opposed to defender.

In this study, the moderating effect of prospector strategy on the relationship between universalistic human resource strategic orientation and firm performance variables was tested and the results were positive, moderate and statistically significant for profitability, job satisfaction, job commitment and empowerment. Despite high adjusted $R^2 = 0.715$, the results

were statistically not significant with employee development. The general observation was that these findings support findings by Miles and Snow (1978). It is clear that the large private manufacturing firms in Kenya are likely to enhance performance in profitability, job satisfaction, organizational commitment and employee empowerment by adopting prospector business strategy. The analyzer strategy showed positive, moderate and statistically significant results in all components of firm performance implying that firms can gain competitive advantage with the use of the strategy depending on the environment in which the firm is operating. The findings further show that analyzer and prospector strategies in a universalistic model had positive effect on profitability as opposed to the defender strategy implying that there are times when firms will be disadvantaged when they stick to other business strategy as opposed to others hence the need for management to clearly specify their strategy intent.

The correlation and regression analysis for the contingency perspective of human resource strategic orientation were performed on the moderating effect of business strategy variables, defender, prospector and analyzer on the relationship between the human resource strategic orientation and firm performance indicators. This test was done in order to provide establish whether or not there is a difference in moderation from the two human resource perspectives of universalistic and contingency. Further still, the test was to establish the degree of moderation with the two different human resource orientations as practiced by different organizations. The results for the defender business strategy with the utilization of the contingency perspective of human resource show that all variables had negative, moderate and statistically significant relationship except two variables. For example, the defender strategy negatively moderates the relationship between the contingency human resource strategic orientation and firm profitability, development, satisfaction and commitment.

The statistical results for profitability and development were not significant as compared to the rest. These results show that defender strategy has a negative effect on organizational operations including profitability, development, satisfaction and commitment and that organization utilizing this mode of strategy might not effectively compete in the market when using profitability, development, satisfaction and commitment as basis to improve firm performance. Further still, the defender strategy was found to have positive, moderate and statistically significant moderating effect between contingency human resource strategic

orientation and employee empowerment. The adjusted $R^2 = 0.327$ shows that about 32.7% of the variations in the model can be explained by defender business strategy when utilizing the contingency human resource strategic orientation.

The moderating effect of prospector strategy on the relationship between the contingency human resource strategic orientation and firm performance variables was tested and the results were positive, moderate and statistically significant for all the performance variables of; employee development, job satisfaction, job commitment and empowerment except profitability whose results were low and statistically not significant. Despite high adjusted $R^2 = 0.715$, the results were statistically not significant with employee development. It is therefore clear that firms that would want to enhance performance through profitability, job satisfaction, commitment and empowerment of employees should consider adopting prospector business strategy depending on the business sector in which the firm is operating. On the other hand, it can be deduced from the findings that this strategy is most likely to be more superior to the defender business strategy considering the beta values for the two strategies. Further, the analyzer strategy in the contingency human resource strategic orientation model shows positive, moderate and statistically significant results in all components of firm performance implying that firms can gain competitive advantage with the use of the strategy depending on the environment in which the firm is operating.

The findings further show that analyzer and prospector strategies in the contingency model had positive effect on profitability as opposed to the defender strategy, though the level of statistical significance of values was high in the analyzer component as opposed to the prospector variable, therefore implying that the analyzer strategy was probably more superior as opposed to the prospector strategy. The general findings of the moderating effect of the combined business strategy variable on the relationship between human resource strategic orientation and firm performance was found in this study to be positive, strong and statistically significant implying that all organization must embrace the need for strategy formulation and implementation supported by the human resource strategic orientation in place. From the above analysis, large private manufacturing firms in Kenya are likely to enhance competitive advantage if they adopt either the prospect or analyzer strategy as opposed to the defender business strategy.

5.3.3 Objective Three: To Establish the Moderating Effect of Organizational Structure on the Relationship between Human Resource Strategic Orientation and Performance

Objective 3 was tested using hypothesis 3. The hypothesis states, the strength of the relationship between human resource strategic orientation and firm performance depends on organizational structure. Using stepwise regression analysis, the study found that n=68, R^2 = 0.627, $p<0.05$, implying that 62.7% of the variations in the relationship between human resource strategic orientation and firm performance is explained by organizational structure. These results were strong positive and statistically significant at $p<0.05$. The change statistics R^2 = 0.031 (i.e. changes in the R^2 statistic from 0.596 to 0.627, $p < 0.05$, two tailed) show that the introduction of business strategy into the equation, improves the model by 3.1%. These results imply that organizational structure improves the relationship between human resource strategic orientation and firm performance by the said margin. From these analyses, we fail to reject the hypotheses that, the relationship between human resource strategic orientation and firm performance depends on organizational structure.

The third objective sought to establish the moderating effect of organization structure on the relationship between human resource strategic orientation and organization performance of private manufacturing firms in Kenya. The first major finding of this objective was that organization structure has a moderate effect on the relationship between human resource strategic orientation and organization performance. The findings concur with Pimtong et al (2012) and Jogaratnam and Tse (2004) who found that organizational structure have a moderating effect on the relationship between both human resource strategic orientation and firm behavioural performance. In a bid to reinforce Pimtong et al (2012) and Jogaratnam and Tse (2004) findings, Jogaratnam and Tse, (2006) confirms that organizational structures, whether mechanistic or organic in nature, can optimize firm performance, hence providing much support for the current study. Further, the findings in this study support the arguments by Ouchi (1977). In his study, Ouchi (1977) found that, the structure of an organization is not isomorphic with its control system and that structure is related to control. Pimtong et al (2012) further confirms that large organizations tend to have many levels of hierarchy and many divisions, which lead them to develop more complex measures of output. This study is in line with Burns and Stalker (1961) found that complex organizations tend to have more

homogeneous tasks within departments, which increases the supervisory efficiency of the managers and decreases the need for complete measures of output. The researchers, Pimtong et al (2012) and Burns and Stalker (1961) seem to have revolved around the control aspect of organization in that as organizations grow in size, control becomes complex.

However, the current research went on to establish that a mechanistic management system is appropriate to stable conditions whereas an organismic form is appropriate to changing conditions, which give rise constantly to fresh problems and unforeseen requirements for action which cannot be broken down or distributed automatically arising from the functional roles defined with a hierarchic structure. These findings despite being from large private manufacturing firms, they have implications for management and organizational structure in both small and medium-sized manufacturing firms in Kenya.

Specifically, the major objective of the study was to determine the moderating effect of the individual aspects of organizational structure namely: mechanistic and organic on the relationship between the individual and combined perspectives of human resource strategic orientation (universalistic and contingency) and firm performance indicators (profitability, development, satisfaction, commitment and empowerment) both individual and combined. The correlation and regression analysis were performed and the results show that most variables had significant relationship; however, the relationships were negative in all the cases considering their negative beta values. For example, the mechanistic structure negatively moderates the relationship between universalistic human resource strategic orientation and firm profitability and that this moderation was statistically significant though low relationship as seen in adjusted $R^2 = 0.152$, confirming that only 15.2% of the variation in the model can be explained by the moderating effect of the defender on universalistic human resource strategic orientation and performance. Since these results were low and negative, it shows that mechanistic structure affects organizational profitability negatively and that organizations adopting this form of structure considering the fact that the effect is statistically significant, may not effectively compete in the market. In addition, the moderating effect of mechanistic structure on the relationship between universalistic and the individual firm performance indicators of development, was negative, moderate and statistically not significant. These findings further support Burns and Stalker (1961) who argue that the mechanistic structure as

opposed to the organic structure seem to affect firm performance negatively. It is therefore, an indication to the practicing managers of large private manufacturing firms in Kenya to weigh the best options in forms of organizational structures so as to enable them gain competitive advantage in a dynamic business environment.

On the other hand, the moderating effect of organic structure on the relationship between universalistic human resource strategic orientation and firm performance variables was tested and the results were positive, moderate and statistically significant for commitment and empowerment. These results shows that organic structure affects employee commitment and empowerment positively and that organizations adopting this form of structure may effectively compete in the market given the fact that employees are committed and empowered to work and increase performance. Despite high positive moderating effect that is adjusted of R^2 = 0.650 and R^2 = 0.507 respectively, the results were statistically not significant with employee development and job satisfaction. Implying that the organic structure is not likely to enhance performance through job satisfaction and development of employee, organization must look for other alternative ways of improving performance.

It is therefore clear that firms that would want to enhance their performance through commitment and empowerment of employees should consider adopting prospector organic structure in their management. The analyzer strategy further shows positive, moderate and statistically significant results in profitability components of firm performance implying that firms can gain competitive advantage with the use of the strategy depending on the environment in which the firm is operating. The findings further show that organic structure in the universalistic model had positive effect on all aspects of performance as opposed to the mechanistic implying that there are times when firms will be disadvantaged when they stick to other organizational structure as opposed to others hence the need for management to clearly structure their activities towards effective performance.

The correlation and regression analysis for the moderating effect of mechanistic and organic structures were performed on the contingency perspective of human resource strategic orientation and firm performance indicators. This test was done in order to establish whether or not there is a difference in moderation from the contingency human resource strategic

orientation. The results for the mechanistic structure with the utilization of the contingency perspective of human resource strategic orientation and firm performance indicators show that all variables had negative, moderate and statistically significant relationship except job satisfaction which was statistically not significant. These results show that mechanistic structure has a negative effect on organizational performance including profitability, development, satisfaction commitment and empowerment and that organization utilizing this form of structure might not effectively compete in the market. However, it has been noted that the different organizational forms of mechanistic and organic structures perform differently under different circumstances. For instance, the study has established that mechanistic structure has a greater negative effect on performance under the contingency perspective of human resource strategic orientation as opposed to when the same is under the universalistic perspective. The organic structure has a greater positive effect on performance under universalistic perspective of human resource strategic orientation as opposed to when the same is under the contingency perspective. Reasons as to why this is so may be a subject for further research.

5.3.4 Objective Four: The Joint Effect of HRSO, Business Strategy and Organizational Structure on Performance is Greater than the Average of the Sum of their Individual Effect

Objective four which was to establish the combined effect of human resource strategic orientation, business strategy and organizational structure significantly influence firm performance was confirmed using hypotheses 4 which states, the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effect. Using linear regression model, the average of the sum of their individual effect of human resource strategic orientation, business strategy and organizational structure on firm performance was; $n = 68$, $R^2 = 0.672$, $p<0.05$, while the joint effect was $n = 68$, $R^2 = 0.844$, $p<0.05$. The results for the individual effect of human resource strategic orientation, business strategy and organizational structure on firm performance, i.e. $n = 68$, $R^2 = 0.672$, $p<0.05$ imply that 67.2% of the variations in firm performance is explained by the individual effect of human resource strategic orientation, business strategy and organizational structure, respectively. On the other hand, the combined effect of human resource strategic orientation, business strategy and organizational

structure on firm performance i.e. n = 68, R^2 = 0.844, p<0.05, imply that 84.4% of the variations in firm performance is explained by the joint effect of human resource strategic orientation, business strategy and organizational structure, respectively. The change statistics R^2 = 0.172 (that is changes in the R^2 statistic from 0.672 to 0.844, p < 0.05, two tailed) show that the joint effect of these variables improves the model by 17.2% as opposed to the sum total of the said individual variables. These results suggest that the joint effect of human resource strategic orientation, business strategy and organizational structure has a greater effect on firm performance as opposed to the total sum of the individual effect. From these analyses, we fail to reject the hypotheses that, the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effects.

Hypothesis four used stepwise regression analysis to test the moderating effects of business strategy and organizational structure on the relationship between human resource strategic orientation and organization performance. The results are high, positive and statistically significant. The adjusted R^2 = 0.589, implies that 58.9% of the variability in the organization performance is explained by human resource strategic orientation. It is also noted that both the business strategy and the organizational structure (combined) account for 83.7% variability in the Firm's performance. These statistics were found to be very strong, positive and statistically significant. The finding further supports the hypothesis that business strategy and organizational structure has a very strong moderating effect on the relationship between the human resource strategy orientation and organization's performance. These findings were consistent with the results by Farjoun, (2002) where the researcher found that, other things being equal; (Ceteris Paribus) business strategy and organizational structure systems focused on enhancing human capital, hence a valuable approach for strengthening operational performance in the manufacturing and service sectors.

Pearson Product Moment Correlation was also used to determine the level of associations between the study variables. The primary data for all the study variables was combined and analyzed to check the relationship and strength of the relationship between human resource strategic orientation and organizational performance. The analysis with regards to human resource strategic orientation, business strategy, organizational structure and firm performance,

the correlations coefficients ranges from moderate to very strong positive correlations. Specifically, it is noted that there is a strong positive correlation between human resource strategic orientation and firm performance, the findings were all strong, positive and statistically significant. These findings mean that there was moderate to very strong positive correlations between human resource strategic orientation, firm performance, business strategy and organizational structure. These findings are consistent with Lengnick-Hall and Lengnick-Hall (1988) where the researchers found that the reciprocal interdependence between a firm's business strategy, organizational structure and human resource strategic orientation were both composite outcomes that influence firm performance.

Further this research supports the findings by Aosa (1992) who pointed out that the main purpose of a strategy adoption is to enable a company gain a sustainable competitive edge over its competitors and in turn enhances organization performance. Miller (1987) found that organizational structure and strategy-making processes are highly interdependent and must be complementary in many ways to ensure good performance under challenging conditions. His empirical analysis of ninety seven (97) small and medium-sized firms showed that structural formalization and integration were related to the levels of interaction and pro-activeness among decision makers and to four aspects of rationality in decision making: analysis of decisions, planning, systematic scanning of environments, and explicitness of strategies. Centralization of authority was related to planning, risk taking, and consensus-building. Structural complexity had few associations with strategy making. Relationship between strategy making and structure were usually strongest among successful and innovative firms and seemed to contribute the most to performance in sizeable and innovative firms. In this study, analysis of decisions, planning, systematic scanning of environments and explicitness of strategies has a moderate effect on firm performance depending on the human resource strategic orientation and business strategy in place. In other words, Miller (1997) results and those of the current study more or less complement each other.

Despite the conclusions above, these results contradict the earlier findings of Bayo-Moriones and De Cerio (2002) and Armour and Teece, (1979) among others who reported negative significant interaction effects between business strategy and organization performance. Further, the researchers argued that integrating human resource strategic

orientation with business strategy is conducive to the enhancement of firm performance. In other words, the researchers confirm that without human resource strategic orientation, business strategy will not influence much firm performance. These sentiments concur with Miles and Snow' (1978) and Burns and Stalker (1961).

However, important questions remain, including whether human resource strategic orientation guarantees positive firm performance outcome, the effect of different levels of human resource strategic orientation implementation on firm performance, and the influence of the business strategy and organization structure in moderating the relationship between human resource strategic orientation and firm performance. Wan-Jing and Chun Huang (2005) in their research found that firm competitive advantage could be generated from firm human resources (HR) if the later blends positively with business strategy and organizational structure. In their study, Porter (1985); Armstrong (2006) and Drury, (2000) argue that human resource management can help a firm obtain competitive advantage by lowering costs, by increasing sources of products and service differentiation or both. The researchers pointed that achieving competitive advantage through human resources requires that these activities be managed from a strategic perspective of human resource strategic orientation, which this study has elaborated**.** Further, results from the present study are consistent with those from the Western and Eastern countries.

The notable studies in the West include but not limited to those of Arthur (1994) and Delaney and Huselid, (1996). From the East and most particularly the Asian and Chinese countries are research by Bae and Lawler, (2000), Wan-Jing and Chun Huang, (2005) and Khatri, (2000), respectively. The researchers established that the adoption of human resource strategic orientation by both service and manufacturing firms is an effective way to create competitive advantage and enhance firm performance. Specifically, Arthur (1994) and Delery and Doty (1996) demonstrate that each perspective of human resource strategic orientation of universalistic and contingency perspectives can be used to structure theoretical arguments that explain significant levels of variation in financial performance. The researchers concur with this study that there is strong support for the universalistic perspective of human resource strategic orientation in enhancing firm performance as opposed to the contingency. However, the findings of this study and those of Delery and Doty (1996) differ from research by Wan-

Jing and Chun Huang (2005) that supported the contingency perspective of human resource strategic orientation. Specifically, results by Wan-Jing and Chun Huang (2005) fail to support the universalistic perspective of human resource strategic orientation. The researchers found that the interaction between an innovative product market strategy and human resource strategic orientation exerted a significant effect on firm performance, hence a contingency model in the Asian society.

From the above, this study shows that human resource strategic orientation alone is not enough to achieve maximum performance. The researcher also demonstrates that there is an interaction effect between business strategy and organizational structure. In other words, the alignment of human resource strategic orientation and the two moderating variables (business strategy and organizational structure) enhances firm performance. In practice this means that in order to understand fully the relationship between human resource strategic orientation and performance, moderating variables should be in included. Upon reflection, this result makes good intuitive sense considering the fact that most studies have just looked at the direct relationship between human resource strategic orientation and firm performance. Therefore, if organizations are to improve performance, they must align their human resource aspect with their strategy and structure. Likewise, organizations which fail to align these variables together then will not perform well in the industry. There has been considerable debate about the importance of fit between the context in which a firm is operating and which HRM practices are most effective. Some scholars (Pfeffer, 1994) have suggested that there is a uniform set of best HRM practices while others (Huselid, 1995; Youndt, et al., 1996*)* have suggested that depending on context, different systems of HRM practices are optimal. However, most studies that have investigated this question empirically have focused only on a firm's strategy when considering context (Dyer and Reeves, 1995; Guest, 1997), hence supporting the views of the current study.

The main purpose of this study was to analyze the effect of business strategy and organizational structure on the relationship between human resource management strategic orientation and firm performance. The empirical results provide evidence to support the research hypotheses as shown in Table 5.1. Thus, there is positive relationship between human resource strategic orientation and performance and that the relationship was moderated by the

two variables (business strategy and organizational structure). This research makes several contributions to management theory. First, the study contributes to opening up the black box of HRM practices and firm performance (Becker and Huselid, 2003).

While there have been many calls to do this previously, most scholars have avoided tackling this problem and instead focused on the direct relationship between HRM practices and firm performance. With the help of theory and the hierarchical regression model, I show that business strategy and organizational structure are useful variables to consider when trying understanding how human resource strategic orientation practices affect firm performance. I demonstrate that human resource strategic orientation increases firm performance and that the moderating variables in the relationship between human resource strategic orientation and firm performance are an important contribution that this study makes to management theory.

5.4 Conclusions

From the findings of the tested hypotheses, it would be safe to conclude that human resource strategic orientation has a positive effect on organizational performance and it would be of importance if organizations enhance their human resource functions and align them to both business strategy and organizational structure in order to enhance performance. The conclusion is supported by the results of the first hypotheses tested which showed that the adoption of human resource strategic orientation by manufacturing firms was an effective way to create competitive advantage and enhance organizational performance. It is also safe to conclude that the strength of the relationship and interaction between human resource strategic orientation and performance always depend on business strategy and organizational structure and therefore organizations hoping to enhance their performance should incorporate their strategy. These findings have implications for the management of private manufacturing firms in Kenya to the extent that these institutions must always have structures that are in line with their strategies in order to enhance performance. The research also established that with proper alignment of strategy-structure relationship together with proper orientation of employees, will lead to success through innovative, hence performance. As noted in the discussion above, the study findings have relevance to the field of business policy.

5.5 Limitations of the Study

The researcher encountered quite a number of challenges related to the research and most particularly during the process of data collection. Most of the firms found it difficult to fill the questionnaires immediately and to some they were misplaced, meaning that we were required to prepare other sets for them. The study experienced limitations mainly on non-disclosure of any item relating to financial performance and firm's strategy by the respondents. In fact some firms were open to hint that information divulged in the questionnaires would be used to cut them off the competition by competitors. The respondents lacked confidence on the data collection process in the sense that to them, the same information was to be used for other purposes other than academic despite our plea. However, this problem was overcome by the elimination process of the all questionnaires that were not filled properly according to the researcher. Despite the findings in the current study, I also established to a greater extent that most private manufacturing firms in Kenya were very conservative and were not willing to give full information regarding their operations and even their general status, hence making it impossible to confirm the accuracy of the data. There was also a problem related to the scarcity of literature on the manufacturing firms in Kenya. This problem was solved by considering research work from other countries.

The researcher in his data collection process further experienced what other previous researchers including Munyoki (2007) experienced. Munyoki (2007) reported that data collection in the manufacturing sector was a challenge due to the fact that the respondents and most particularly the managers lacked confidence in the entire process and felt that the information divulged to the researcher could be used for other purposes other than academic. Some respondents were bold enough to hint that the likely hood of the same information to get into the hands of their competitors was high, hence would not wish to take the risk. The researcher concurs with Munyoki (2007) that the reason as to why most respondents shied away from giving information due to increasing competition among the manufacturing firms and most specifically those in the same sector. Some manufacturing firms were honest to hint that considering the high number of questionnaires they receive per day from other researchers, filling the same was time consuming. In a bid to mitigate this, they assign either a Public Relations Manager or Customer Service to control flow of information and fill the same. To

some extent, these individual are restricted from giving classified organizational information. Based on these challenges among others, further recommendation is that universities should establish strong partnership with the industry and further assure the industry that information meant for academic purpose is used solely for that purpose and nothing else. Despite these challenges among others, the study objectives were achieved.

5.6 Recommendations

The study basically emphasizes on the effect of business strategy and organizational structure on the relationship between human resource strategic orientation and performance of large private manufacturing firms in Kenya. The study highlights the importance of human resource strategic orientation as one of the major factors influencing firm performance of large private manufacturing firms in the country. However, based on other management writers, this direct relationship between human resource strategic orientation could be understood better taking into consideration moderating factors including organization's business strategy and organizational structure. In this study, it was confirmed that all these variables have positive influence on firm performance. A general recommendation is that for competitive advantage, organization should always embrace the culture of linking human resource strategic orientation to their business strategy and organizational structure. Business strategy and organizational structure should be clearly defined by the manufacturing firms for them to enhance their competitiveness. With this general understanding, manufacturing firms will end up having different approaches in executing their strategic intent and structure towards fulfilling their mandate.

The conclusion that emerges yet again is that the way workers are managed has its effect on a manufacturing firm performance. The impact of human resource strategic orientation independent variables is highly significant and, as with the quality results, the explanatory capacity of the models increases noticeably with the introduction of these interaction terms with business strategy and organization structure. The implementation of innovative human resource practices not only to an increase in the percentage of on-time deliveries but also to a reduction of the amount of time the firm takes to manufacture the product and deliver it to the client, hence leading to better organization performance. Again, the interaction terms showed significant coefficient in the different models estimated implying the presence of strong

moderating effect of business strategy and organization structure on the relationship between human resource strategic orientation and organization performance. The strong moderating effect of business strategy and organizational structure means that manufacturing firms in Kenya should integrate business strategy and organizational structure with human resource strategic orientation to gain completive advantage which enhances firm performance.

5.7 Implications for Policy and Practice

The literature in this study shows that manufacturing performance depends on the prevailing alignment between organization's human resource strategic orientation, business strategy and organizational structure. It has been seen elsewhere in this study that the combination of these study variables enhances manufacturing performance to a great extent. The following recommendations are made for policy and practice for managers, researchers and government.

5.7.1 Implication for the Literature

The study should be valuable to researchers and academics in providing the understanding of the concept of the relationship between human resource strategic orientation (both universalistic and contingency perspectives) and firm performance moderated by business strategy and organizational structure in the context of the manufacturing sector in the country. Learning organizations must not ignore the importance of human resource strategic orientation in creating competitive advantage. This research has largely extended the literature on human resource management looking at the human resource function in the context of moderating variables of business strategy and organizational structure.

5.7.2 Implication for the Pertinent Theory

A theoretical argument pursued here is that there is a relationship between human resource strategic orientation and firm performance. Pfeffer (1994), Arthur (1994) and Becker et al., (2006) among others found that human resource strategic orientation has a positive effect on firm performance. Despite these findings, researchers such as Becker and Garhart (1996) have come out strongly to dispute the direct relationship between human resource strategic orientation and firm performance. Instead, the researchers called for either intervening or moderating variables in this relationship. Their argument is based on the premise that the

direct relationship between human resource strategic orientation and firm performance will be clearly understood if researchers consider either intervening or moderating variables. Another similar argument states that if the moderating variable is positive, then performance of the organization will be expected to be favourable, while unfavorable if it is negative (Cooper and Schindler, 2004). The researchers argue that moderating variable are conceptual mechanisms through which the relationship between independent and dependent variable is influenced either positively or negatively depending on the effect of these variables. The two moderating variables in this study that is business strategy and organizational structure help explain the direct relationship between human resource strategic orientation and firm performance as proposed by Becker and Garhart (1996) among others.

The implications of this study can be divided into three major categories including: (i) theoretical contribution, (ii) robustness of research methodology and (iii) practical contribution. In terms of theoretical contribution, the following findings of this study confirm that; human resource strategic orientation has a positive and statistically significant effect on manufacturing firm performance, that the relationship between human resource strategic orientation and firm performance is strongly moderated by both business strategy and organizational structure and finally, the joint effect of human resource strategic orientation, business strategy and organizational structure on manufacturing firm performance is greater than the average of the sum total off their individual effect.

With respect to robustness of research methodology, correlational research design was used, stratified sampling technique applied and primary data collected. Further the positivist philosophical orientation was adopted because the same calls for factual quantitative information drawn from a conceptual framework which requires test of hypothesis. The data collection tool was modified from the previous researchers' work including Khatri (2000), Miles and Snow (1984) and Becker and Garhart (1996), hence the data collected exceeded the minimum standard of validity and reliability. In a bid to reinforce the same, the mean scores were high and the Cronbach Alpha was above 0.75, indicating the data was reliable for further analysis. In terms of practical contributions, human resource practitioners may use these findings as a reference to develop and implement effective organizational strategies so as to enhance competitiveness.

5.7.3 Implication for Human Resource Practitioners

Managers must understand the concept of human resource strategic orientation and how it may contribute to organizational performance. This is because human resource strategic orientation has now become an important aspect of managing business operations worldwide. For the large private manufacturing firms in Kenya to enhance their competitiveness, effective management of the human resource function remains key to their operations. Huselid (1995) and Khari (2000) confirm that there is a growing pressure in organizations to enhance the human resource for competitive advantage. The research argue that organizational physical resources have become easy to copy by competitors as opposed to the human resource strategic orientation embedded in human capital. From this study among others, it is an opportunity for practicing managers to effectively utilize their human resource function in a bid to compete effectively in the market.

As managers consider the importance of human resource management function, it is proposed that they also look into the mode of managing the same. This study calls for the universal 'best practices' as opposed to the contingency 'best fit' approach towards effective management of human resources. This study proposes the utilization of universalistic human resource strategic orientation to managing employees in large private manufacturing firms in Kenya towards enhancing competitiveness.

At the practical level, human resource managers should not copy human resource strategic orientation from other manufacturing firms blindly. They need to understand fully the strategies pursued by their organizations. Further, they have to determine the desirable performance outcomes. The interplay of business strategy and organizational structure should determine the appropriate human resource strategic orientation manufacturing firms should apply in order to enhance performance. The logic of human resource strategic orientation suggest that only human resource practices that are unique and add value to the organizational performance can provide sustainable competitive advantage. Thus human resource practices that are adopted in response to the manufacturing firm's environment are not likely to provide any advantage based on the contingency human resource strategic orientation view. The universalistic approach to management of employees requires that manufacturing firms need a

unique set of human resource practices to support their unique operations based on their different strategies and structure in place.

An important issue that clearly needs more attention is the relative influence of direct effect of human resource strategic orientation on firm performance. This study has clearly demonstrated that the combined effect of human resource strategic orientation, business strategy and organizational structure has a greater effect on manufacturing firm performance as opposed to the individual aspect of human resource strategic orientation alone influencing firm performance. Further, it is also shown that combination between human resource strategic orientation and business strategy has greater effect on performance as opposed to the combination of human resource strategic orientation and organizational structure. From these analyses among others, managers and practioners rational decision-making should take into consideration these developments in order to enhance competitiveness.

5.7.4 Implication for Policy

The government, the employer and the trade union is the tripartite body that regulates labour legislations in country. The tripartite parties, through consultative negotiations, enact labour legislations that provide the minimum requirements at any particular place of work. The labour legislations in turn are used by the various institutions to draw their terms and conditions of employment. Further, these legislations are used by both private and public institutions to govern labour environment in a bid to enhance employee development. Through this process, the government institute laws governing the employee relations in the organization and undertake development of manpower for the benefit of the country.

5.8 Contribution to Knowledge

The study makes a number of contributions with respect to matters both of theoretical and practical concern. Most of this research has focused mainly on the relationship between human resource strategic orientation and firm performance in addition to the attributes of strategy and structure as they independently influence performance (Miles et al 2003). However, from the foregoing, systematic study on the combined effect of human resource strategic orientation, business strategy and organizational structure on performance as addressed in this study has been conspicuously missing. This study has therefore contributed to the human resource

management knowledge in several ways. (i) by empirically testing the effect of the individual aspects of human resource strategic orientation i.e. the universalistic and the contingency perspectives on firm performance and (ii) by testing the combined effect of both aspects of human resource strategic orientation (universalistic and contingency) on performance. The results show that universalistic perspective of human resource strategic orientation has a higher relationship with performance as compared with the contingency approach. It is therefore noted that the use of high performance work practices (HPWP) by Pfeffer (1994) has more effect on performance. Further still, the combined effect of both universalistic and contingency perspective of human resource has a greater effect on performance that is explaining up to 77.2% of variability within the model as compared to the individual effect on performance that is 64.6% and 59.6% for both universalistic and contingency perspectives respectively.

Another important contribution is that business strategy moderate to a great extent the relationship between human resource strategic orientation and performance. The findings show that both the human resource orientation and the business strategy (combined) account for 78.7% variability in the Firm's performance. The statistical variability that can be explained by the study that 78.7% imply that for organizations to enhance performance, they should rely much on their business strategy. Further still, organizational structure was found to have positive effect on the relationship between human resource strategic orientation and performance to the extent that both the combined effect of human resource strategic orientation and organizational structure has a greater effect to performance as compared to human resource strategic orientation alone.

5.9 Suggestions for Future Research

Arising from this study, the following directions for future research in human resource strategic orientation and performance were recommended as follows: First, this study focuses on large private manufacturing firms in Kenya and therefore, generalizations cannot adequately extent to manufacturing firms in the public sector. Based on this fact among others, it is therefore, recommended that a broad based study covering firms involved in public manufacturing be done to find out the effect of strategy and structure on the organization's human resource strategic orientation and performance. Secondly, the current study lays emphasis on the three senior managers in the chosen organizations; the research instrument targeted the senior managers only. A similar study focusing on the effect of strategy and

structure on the relationship between human resource strategic orientation and performance be carried and should cover a wider aspect of management including low cadre employees. Thirdly, it is important to carry out similar studies among small and medium size enterprises (SMEs) in order to find out their human resource strategic orientation, business strategies and structure in a bid to enhancing performance. Finally, it is also recommended that future research should focus on the different aspects of business strategy and structure as they influence on performance.

However, considering our focus on comparisons across the industry, we believe that our choice to maximize the number of firms represented is a defensible one. It is also unfortunate that there is no time series data since this is what is needed to truly address issues of causality. Hopefully future studies can move in this direction. With the above limitations acknowledged, we are confident that this study makes an important contribution to opening up the black box or the relationship between human resource strategic orientation and firm performance and understanding the moderating effect of business strategy and structure on this relationship. In conclusion, this study has demonstrated up new insights into the human resource and strategic management fields to the extent that for organizational success, firms must properly align their human resource function, business strategy and organizational structure in order to enhance their performance.

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APPENDICES

Appendix I: Request Letter to collect Data

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March 14th, 2011

TO WHOM IT MAY CONCERN

Dear Sir
RE: PERMISSION TO CONDUCT PH.D RESEARCH IN YOUR FIRM

I am a Doctoral candidate at the University of Nairobi, School of Business. As part of my degree requirements, I am required to conduct a field study in the manufacturing sector and most particularly firms that are registered members of Kenya Association of Manufacturers (KAM). The Title of my Study is: "The effect of business strategy and organizational structure on the relationship between human resource strategic orientation and performance of large manufacturing firms in Kenya".

I am pleased to let you know that your organization falls within the population of interest. This is therefore to kindly request you to assist me collect data by filling the accompanying questionnaire.

On behalf of the University, my supervisors and I promise that the information gathered will strictly be used for academic purpose only and that no information shall be divulged to the third party without your consent or prior authority for that matter. The copy of the final report will be made available to you on demand.

Thank you in advance for your co-operation
Sincerely

J.R.Busienei …… **Prof. O.K'Obonyo……**

Ph.D Candidate

Prof. Martin Ogutu…….

Appendix II: Survey Questionnaire

SURVEY STUDY

The Effect of Business Strategy and Organizational Structure on the Relationship between Human Resource Strategic Orientation and Performance of Large Private Manufacturing Firms in Kenya

Persons to Fill the Questionnaire

Human Resource Manager
Finance Manager
Corporate Planning Manager

Or

Any other manager based on the organizational setting

Busienei, J.R
Doctoral Student
School of Business
University of Nairobi

PART A

TO BE FILLED BY HUMAN RESOURCE (PERSONNEL) MANAGER/ADMINISTRATOR

Personal and Organizational Details

1. Name of Organization …….

2. Please state your position/title ……..

3. Number of years worked

Less than 1 [ ] 1- 3 [ ] 4-9 [ ] 10-15 [ ] 16-19 [ ]

20 and above [ ]

4. Does your organization have a human resource (personnel) department?

Yes [ ] No [ ]

5. What is the number of years the organization has been in operation in Kenya

Less than 20[ ]21-40 [ ] 41-60[ ] 61-80 [ ] 81-100[ ] 100 above[ ]

6. Which of the following manufacturing sectors best describes your firm's business activity?

Building, Construction andMining [ ] Chemical and Allied [ ]

Energy, Electrical and Electronics [ ] Food andBeverage [ ]

LeatherandFootwear [ ] Metal andAllied [ ]

Motor Vehicle and Accessories [ ] PaperandBoard [ ]

Pharmaceuticals and Medical Equipment [ ] Plastic and Rubber [ ]

Textiles and Apparels [ ] Timber, Wood and Furniture [ ]

7. Number of employees in the organization?

Less than 10 [ ] 11-25 [ ] 26-50 [ ]

51- 75 [ ] 76 – 100 [ ] Over 101 [ ]

8. Business Ownership

Public [ ] Private [ ] Foreign [ ]

other (specify)……

9. What is the estimated percentage market share for your organization's products/services?

Less than 25 [ ] 26 – 50 [ ] 51-75 [ ] Over 75[ ]

PART B

TO BE FILLED BY HUMAN RESOURCE (PERSONNEL) MANAGER/ADMINISTRATOR

This part looks at the human resource strategic orientation and qualitative firm performance measures within a given organizational setup. It considers the process and the extent to which these strategic orientations are adopted within the organization.

Q1. Please indicate with a tick the extent to which the following statements are true regarding how human resource practices are managed in your organization.

s/no	Human Resource Strategic Orientation **Part I** **(Universalistic Perspective)**	To a very less extent	To a less extent	To a moderate extent	To a great extent	To a very great extent
1.0.1	Employment policy is geared towards guaranteeing employee's security in the job					
1.0.2	Procurement of human resources is geared towards selective hiring of staff across the organization based on the behaviour the employees are expected to exhibit.					
1.0.3	Human resource strategies are based on human resource attributes that enhance self-managed teams across the organization					
1.0.4	Compensation strategies are aligned with role behaviours that support cultural strategies adopted by the organization					
1.0.5	Training and development activities are geared towards improving employees skills, corporate strategy adopted by organization					
1.0.6	The management approach is geared towards reduction of status difference across the organization					
1.0.7	Human resource policies, principles and practices are geared towards enhancing employee participation in decision making					
1.0.8	The human resource practices are tailored towards enhancing employee empowerment					
1.0.9	Employees' feel of organizational ownership is high, because the human resource practices encourage the same					
1.0.10	Staffing is geared towards fulfilling the objectives of the organization					
	Human Resource Strategic Orientation **Part II** (Contingency Perspective)					
1.1.0	The relationship between the use of specific employment practices and organizational performance is posited to be contingent on the organization's strategy					
1.1.2	Implementation of business strategy relies heavily on employee behaviour					

1.1.3	The organization's strategy necessitates behavioural requirements for success , and the use of HR practices in the organization which rewards and controls employee behaviour					
1.1.4	The organization has implemented human resource policies, principles and practices that encourage the employee behaviours that are consistent with the organization's strategy					
1.1.5	The alignment of business strategy and human resource practices allows the organization to achieve superior performance					
1.1.6	The organization knows what employee behaviours it needs, hence has enacted policies and procedures that elicit these behaviours					
1.1.7	The organization has laid a great emphasis on aligning the organization's interests and those of its employees so as to achieve good performance					
1.1.8	Since organization believes that, behaviour is a function of ability and motivation, it has set up human resource practices that ensure that individuals with the required abilities are hired and retained					
1.1.9	The organization uses effective human resource policies and practices so as to ensure employees are motivated to behave in ways consistent with the business strategy intended to improve performance					
1.1.10	The organization believes that given a specific organizational strategy, it is more useful to rely on employee selection than on employee development					

Q2. To what extent do the following statements relate to your firm in terms of Qualitative Performance Measures?

s/no	**DEVELOPMENT**	**To a very less extent**	**To a less extent**	**To a moderate extent**	**To a great extent**	**To a very great extent**
2.0.1	Commitment human resource Systems are geared towards improving employee's level of development					
2.0.2	Broad-based flexible job enhances employee's level of development					
2.0.3	Team-based production is geared towards improving or enhancing individual employee's level of development					
2.0.4	Incentive Systems in the organization are geared towards enhancing employee's level of career development					
2.0.5	Multiple Career Ladders are tailored towards improving individual employee's development					
2.0.6	The organization has invested in human capital to the extent that employee development is enhanced					
2.0.7	Investment in skills development has greatly enhanced employee development					
2.0.8	Investment in Knowledge creation has contributed much to employee's level of career development					
2.0.9	Investment in experience and attitude has greatly enhanced					

	individual employee's career development					
2.0.10	Investment in training and development has had a positive effect on employee's career development					
	JOB SATISFACTION					
2.1.0	Quality of Supervision is geared towards improving employee job satisfaction					
2.1.1	Social Relationships with the work group is usually enhanced to improve employee level of satisfaction					
2.1.2	Degree to which individuals succeed is geared towards employee satisfaction					
2.1.3	Degree to which individuals fail in their work					
2.1.4	Career opportunities is tailored towards enhancing employee satisfaction					
2.1.5	Job influence has positive effect on employee satisfaction level					
2.1.6	Teamwork and job challenge is geared towards employee satisfaction					
2.1.7	Employees expectation about the job is usually geared towards job satisfaction					
2.1.8	Employees expectation about supervisor enhances job satisfaction					
2.1.9	Employees expectation about the co-worker is geared towards job satisfaction					
	COMMITMENT					
2.2.0	Sharing of common values and beliefs espoused by the organization has enhanced commitment to work					
2.2.1	Employees have strong desire to exert effort for organization					
2.2.2	Employees have a greater willingness to continue working with the organization					
2.2.3	Organization policies and practices satisfy employee expectations leading to job commitment					
2.2.4	Employees' intention to leave the organization for another is too low					
2.2.5	The level of absenteeism amongst employees is very low					
2.2.6	Acceptance of organizational goals and values is high amongst the employees					
2.2.7	Willingness to exert considerable effort on behalf of the organization in terms of work is very high amongst the employees					
2.2.8	Employees have a definite desire to maintain organizational membership					
2.2.9	Perceived level of in justice or psychological contract violation amongst the employees is very low					
	EMPOWERMENT					
2.3.0	Perception of job security is geared towards enhancing employee empowerment to a great extent					
2.3.1	The Presence of a union greatly empowers employees in their work place a					
2.3.2	Compensation Level is usually geared towards empowering employees					

2.3.3	Job Satisfaction is as a result of empowered employees in the organization					
2.3.4	Organizational Tenure reflects employee empowerment to a great extent					
2.3.5	Demographic variables within the organization have greatly empowered the employees					
2.3.6	Organization's culture is key to empowered employees in the firm					

PART C

TO BE FILLED BY FINANCE MANAGER

This part looks at the quantitative firm performance measures within a given organizational setup.

Q3. To what extent do you agree with the following statements relating to your firm's Quantitative Performance Measures?

s/no	**PROFITABILITY**	**To a very less extent**	**To a less extent**	**To a moderate extent**	**To a great extent**	**To a very great extent**
3.1	The firm's ability to cover operating expenses and yield profits is usually high					
3.2	High profitability from current operations without regard to the interest charges accruing from the capital structure					
3.3	The after-tax profits per sales is usually high					
3.4	The measure of the return on total investment in the enterprise is usually high					
3.5	The measure of the rate of return on the stockholders' investment in the enterprise is usually high					
3.6	The measure of the rate of return on the investment which the owners of common stock have made in the firm is usually high					
3.7	The earnings available to the owners of common stockholders is usually high					
3.8	The firm's gross profit margin is usually high					
3.9	The firm's operating profit margin is usually high					
3.10	The firm's net profit margin (return on sales) is usually high					

PART D

TO BE FILLED BY CORPORATE PLANNING MANAGER

This part looks at the business strategy and organizational structure within a given organizational setup. It considers the process and the extent to which these strategies are adopted within the organization. The confirmation of implementation of these practices shall be done through the company documents or employees.

Q4.On a scale of 1 – 5, how would you rate the following statements that describe your organization's strategic activities?

1 = to a very less extent; 2 = to a less extent; 3 = to a moderate extent; 4 = to a great extent; 5 = to a very great extent

s/no	**Business Strategy**	**1**	**2**	**3**	**4**	**5**
4.1	***Our entrepreneurial problem is how to "seal off" a portion of the market from competition to enable us create a stable set of products and customers.***					
	Solutions to the Problem:					
4.1.1	We prefer to operate in a narrow and stable market domain					
4.1.2	We aggressively maintain our market domain through competitive pricing and excellent customer service.					
4.1.3	We tend to ignore developments outside of our market domain					
4.1.4	We prefer cautious and incremental growth primarily through market penetration					
4.2	***Our problem is how to produce and distribute goods or services as efficiently and effectively as possible.***					
	Solutions to the Problem:					
4.2.1	We emphasize on cost-efficient technology					
4.2.2	We emphasize on single core technology					
4.2.3	We tend to be vertically integrated					
4.2.4	We continuously improve our technology to ensure efficiency					
4.3	***Our administrative problem is how to maintain strict control of the organization in order to ensure efficiency.***					
	Solutions to the Problem:					
4.3.1	We consider our financial and production experts to be most powerful members of the senior management team with limited environmental knowledge					
4.3.2	The tenure of the senior management team is lengthy since we emphasize promotions from within.					

4.3.3	Our planning is intensive, cost oriented and completed before action is taken.					
4.3.4	We have a tendency toward functional structure with extensive division of labour and high degree of formalization.					
4.3.5	Our structure is characterized by centralized control and long-looped vertical information system.					
4.4	***Our entrepreneurial problem is how to locate and exploit new products***					
4.4.1	*Our entrepreneurial problem is how to locate and exploit market opportunities.*					
	Solutions to the Problem:					
4.4.2	We emphasize on broad and continuous development of our market domain.					
4.4.3	We emphasize on monitoring wide range of environmental conditions and events.					
4.4.4	We create change in the industry.					
4.4.5	We encourage growth through product and market development					
4.5	***Our problem is how to avoid long term commitments to a single technological process.***					
	Solutions to the Problem:					
4.5.1	We encourage flexible technologies					
4.5.2	We also engage in multiple technologies					
4.5.3	We encourage low degree of routinization and mechanization					
4.5.4	Our technological flexibility permits a rapid response to a changing market domain.					
4.6	***Our administrative problem is how to facilitate and coordinate numerous and diverse operations.***					
	Solutions to the Problem:					
4.6.1	Our marketing experts are most powerful members of the senior management team.					
4.6.2	Our research and development experts are most powerful members of the senior management team.					
4.6.3	Our strategic decision making team is large, diverse and transitory and may include an inner cycle.					
4.6.4	The tenure of the senior management team is not always lengthy					
4.7	***Our entrepreneurial problem is to locate and exploit new products while simultaneously maintaining a firm base of traditional products.***					

4.7.1	*Our entrepreneurial problem is to locate and exploit new market opportunities while simultaneously maintaining a firm base of old customers.*					
	Solutions to the Problem:					
4.7.2	We maintain a hybrid domain product that is both stable and changing.					
4.7.3	We maintain a hybrid domain market that is both stable and changing					
4.7.4	The surveillance mechanism in our case is mostly limited to marketing activities.					
4.7.5	The surveillance mechanism in our case is mostly limited to research and development activities.					
4.8	***Our problem is how to be efficient in stable portions of the market domain and flexible in changing portions.***					
	Solutions to the Problem:					
4.8.1	We maintain a dual technological core (stable and flexible).					
4.8.2	Our applied research group is large					
4.8.3	Our applied research group is influential					
4.8.4	Our technical efficiency is moderate					
4.8.5	Our technological core is able to serve a hybrid stable –changing domain, but the technology can never be completely effective or efficient.					
4.9	***Our administrative problem is how to differentiate the organization's structure and processes to accommodate both stable and dynamic areas of operation.***					
	Solutions to the Problem:					
4.9.1	Our marketing team is the most influential members of senior management					
4.9.2	Our applied research team is most influential members of senior management					
4.9.3	We have a matrix structure that combines both functional divisions and product groups					

Q5. To what extent do you agree with the following statements relating to your organizational structure?

s/no	Organizational Structure	To a very less	To a less extent	To a moderate extent	To a great extent	To a very great extent
5.1	The firm is characterized by high level of complexity					
5.2	The firm has several levels of management					
5.3	The firm has several departments					
5.4	The firm has several branches across the country					
5.5	The firm is characterized by high level of centralization of activities					
5.6	The firm has specialized groups such as research and development, finance, human resource, marketing, production etc.					
5.7	Workers in the firm are granted limited discretion in performing their tasks					
5.8	The organization's rules and procedures are carefully defined					
5.9	The employees are granted limited participation in decision making					
5.10	The decision making process is concentrated at the top level management.					
5.11	The organizational structure is highly informal					

Q6. To what extent do the following statements apply to your organization's business strategy and structure relationship?

s/no	Strategy – Structure Relationship	To a very less extent	To a less extent	To a moderate extent	To a great extent	To a very great extent
6.1	Organization's business strategy calls for centralized decision making across the operations					
6.2	Organization's business strategy emphasize a lot on formalization and standardization of jobs and tasks					
6.3	The firms business strategy usually calls for narrow and routine work to enhance performance					
6.4	Need for flexibility to be incorporated into the technological					

	system is key to the firm's business strategy					
6.5	The technological system is not contingent only upon the organizations current product mix but also the future mix					
6.6	Need for standardization is usually fundamental to the firm's strategy					
6.7	Need for routinization is fundamental to the firm's strategy formulation and implementation					
6.8	Need for mechanization is the organization's key strategy					
6.9	Need for a decentralized market-based design with low specialization and a lot of participation from employees is encouraged by the firm					

THANK YOU

Appendix III: Kenya's Economic Performance (GDP)

SECTOR	2008	2009	2010	2011	2012
Agricultural and Forestry	22.3	23.5	21.4	23.8	25.9
Fishing	0.4	0.4	0.6	0.5	0.5
Mining and Quarrying	0.7	0.5	0.7	0.7	0.7
Manufacturing	10.8	9.9	9.9	9.6	9.2
Electricity and Water Supply	2.1	1.9	1.4	1.1	1.4
Construction	3.8	4.1	4.3	4.1	4.1
Wholesale and Retail Trade	10.2	9.8	10.2	10.5	10.2
Hotels and Restaurants	1.1	1.7	1.7	1.7	1.6
Transport and Communication	10.3	9.9	10.1	9.9	9.3
Financial Intermediations	4.6	5.4	5.6	6.3	5.2
Real Estate	5.2	4.9	4.8	4.4	4.3
Public Administration and Defence	5.0	5.0	5.6	5.0	5.4
Education	6.3	6.0	6.2	5.8	5.5
Health and Social Work	2.4	2.5	2.5	2.4	2.4
Other Community	3.4	3.4	3.3	3.2	3.2
Private Households	0.4	0.4	0.4	0.4	0.4

Source: *Economic Survey, 2013*

Appendix IV: Strata, Population and Sample Distribution

S/No	Strata	Population	Sample
1	Building Construction and Mining	14	3
2	Chemical and Allied	57	12
3	Energy, Electrical and Electronics	32	7
4	Food and Beverages	124	27
5	Leather and Footwear	7	2
6	Metal and Allied	51	11
7	Motor Vehicle and Accessories	20	4
8	Paper and Paper Board	60	13
9	Pharmaceutical and Medical Equipment	16	4
10	Plastics and Rubber	57	12
11	Textiles and Apparels	48	10
12	Timber, Wood and Furniture	12	3
	TOTAL	**498**	**108**

Source: *Population distribution was obtained from the Kenya Association of Manufacturers Directory 2009. The sample for each stratum was based on its proportion in the total population of the entire industry.*

Appendix V: Objectives, Hypothesis, Type of Analysis and Interpretation

No	Objectives	Hypothesis	Type of Analysis	Interpretation of Results
1	To establish the relationship between human resource strategic orientation and firm performance	**H1:** There is a relationship between human resource strategic orientation and firm performance	Pearson's Product Moment Correlation Co-efficient (r) (PPMC) Regression Analysis	Range = +1 to -1 Degree of correlation (r): Positive or negative 0.01 almost no correlation 0.02 to 0.09 very weak 0.10 to 0.29 weak 0.30 to 0.49 moderately weak R^2 Regression Coefficient
2	To determine the moderating effect of business strategy on the relationship between human resource strategic orientation and performance	**H2:** The strength of the relationship between human resource strategic orientation and firm performance depends on business strategy	Stepwise Regression Analysis	R^2 Regression Coefficient
3	To determine the moderating effect of organizational structure on the relationship between human resource strategic orientation and performance	**H3:** The strength of the relationship between human resource strategic orientation and performance is depends on the organizational structure	Stepwise Regression Analysis	R^2 Regression Coefficient
4	To establish whether the joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effects	**H4:** The joint effect of human resource strategic orientation, business strategy and organizational structure on firm performance is greater than the average of the sum of their individual effects	Linear Regression $C= \alpha+\beta_1x_1+\beta_2x_2+\beta 3x3+\varepsilon$	R^2 Regression Coefficient

Appendix VI: Sample of Manufacturing Firms

No	Name of Company	No	Name of Company
1	Athi River Mining Ltd	54	Eastern Produce Kenya Ltd (+ Kakuzi Ltd)
2	Bamburi Cement Ltd	55	London Distillers Co. Ltd.
3	East Africa Portland Cement Co. Ltd	56	Jambo Biscuits (k) Ltd
4	Bayer East Africa Ltd	57	Kapa Oil Refineries Ltd
5	BOC Kenya Ltd	58	Kenchic Ltd
6	Chemicals and Solvents (E.A) Ltd	59	Corn Products Kenya Ltd.
7	Colgate Palmolive (E.A.) Ltd	60	Kenya Tea Development Agency
8	Crown Berger Kenya Ltd	61	Kenya Wine Agencies Ltd
9	Cooper K-Brands Ltd	62	Koba Waters Ltd
10	Osho chemicals industries ltd	63	Manji Food Industries Ltd
11	Crown Paints Co. Ltd.	64	Mastermind Tobacco (k) Ltd
12	Vitafoam Co. Ltd.	65	Nairobi Bottlers Ltd
13	Orbit Chemicals Ltd.	66	Nairobi Flour Mills Ltd
14	Inter-Consumer Products Ltd.	67	Bata Shoe Co. (K) Ltd
15	Johnson Diversey East Africa ltd	68	East Africa Tanners (k) Ltd
16	PCTL Co. Ltd.	69	Reliable Engineering Co. Ltd.
17	East African Cables Ltd	70	East African Foundry Works (k) Ltd
18	Optimum Lubricants Ltd.	71	Kens Metal Industries Ltd.
19	Holman Brothers (E.A) Ltd.	72	Friendship Container Manufacturers Ltd
20	Kenya Shell Ltd	73	General Motors East Africa Ltd
21	Oilibya (K) Ltd.	74	Impala Glass Industries Ltd
22	Manufactures and Suppliers (k) Ltd	75	Mabati Rolling Mills Ltd
23	Patco Industries Ltd	76	Nails and Steel Products Ltd
24	Nestle Foods Kenya Ltd	77	Orbit Engineering Ltd
25	Proctor and Allan (E.A) Ltd.	78	Steel makers Ltd
26	Unga Group Ltd	79	Steelwool (Africa) Ltd
27	Pembe Flour Mills Ltd	80	Kingsway Tyres and Automart Ltd
28	Aquamist Ltd	81	Plastics and Rubber Industries Ltd
29	Premier Flour Mills Co. Ltd	82	Packaging Industries Ltd.
30	Eldoret Grains Ltd.	83	King Plastic Industries Ltd
31	Associated Battery Manufacturers (E.A) Ltd	84	Kenpoly Manufacturers Ltd
32	Pipe Manufacturers Ltd	85	Kentainers Ltd
33	Auto Spring Manufacturers Ltd	86	Ken-Knit (Kenya) Ltd
34	Toyota East Africa Ltd	87	Africa Apparels EPZ LTD
35	Carton Manufacturers Ltd	88	Alltex EPZ Ltd
36	East Africa Packaging Industries Ltd	89	Spin Knit Limited
37	Cartubox Industires (E.A) Ltd	90	Thika Cloth Mills Ltd
38	Colour Print Ltd	91	Midco Textiles (EA) Ltd
39	United Bag Manufacturers Ltd	92	Riziki Manufacturers Ltd

Appendix VI: Sample of Manufacturing Firms Continued

40	Kartasi Industries Ltd	93	Le-Stud Ltd
41	Nation Media Group Ltd.	94	Straightline Enterprises Ltd
42	The Standard Ltd.	95	Spinners and Spinners Ltd.
43	Tetra Pak Ltd	96	Bag and Envelop Converters Ltd.
44	Modern Lithographic Co. Ltd.	97	Bags and Bailers Manufactures (K) Ltd.
45	Printpak Multi Packaging Ltd.	98	Beta Healthcare International Ltd
46	British American Tobacco Kenya Ltd	99	Cosmos Ltd
47	Brookside Dairy Ltd	100	Glaxo Smithkline Kenya Ltd
48	Coca Cola East Africa Ltd	101	Pharmaceutical Manufacturing Co. (k) Ltd
49	Cadbury Kenya Ltd	102	Economic Housing Group Ltd
50	Eastern Produce (K) Ltd.(Kakuzi Ltd).	103	Furniture International Ltd
51	East African Breweries Ltd	104	General Plastics Ltd
52	Polythene Industries Ltd	105	Haco Industries Kenya Ltd
53	Sameer Africa Ltd	106	Nairobi Plastics Ltd
107	Timsales Ltd.	108	Chemical and Solvent Industries Ltd.

Source*: Kenya Association of Manufacturers (2009)*

Appendix VII: List of Manufacturing Companies by Sector

No.	Name of Company	No.	Name of Company
1	Kenya Industries Ltd	45	Cont. Chemical and Allied
2	Athi River Mining Ltd	46	Cooper K-Brands Ltd
3	Bamburi Cement Ltd	47	Magadi Soda Company Ltd
4	Bamburi Special Products Ltd	48	Metal Refinery EPZ Ltd
5	Central Glass Industries Ltd	49	Metoxide Africa Ltd
6	East Africa Portland Cement Co. Ltd	50	Milly Glass Works Ltd
7	Homa Lime Co. Ltd	51	Murphy Chemicals East Africa Ltd
8	Karsan Murji and Co. Ltd	52	Oasis Ltd
9	Krystalline Salt Ltd	53	Odex Chemicals Industries Ltd
10	Malindi Salt Works Ltd	54	Orbit Chemical Industries Ltd
11	Manson Hart Kenya Ltd	55	Osho Chemicals Industries Ltd
12	Orbit Enterprises Ltd	56	Pan Africa Chemicals Ltd
13	Saj Ceramics	57	PolyChem East Africa Ltd
14	Kenbro Industries Ltd	58	Procter and Gamble East Africa Ltd
15	Kenya Builders and Concrete Ltd	59	PZ Cussons and Company Ltd
16	Sollatek Electronics (Kenya) Ltd	60	Reckit Benckiser (E.A) Ltd
17	Anffi Kenya Ltd	61	Revolution Store
18	Basco Products (k) Ltd	62	Rumorth EA Ltd
19	Bayer East Africa Ltd	63	Sadolin Paints (EA) Ltd
20	Blue Ring Product Ltd	64	Sara Lee Kenya Ltd
21	BOC Kenya Ltd	65	Saroc Ltd
22	Buyline Industries Ltd	66	Soilex Chemicals Ltd
23	Carbacid (C02) Ltd	67	Strategic Industries Ltd
24	Chemicals and Solvents (E.A) Ltd	68	Supa Brite Ltd
25	Coates Brothers (E.A) Ltd	69	Super Foam Ltd
26	Coil Products (k) Ltd	70	Syngenta East Africa Ltd
27	Colgate Palmolive (E.A.) Ltd	71	Synresins Ltd
28	Continental Products Ltd	72	Tri-Clover Industries (k) Ltd
29	Crown Berger Kenya Ltd	73	Twiga Chemical Industries Ltd
30	Crown Gases Ltd	74	United Chemical Industries Ltd
31	Deluxe Inks Ltd	75	Unilever Kenya Ltd
32	Desbro Kenya Ltd	76	Vitafoam Products Ltd

Appendix VII: List of Manufacturing Companies by Sector

33	Eastern Chemicals Industries Ltd	77	Sandvik Kenya Ltd
34	Elex products Ltd	78	Metlex Industries Ltd
35	Galaxy Paints and Coating Co. Ltd	79	Metsect Ltd
36	Henkel Kenya Ltd	80	Nationwide Electrical Industries Ltd
37	Interconsumer Products Ltd	81	Optimum Lubricants Ltd
38	Johnson Diversey East Africa Ltd	82	PCTL Automation Ltd
39	Kapi Limited	83	Power Engineering International Ltd
40	Kel Chemical Ltd	84	Power Techniques Ltd
41	Metoxide Africa Ltd	85	Sanyo Armco (Kenya) Ltd
42	Ken Nat Ink and Chemicals Ltd	86	Socabelec East Africa
43	A.I Records (Kenya) Ltd	87	Synergy Pro
44	Amedo Centre Kenya Ltd	88	Tea Vac Machinery Ltd
89	Assa Abloy East Africa Ltd	134	Virtual City Ltd
90	Avery (East Africa) Ltd	135	Reliable Electrical Engineers (Nrb) Ltd
91	Centurion Systems Ltd	136	C. Czarnikow Sugar (EA) lTD
92	Chevron	137	Kapa Oil Refineries Ltd
93	East African Cables Ltd	138	Palmhouse Dairies Ltd
94	Eveready Batteries East Africa Ltd	139	Patco Industries Ltd
95	Frigorex East Africa Ltd	140	Pearl Industries Ltd
96	Holman Brothers (EA) Ltd	141	Pearly Waters Ltd.
97	Ibera-Africa Power (EA) Ltd	142	Pembe Flour Mills Ltd
98	International Energy Technik Ltd	143	Premier Food Industries Ltd
99	Kenwest Cables Ltd	144	Arkay Industries Ltd
100	Kenya Petroleum Refineries Ltd	145	Belfast Millers Ltd
101	Kenya Power and Lighting Co. Ltd	146	Bidco Oil Refineries
102	Kenya Shell Ltd	147	Bio Foods Products Ltd
103	Libya Oil Kenya Ltd	148	British American Tobacco Kenya Ltd
104	Manufactures and Suppliers (k) Ltd	149	Broadway Bakery Ltd
105	Marshall Fowler (Engineers) Ltd	150	Brookside Dairy Ltd
106	Mercer East Africa Ltd	151	Bunda Cakes and Feeds Ltd
107	Africa Spirits Ltd	152	Cadbury Kenya Ltd
108	Agriner Agricultural Development Ltd	153	Candy Kenya Ltd
109	Agro Chemical and Food Company Ltd	154	Capwell Industries Ltd

Appendix VII: List of Manufacturing Companies by Sector- Continued

110	Alliance One Tobacco Kenya Ltd	155	Centrofood Industries Ltd
111	Alpha Fine Foods Ltd	156	Chai Trading Company Ltd
112	Alpine Coolers Ltd	157	Chirag Kenya Ltd
113	Aquamist Ltd	158	Coastal Bottlers Ltd
114	Coca Cola East Africa Ltd	159	Kenafric Industries Ltd
115	Corn Products Kenya Ltd	160	Kenblest Ltd
116	Crown Foods Ltd	161	Kenchic Ltd
117	Deepa Industries Ltd	162	Kensalt
118	Del Monte Kenya Ltd	163	Kenshop Supermarket (TI) Hot Bread Section
119	Diamond Industries Ltd	164	Kenya Nut Company Ltd
120	Dominion Farms	165	Kenya Seed Company Ltd
121	East African Breweries Ltd	166	Kenya Sweets Ltd
122	East African Sea Food Ltd	167	Kenya Tea Development Agency
123	Eastern Produce Kenya Ltd Ltd)	168	Kenya Tea Packers Ltd (KETEPA)
124	Eldoret Grains Ltd	169	Kenya Wine Agencies Ltd
125	Equator Bottlers Ltd	170	Keroche Industries Ltd
126	Excel Chemicals Ltd	171	Kevian Kenya Ltd
127	Farmers Choice Ltd	172	Kibos Sugar and Allied Industries
128	Frigoken Ltd	173	Kisii Bottlers Ltd
129	Giloli Company Ltd	174	Koba Waters Ltd
130	Global Beverages Ltd	175	Lari Dairies Alliance Ltd
131	Global Fresh Ltd	176	London Distillers (k) Ltd
132	Global Tea and Commodities (k) Ltd	177	Mafuko Industries Ltd
133	Gold Crown Beverages (k) Ltd	178	Manji Food Industries Ltd
179	Gold Crown Foods (EPZ) Ltd	225	Mastermind Tobacco (k) Ltd
180	Gonas Best Ltd	226	Menengai Oil Refineries Ltd
181	Happy Cow Ltd	227	Milly Fruit Processors Ltd
182	Highlands Canners Ltd	228	Mini Bakeries (Nrb) Ltd
183	Highlands Mineral Water Co. Ltd	229	Mombasa Maize Millers Ltd
184	Homeoil	230	Mount Kenya Bottlers Ltd
185	Jambo Biscuits (k) Ltd	231	Mumias Sugar Company Ltd
186	James Finlay Kenya Ltd	232	Nairobi Bottlers Ltd

Appendix VII: List of Manufacturing Companies by Sector- Continued

187	Jetlak Foods Ltd	233	Nairobi Flour Mills Ltd
188	Kabianga Dairy Ltd	234	NAS Airport Services Ltd
189	Karirana Estate Ltd	235	Bata Shoe Comp. (k) Ltd
190	Nicola Farms Ltd	236	Budget Shoes Ltd
191	Valley Bakery Ltd	237	CandP Shoe Industries Ltd
192	Proctor and Allan (E.A) Ltd	238	Dogbones Ltd
193	Promasidor (Kenya) Ltd	239	East Africa Tanners (k) Ltd
194	Pwani Oil Products Ltd	240	Leather Industries of Kenya Ltd
195	Rafiki Millers ltd	241	New Market Leather Factory Ltd
196	Razco Ltd	242	Hobra Manufacturing Ltd
197	Rift Valley Bottlers Ltd	243	African Marine and General
198	Nesfoods Industries Ltd	244	Engineering Co. Ltd
199	Nestle Foods Kenya Ltd	245	Alloy Steel Castings Ltd
200	Sigma Suppliers Ltd	246	Apex Steel Ltd. Rolling Mill Division
201	Spectre International Ltd	247	ASL Ltd
202	Spice World Ltd	248	ASP Company Ltd
203	Spin Knit Dairly Ltd	249	Booth Extrusions Ltd
204	Sunny Processors Ltd	250	Brollo Kenya Ltd
205	Swan Industries Ltd	251	City Engineering Works Ltd
206	The Breakfast Cereal Company (k) Ltd	252	Cook N Lite Ltd
207	Trufoods Ltd	253	Corrugated Sheets Ltd
208	UDV Kenya Ltd	254	Crystal Industries Ltd
209	Unga Group Ltd	255	Davis and Shirtliff Ltd
210	United Millers Ltd	256	Devki Steel Mills Ltd
211	Usafi Services Ltd	257	Doshi Enterprises Ltd
212	ValuePak Foods Ltd	258	East African Foundry Works (k) Ltd
213	Wanainchi Marine Products (k) Ltd	259	Elite Tools Ltd
214	West Kenya Sugar Company Ltd	260	Farm Engineering Industries Ltd
215	Western Kenya Express Suppliers	261	Friendship Container Manufacturers Ltd
216	Wringley Company (E.A) Ltd	262	General Aluminum Fabricators Ltd
217	Mayfair Holdings Ltd	263	Gopitech (Kenya) Ltd
218	Melvin Marsh International	264	Greif Kenya Limited
219	Alpharama Ltd	265	Insteel Ltd

Appendix VII: List of Manufacturing Companies by Sector- Continued

220	J.F. McCloy Ltd	266	Banbros Ltd
221	Kaluworks Ltd	267	Bhachu Industries Ltd
222	Kens Metal Industries Ltd	268	Chui Auto Spring Industries Ltd
223	Kenya General Industries Ltd	269	General Motors East Africa Ltd
224	Khetshi Dharamshi and Co. Ltd	270	Impala Glass Industries Ltd
271	Kitchen King Ltd	315	Kenya Grange Vehicle Industries Ltd
272	Laminate Tubes Industries	316	Kenya Vehicle Manufacturers Ltd
273	Mabati Rolling Mills Ltd	317	Labh Singh Harnam Singh Ltd
274	Mecoli Ltd	318	Mann Manufacturing Co. Ltd
275	Me7tal Crowns Ltd	319	Megh Cushion Industries Ltd
276	Morris and Co. Ltd	320	Mutsimoto Motor Company Ltd
277	Nails and Steel Products Ltd	321	Pipe Manufacturers Ltd
278	Nampak Kenya Ltd	322	Sohansons Ltd
279	Napro Industries Ltd	323	Toyota East Africa Ltd
280	Narcol Aluminum Rolling Mills Ltd	324	Varsani Brakelinings Ltd
281	Ndume Ltd	325	Vehicle and Equipment Leasing Ltd
282	Orbit Engineering Ltd	326	Auto Ancilliaries Ltd
283	Sheffield Steel System Ltd	327	African Cotton Industries Ltd
284	Soni Technical Services Ltd	328	Allpack Industries Ltd
285	Southern Engineering Co. Ltd	329	Andika Industries Ltd
286	Starndard Rolling Mills Ltd	330	Associated Paper and Stationery Ltd
287	Steel Structures Ltd	331	Bag and Envelope Converters Ltd
288	Steel makers Ltd	332	Bags and Bailers Manufacturers (k) Ltd
289	Steelwool (Africa) Ltd	333	Betarad (k) Ltd
290	Tononokia Street Ltd	334	Brand Printers
291	Welding Alloys Ltd	335	Carton Manufacturers Ltd
292	Wire Products Ltd	336	Cartubox Industires (E.A) Ltd
293	Guaca Stationers Ltd	337	Cempack Ltd
294	Associated Battery Manufacturers (E.A) Ltd	338	Chandaria Industries Limited
295	Associated Vehicle Assemblers Ltd	339	Colour Labels Ltd
296	Auto Spring Manufacturers Ltd	340	Colour Print Ltd

Appendix VII: List of Manufacturing Companies by Sector- Continued

297	Autofine Filters and Seals Ltd	341	Convetual Franciscan Friers-Kolbe Press
298	Automotive and Industrial Battery Manufacturers (k) Ltd	342	D.L. Patel Press Kenya) Ltd
299	Dodhia Packaging Ltd	343	Twiga Stationers and Printers Ltd
300	The Jomo Kenyatta Foundation	344	Uchumi Quick Suppliers Ltd
301	East Africa Packaging Industries Ltd	345	Uneeco Paper Products Ltd
302	Elite Offset Ltd	346	United bas Manufacturers Ltd
303	Ellams Products Ltd	347	Label Converters
304	English Press Ltd	348	Modern Lithographic (K) Ltd
305	Flora Printers Ltd	349	Pan African Paper Mills (E.A) Ltd
306	Graphics and Allied Ltd	350	General Printers
307	Icons Printers Ltd	351	Alpha Medical Manufactures Ltd
308	Imaging Solutions (k) Ltd	352	Beta Healthcare International Ltd
309	Interlabesl Africa Ltd	353	Biodeal Laboratories Ltd
310	Kartasi Industries Ltd	354	Cosmos Ltd
311	Kenafric Diaries Manufacturers Ltd	355	Dawa Ltd
312	Kenya litho Ltd	356	Elys Chemicals Industries Ltd
313	Kim-Fay East Africa Ltd	357	Glaxo Smithkline Kenya Ltd
314	Kitabu Industries Ltd	358	KAM Industries Ltd
359	L.A.B International Kenya Ltd	404	Laboratory and Allied Ltd
360	Nation Media Group Ltd	405	Manhar Brothers (k) Ltd
361	National Printing Press Ltd	406	Medivet Products Ltd
362	Packaging Manufacturers (1976) Ltd	407	Pham Access Africa Ltd
363	Paperbags Ltd	408	Pharmaceutical Manufacturing Co. (k) Ltd
364	Printpak Multi Packaging Ltd	409	Regal Pharmaceuticals
365	Punchlines Ltd	410	Revital Healthcare (EPZ) Ltd
366	Ramco Printing Works Ltd	411	Universal Corporation Ltd
367	SIG Combibloc Obeikan Kenya	412	Eslon Plastics of Kenya Ltd
368	Statpack Industries Ltd	413	Polyflex Industries Ltd
369	Taws Ltd	414	Polythene Industries Ltd
370	Tetra Pak Ltd	415	Prosel Ltd
371	The Paper House of Kenya Ltd	416	Techpack Industries Ltd
372	The Print Exchange Ltd	417	Treadsetters Tyres Ltd

Source*: Kenya Association of Manufacturers (2009)*