

**HUMAN RESOURCE STRATEGIC ORIENTATION, EMPLOYEE JOB
PERFORMANCE AND PERFORMANCE OF STATE CORPORATIONS IN
TANZANIA**

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for the Award of the Degree of Doctor of Philosophy in
Business Administration, School of Business,
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DECLARATION

I, the undersigned, declare that this thesis is my original work and has not previously in its entirety or in part been submitted to any other university for the award of a degree or any other university examination other than the University of Nairobi.

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DEDICATION

This doctoral thesis is dedicated to **God Almighty**, for making the impossible in the eyes of man possible.

Second, to the memory of my late father, **Odo Fredrick Kiowi** commonly had known as “O.F”, who left us with the most precious asset in life, knowledge. I know that he would be the happiest father in the world to know that his daughter has successfully completed her PhD studies. May almighty God place his soul among the righteous; and to my mother, **Imakulata Linus Ngalawa**, whose continuous blessings, prayers, love and guidance throughout my life can never be repaid. This work is dedicated to you, Mama, for being the first person to teach me how to read and write.

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ACRONYMS AND ABBREVIATIONS

bn	Billion
BOT	Bank of Tanzania
CFA	Confirmatory Factor Analysis
EFA	Exploratory Factor Analysis
DV	Dependent Variable
GDP	Gross Domestic Product
IV	Independent Variable
FA	Factor Analysis
HC	Human Capital
HPWS	High Performance Work Systems
HR	Human Resource
HRM	Human Resource Management
LAPF	Local Government Pension Authority
NIDA	National Identification Authority
NHC	National Housing Corporation
NPM	New Public Management
NSG-RP	National Strategy for Growth and Reduction of Poverty
NSSF	National Social Security Fund
OCB	Organizational Citizenship Behavior
PCA	Principle Component Analysis
PSRC	Parastatal Sector Reform Commission
RBV	Resource Based View
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
SJTs	Situational Judgment Tests
SHRM	Strategic Human Resources Management
TANESCO	Tanzania Electrical Supply Company
Tsh	Tanzania shilling

UK	United Kingdom
URT	United Republic of Tanzania
USA	United States of America
PSMEP	Public Service Management and Employment Policy
PO-PSM	President's Office-Public Service Management

ABSTRACT

Employees' job performance is among the key elements for success in today's competitive business environments. Researchers in Strategic Human Resource Management (HRM) have established a relationship between HRM and organizational performance, but the relationship between HR strategies and organizational performance intervened by Employee Job Performance remains largely unexplored. The broad objective of this study was to establish the relationship among HR strategic orientation, employee job performance, organizational factors and performance of state corporations in Tanzania. Drawing from the theory of individual differences in job performance, resource-based view, Job characteristics theory and control theory, we tested a model that examines the mechanisms through HR strategic orientation (as a blend of bundles from both control and commitment HR strategies) facilitates employee task and contextual performance, moderated by organizational factors namely structure, culture and politics leading to organizational performance (financial and non-financial), together with mediating effect of employee job performance. A total of eight hypotheses were established to test for the relationships. A cross-sectional survey research design was adopted. Primary data was collected through a properly designed questionnaire while secondary data was obtained through published information. A multisource ratings data on employee job performance variable was obtained from 80 Supervisors and Self-reports from a sample size of 284 employees who perform core functions of the organization. Furthermore, 53 responses from Tanzania's state corporations HR managers on HR strategic orientation variable was obtained and used to analyze the hypothesized relationships. All the measurement items met the reliability test. We used factor analysis, correlations analysis and regression (both liner, hierarchical and multivariate) analyses to examine the direct and moderating effects of hypotheses. In addition, path analysis (Baron and Kenny, 1986) was followed to assess mediation effect of employee job performance variable. Results of this study provide support for the central hypothesis of this study that employee job performance is a mechanism through which HR strategic orientation influences organizational performance. Specifically, this study has found out that; first, there was no direct and significant relationship between HR strategic orientation and the four organizational performance components (ROE, ROA, ROS and Non-financial). Second, there was a partial support for control and commitment HR strategies (individually) on the two dimensions of employee job performance. Findings also showed that interactive effect contributed significantly to employee job performance. Third, in terms of moderating variables, culture and politics moderated the relationship between HR strategic orientation and organizational performance while structure had no significant effect on the same. Fourth, path analysis for mediating effect was not performed due to failure to meet the requirements of Baron and Kenny (1986). Lastly, as hypothesized, this study reports a positive and significant joint effect of HR strategic orientation, employee job performance and organizational factors on performance of state corporations in Tanzania. This study has contributed to the theoretical foundation in the SHRM literature by adding another intervening variable (employee job performance) hence opening up a 'black box' conundrum. A detailed discussion on the research findings was done to examine the relationships and compare with previous studies. It was recommended that a longitudinal survey to be carried out in order to establish the causal chain of these variables.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Building and sustaining employees' job performance is among the key elements for success in today's business environments (Janssen, 2001). Employees' job performance is a dynamic and multidimensional construct that refers to the observable behaviors that people do while at work (Campbell, 1983). Job Performance is critical because the major contribution of employees to the organization is through their work behaviors that ultimately lead to organizational performance. Arguably, it is commonly accepted that organizations need and value employees who perform well, and these high performers are considered as valuable asset for the organization (Berker and Huselid, 1998). Citing evidence from Conway (1999), Borman and Van Scotter (1994) suggested that employees are often expected to perform not only to satisfactory levels but exceed the required roles of their respective jobs. This is strongly supported by Murphy (1989) who opined that, virtually all people want to succeed at work. They want to offer their best and get along well with their supervisors and coworkers. Indeed, at individual level, accomplishing tasks and performing at a high level can be a source of satisfaction with a feeling of mastery and pride. However, getting employees to do their job effectively leading to superior performance is one of the most enduring challenges that many organizations encounter.

The performance of work undertaken by employees has long been the subject of empirical discussions. Although numerous studies (Campbell, 1983; Hackman (1990; Borman and Motowildo, 1993; 1997; Griffin et al., 2007) have revealed the importance of employee job performance, the number of employees who are actively performing in their work is relatively very low (Schmidt and Hunter, 1992; Kahya, 2007). Some scholars have attempted to explain this situation by identifying a number of challenges that have been affecting employee's ability to perform their work effectively. These include: alcoholism (Hoskisson and Hitt, 1988), tardiness (Snell, 1992), slow pace of work (Eisenhardt, 1985), emotional disorders and dishonesty (Hogan, 1996), drug use (Reeves and Woodward, 1970), lack of finances, divorce, depression, stress and anger (Gaillard, 1986), verbal and physical attacks (Hockey, 1997) and

insubordination (Lee and Ashforth, 1996). As noted by Govindarajan and Fisher (1990), these problems have been shown to influence employees to opt for counterproductive behaviors such as absenteeism, low job satisfaction, theft, destruction of property and misuse of information and resources. Unfortunately, employers have not been always doing enough to address such issues which have far-reaching impact within their workforce.

In recent years, there has been growing attention to the effects of organizational work practices on employee's job performance. Some scholars such as Gerhart and Milkovich (1992), Wood (1996) and Griffin et al. (2007), have argued that the level of job demands placed on employees, poor job design, increase in workload, time pressure and the degree of job autonomy or control afforded to employees are significantly related to low job performance. These practices have been argued to be detrimental to individual job outcomes such as quality service and productivity. Indeed, a considerable evidence provided by Church (1997) and Hogan and Holland (2003) from manufacturing sector indicated that employees were working in unpleasant conditions such as heavy loadings, inclement weather, extreme heat/ cold, chemical smell, noise, poor lighting, vibration, and dust, thus affecting their work performance. Likewise, Kahya (2007), in his study of 154 employees working in 18 teams at a medium-sized metal company, found that blue-collar employees used physical effort such as kneeling, crouching/crawling, walking, standing, balancing, lifting, pulling and pushing heavy objects when performing their tasks, a condition that tremendously affected their job performance. Equally, Guthrie (2001) pointed out that increasing competitive environment that most organizations face and the changing nature of work lead many organizations to opt for work practices that focus on obtaining high sales, profit, and customer satisfaction at the expense of employees.

On the other hand, scholars such as Kochan and Osterman (1994) and Wagner (1994) have noted that some organizational Human Resource (HR) practices have been largely responsible for poor performance of employees. Current trends in Strategic Human Resource Management (SHRM) research suggest that poor recruitment and selection methods adopted by firms, little training, unfair performance appraisal, little pay, job insecurity, lack of promotion and lack of involvement in decision-making process have negatively affected employees' performance on their work. These practices have forced employees to take industrial actions such as strikes since

they perceive that their efforts are not fairly rewarded and therefore reciprocating equally on the same (Jackson and Schuler, 1987; Legge, 2005; Kochan and Osterman, 1994). In addition, several organizational changes such as downsizing and outsourcing have created a negative environment for employees to perform their work. It is predicted that this situation lead to employees' frustration and disenchantment with work.

A considerable number of previous researches have sought to identify valid predictors of employee job performance. For example, Barrick and Mount's (1991) *Meta-Analysis* identified significant positive relationship between sales performance and personality constructs, such as conscientiousness and extraversion, although the relation between extraversion and sales performance appeared to vary across situations. Schmidt et al., (1986) reported a mean correlation of .18 between experience and job performance and concluded that job experience leads to the acquisition of skills, techniques, method, psychomotor habits that directly produce improvements in performance capabilities. Arguably, although research on the various determinants of job performance has been extensive (Borman and Motowidlo, 1997; Dweck, 1999), only recently had attention drawn to the importance of gaining an understanding of the potential impact of Human Resource (HR) strategic orientation on employee's job performance in predicting organizational performance. HR strategic orientation has been found to eradicate many of the problems facing employees identified in the literature. Scholars such as Gill (1999) argue that HR strategy, if well designed and implemented, is likely to affect employee skills, effort and motivation which in turn translate into improved performance. Despite the crucial and practical importance of HR strategic orientation on employee job performance, surprisingly, little attention has been devoted to the theoretical and empirical understanding of mechanisms through which this relationship occur.

There is a widespread interest in the literature on the subject of State Corporations. In Tanzania, a State Corporation or Enterprise is an organizations established by the government under public law as a legal personality which is autonomous or semi- autonomous, which provide/produce goods and services on a full or partial self-financing basis, and in which the government or a public body/agency participates by way of having shares or representation in its decision-making organs (URT, 2004). State Corporations in Tanzania occupy a central role in the economic

development of the country. Critical writers such as Moshi (1986), suggested that the State Corporations need not only to fulfill their roles and objectives, but also to minimize costs with the aim of creating and increasing profit. After attaining political independence, Tanzania realized that economic independence was more important and urgent requirement to the national development (Nyerere, 1968). To that end, the government resorted to the creation of State Corporations in an attempt to promote self-sustaining economy (Ibid).

After a decade, however, critics began to question the performance of state-owned enterprises better known in Tanzania as the parastatals (Mwapachu, 1978; Munishi, 1982). The frequent criticism was that most of the parastatals were chronically inefficient and had become an actual burden to the taxpayers. There have been a number of explanations about this poor performance of State Corporations. Lack of adherence to financial principles and poor management of employees were cited as factors responsible for the poor performance of State Corporations (Moshi, 1986; Kiragu and Mutahaba, 2004). Specifically, an analysis of productivity per employee, 1967 -1979 (Kim, 1981) indicated that there was a decline in employee productivity in Tanzania's State Corporations which contributed significantly to the decline of their performance. Productivity growth of employee declined marginally to 0.4% by 1986 (URT, 2005). The ongoing reforms have yielded substantial economic growth and in particular, impressive performance of the State Corporations. However, no systematic study so far has been carried to find out how employees carry out their work in Tanzania State Corporations. Given the outsourcing of some public services and decentralization, it is hard to tell whether there are realistic tangible job performance for employees and how these are influenced by HR strategies in Tanzania's State Corporations.

1.1.1 Employee Job Performance

Campbell (1983) introduced the notion of employee job performance describing it as a specific behavior outcome emanating from the individual or performer. Drawing from Campbell (1983), Borman and Motowildo (1993), went one step further and defined the term employee job performance as scalable actions, behavior and outcomes that an individual displays over a standard interval of time. In their effort to identify and define categories of job performance that are broadly applicable to all jobs, Borman and Motowildo (1993; 1997) came up with two main

dimensions of job performance namely task performance and contextual performance. Task performance consists of activities that transform raw materials into finished goods and services or in other words, it is the effectiveness with which job incumbent performs activities that contributes to the organizational technical core. Borman and Motowildo gave example of activities such as selling merchandise in a shop, teaching in school, or performing surgery in hospital.

The above definition is close to that of Griffin (2007), who views task performance as the accomplishment of duties and tasks that are specified in a job description while contextual performance constitutes activities that contribute to the organization's task performance by maintaining social and psychological context. This includes activities such as helping and cooperating with others, following organization's rules and procedures and volunteering to carry out activities that are not formally part of one's job. To that end, this study draws from Borman and Motowildo (1993) conceptualization of job performance which made a distinction between task performance and contextual performance in an attempt to examine employee job performance in Tanzania State Corporations.

1.1.2 Orientation of Human Resource Strategy

There has been a dissenting opinion among scholars over the definition of HR strategy. Notably, one group of authors conceptualizes HR strategy as a statement of 'intent' in an organization with regard to how the organization manages its HR resources (Torrington and Hall, 1995; Boxall, 2000). A variant to this perspective defines HR strategy as a 'process' for integrating HR function and business objectives (Tyson, 1997; Bamberger and Meshoulam, 2000). However, Bratton and Golds (2003) define HR strategy as a pattern of decisions regarding HR policies and practices used by management to design work, select, train and develop, appraise, motivate and control workers. From this definition, Bratton and Golds (2003) commented that HR strategy spans from a continuum of two extremes ranging from a more controlling approach of managing employees to a high commitment approach of investment in employees (Tyson, 1997; Arthur, 1992). A key distinction is on whether the emphasis is being placed on 'human' or 'resource' perspective.

A control-based HR strategy emphasizes the quantitative and calculative aspects of managing employees. In this thinking, there is a tight control of employees using written rules and procedures, managers organize tasks and movement within which workers operate to ensure achievement of organizational performance (Godard, 2001). A control-oriented approach tends to emphasize narrow defined jobs, centralized decision-making, lower skills demand, little training and so forth. Thus, workers are more of commodity-like and more replaceable (Arthur, 1992; Walton, 1985). The strategic objective of this approach is to increase employee efficiency through greater use of rules and regulations, close monitoring of employee behavior in order to achieve performance. A commitment-based HR strategy on the other hand, is associated with the human relations movement. This strategy creates conditions that encourage employees to identify with the goals of the organization. The focus is on developing committed employees who can be trusted to use their discretion to carry out tasks in ways that are consistent with organizational goals (Arthur, 1992). Commitment oriented strategy consist of practices such as intensive training, promotion from within, high level of compensation and so forth.

This conceptualization has sparked debate among scholars. For instance, Walton (1985) contended that control and commitment represent two distinct ideal systems and that any deviation from the ideal types will weaken performance. However, scholars like Bratton and Golds (2003) have noted that control and commitment span from a continuum of two extremes and that the most effective strategy is seen as existing somewhere between the two extremes. Supporting this conceptualization of Bratton and Golds, Bamberger and Meshoulam (2000) integrate the two main models of HR strategy, one focusing on the underlying logic of managerial control and the other focusing on the reward–effort exchange (commitment-oriented) relationship. Arguing that, neither of the two dichotomous approaches (control and resource-based models) individually provides a framework able to encompass the ebb and flow of the intensity and direction of HR strategy. They build a model that characterizes the two main dimensions of HR strategy as revolving around internally coherent and consistent configuration set of interactive HR bundles.

Scholars taking this view argue that insights from both dimensions can be combined (Gooderham et al, 2008; Boselie, 2008). This can be done, for example, by grouping them into

broad categories based on general characteristics shared by all organizational systems. For this reason, it would be appropriate to view at this system as “orientation” of the HR function. By adopting the notion of orientation the interests here, are the deliverables of the HRM function, as suggested by Ulrich (1997, 1998) and Gooderham et al. (2008), not the HRM practices per se. Therefore, this study attempts to include the two main categories of HR strategy variables that describe HRM in the literature, namely control and commitment-based HR strategies (Walton, 1985; Arthur, 1992, 1994; and Wright and Snell, 1998). This is achieved by measuring the contribution of the HRM function in several aspects of the organization. As Bamberger and Meshoulam (2000) posited that individual HR practices should be viewed as part of a wider HR system. HR practices need to be bundled in the sense that several properties of control and commitment-based HR practices will need to be considered. This view was strongly supported by Guest et al. (2004) who suggested that practices from single strategy are not expected to have the impact on performance as a coherent set of practices could have (Delery and Shaw 2001). However, there is little agreement in the literature about which HR practices make up a *coherent* HRM bundle.

Although much is now known about the processes through which HR strategy lead to Performance (Delery and Doty, 1996; Huselid, 1995; Arthur, 1994), there are still some gaps or problems in terms of the solidity of the knowledge. Our understanding of the intervening processes linking HR strategies and performance is far from reality, mainly because the mechanism through which HR strategy influences performance is still unclear. While evidence points to the employees’ job performance as important variable in understanding HR strategy-organizational performance relationship (Wright et al., 2001), not much research has considered employee job performance as intervening variable. That is, the way inputs (people) are transformed into outputs (performance) is hidden from this view. This is referred to as the “black box” problem (Macky and Boxall 2007). There is limited research that describes ‘correctly’ the processes through which HRM influences firm performance (Purcell et al 2003, Boselie et al 2005). Whereas different variables within the HRM and performance link have been considered in analyses, there is, however, still a lot of discussion about what the principle intermediate variables could be.

This study assumes that a principle intervening variable in the relationship between HR strategic orientation and organizational performance is employee job performance. HR practices only result in sustained competitive advantage if they lead to the desired employee behaviour (Wright et al 1994). Guest (1999) confirms the link in the assumed causal chain from HR practices to performance through the attitudes and behaviour of employees. Employees can give and can take away co-operation and effort, or can even “go beyond the line of duty”. This discretionary behaviour is also stressed by Purcell et al. (2003) who asserted that better performance comes about when people are stimulated to do their jobs better. Someone who likes his/her job feels motivated and committed to the organization, which makes it much more likely that the person will display discretionary behavior. Though it is generally accepted that employee job performance is an important variable affecting organizational performance systematic study of the condition governing job performance behavior have been largely neglected. Little is known about crucial and typical process through which HR strategic orientation influences employee job performance leading to organizational performance. This is an important oversight in the HRM literature.

Research has shown that the impact of HR practices on organizational performance largely depends on how people actually carry out their jobs in organizations (Wright et al, 2002). Employee actual work practice can be powerful mediators of the HRM-performance relationship (Wright and Boswell, 2002). However, employee efforts, interests, skills, and initiative are often overlooked in HRM and performance models (Gerhart, 2004). As Baron and Kreps (1999) argue that workers will do better or worse in a given job or task according to how well they are matched to its attributes. HRM can play an important role in achieving such a match. Recent evidence suggests that the search of an identity at work may influence many of the behaviors sought by employers from employees such as cooperation with others and their level of involvement in work (Sun et al, 2007). In this way, workers can engage in their work with increased meaningfulness not necessarily through the kind of work they do, but more importantly through a relationship with their work and with others at work.

1.1.3 Organizational Factors

Organizations do not operate in vacuum. There are factors existing which may influence the relationship between variables. These variables may have to be controlled or taken into the process as moderating variables. Such variables include size of the organization, structure, capital, politics, union, age, culture and so forth (Millimore et al, 2007). Though it is expected HR strategies to be associated with employees' job performance and organizational performance, the significance of this association depends on specific variables constituting organizational context. For instance, culture and structure are expected to positively influence the relationship while politics may not be positively influencing the relationship (Arthur, 1992).

Structure is about the way people are grouped and their work is coordinated (Wang, 2005). Culture is defined as a pattern of basic assumptions, beliefs and values that members of an organization have in common (Millmore et al., 2007). Vigoda (2000) describes organizational politics as the unique domain of interpersonal relations in the workplace. Its main characteristics are the readiness of people to use power in their efforts to influence and secure personal or collective interests. Bureaucratic organizations have been often casted as entities incapable of change in their operation. Studies (Ferris et al., 1989; Vigoda, 2000) have been citing structure, culture and politics as variables that have been influencing largely the operations of public sector organizations and State Corporations in particular. Whereas research has demonstrated independent influence of structure, culture and politics on organizational performance (Denison and Mishra, 1995) little is known about how they influence the relationship between HR strategic orientation and employee job performance.

1.1.4 Organizational Performance

Javier (2002) defines performance as the ability of an object to produce results in a dimension determined in relation to a target. Katou and Budhwar (2007) posited that performance is a multidimensional construct and that any single index of measurement may not provide a comprehensive understanding of the performance relationship relative to the construct of interest. Therefore, it is important to look at multiple indicators. Previous research had used financial variables to measure organizational performance including return on asset (ROA) (Katou and Budhwar, 2007), return on investment (ROI), (Nolan, 1998) and return on sales (ROS) (Wright,

2003). However, Kaplan and Norton (2008) have argued that using a combination of financial and non financial measure gives a more balanced indication of firm performance. Balance scorecard considers both financial and non-financial measures of performance. The non financial indicators include firm growth, firm survival, customer satisfaction and learning and growth.

Researchers (Griffin et al, 2007; Motowildo et al, 1993) have emphasized the need to explore the process whereby HR strategies are linked to performance. The literature predict that if the influence of HR strategies is positive they will be reflected in the ability of employees to perform their tasks successfully, improve morale and encourage cooperation and these in turn should result in relatively higher sales and profitability, high quality of goods and customer satisfaction.

1.1.5 The Tanzanian State Corporations

There have been a lot of challenges facing employee's management in African public services and State Corporations in particular for the last thirty years. The Tanzania government seems to agree with that statement as its Public Service Management and Employment Policy (PSMEP) states;

“For quite some time now the public service has been viewed as a liability to the tax payers rather than an asset. This is because low productivity, erosion of work ethics, indiscipline, blatant violation of rules, regulations and procedures, weak control and corruption has been observed as common features in the service” (URT, 1999; pp 10).

In general, Tanzania's economic performance in the first 15 years of independence was relatively good (Hyden, 1975; Munishi, 1982; Malyamkono; 1990). The average growth of the GDP up to the mid-1970s was 4.7 percent (Therkilsden, 2000). In this period the public service seemed to be working fairly well. The public servants were justly compensated and motivated. However, Tanzania's economy was rocked by a crisis in the late 1970s and early 1980s. This was partly as result of drought, escalation of oil prices, the cost of war against Uganda's Idi Amin, the debt-burden and other poor government policies. These had adverse consequences for public service performance especially public servants' wages and salaries. More importantly, it was established that the dismal performance of the public service emanated, partly but substantially, from poor

management of employees in the public service. For instance, Munishi (1982) reveals that by 1977, the real minimum wage had declined to a pre-1963 bachelors wage level, and by 1983, it had fallen up to a pre-world war II level. Subsequent studies by Baguma (1992) and Bana (2004), and a report by President's Office-Public Service Management (PO-PSM) (2004) show that public service employees were underpaid, a factor that contributed significantly to the poor performance of public sector organizations.

Early works by Munishi (1982) and Kiggundu et al. (1983) and later by Kiragu and Mutahaba (2006) highlighted a number of maladies associated with poor HRM in the Tanzanian public sector. First, decision about recruitment and selection were often handled by a central government with little relevance to matching jobs and skills. Furthermore, social-political considerations formed the basis for the selection of employees. Kiragu and Mutahaba (2006) posited that this had encouraged forms of backdoor and patronage in the recruitment system. Salaries were eroded, performance expectations were underdeveloped and pay determination were often inappropriate focusing exclusively on seniority with no link made between rewards and performance. This encouraged public servants to supplement their income with petty businesses. As stated in the PSMEP (1999), this led to public service to be viewed as a liability rather than an asset. In this regard, through public sector reforms, civil service and government institutions were urged to adopt strategic HRM as part of strategy to improve management of the workforce. However, it has not been immediately established that these measures have improved performance.

State Corporations in Tanzania were not spared with the economic crisis witnessed in the early 1980s. Following the adoption of Arusha declaration in 1967 (Nyerere, 1968; Mbelle, 2005) which nationalized all major means of production, Tanzania experienced a dramatic expansion in the role of state in all areas of economy. This had a far reaching impact on the performance of State Corporations, mainly because the speed at which State Corporations expanded was not accompanied by an adequate supply of qualified local manpower. The situation was aggravated by a fairly large exodus of non-Africans professionals who left the country after independence and after Arusha declaration. As a result, most State Corporations performed poorly and became

a burden to the tax payers. Experience showed that State Corporations had large operational costs, low productivity and low net profit (Therkilsden, 2000).

Although some evidence points to the political interference in operations, shortage of working capital, import licensing system and price control as factors that contributed to poor performance (Kiggundu et al., 1983; Kiragu and Mukandala, 2004), the foregoing arguments indicate that employees poor job performance within State Corporations was one of the factors that contributed significantly to the dismal performance of State Corporations in Tanzania. Given that colonial administration did not allow the development of local skills that State Corporations needed, this meant that, while State Corporations continued to expand, local capacity in terms of professional and managerial expertise was completely lacking. Therefore, since local skilled manpower was virtually lacking the selection of candidates to fill different posts in State Corporations was not necessarily based on the criteria of education, mainly socio-political formed the basis for recruitment and selection. This to a large extent contributed to a poor job performance of employees in Tanzania State Corporations. As Kim (1981) noted that private enterprises outperformed public ones in terms of per worker output (see table 1.1).

Table 1.1 Tanzania Economic Trend on Productivity from 1984-1990

Year	Value added (Millions Tsh.)		Total Number of Employees		Productivity (Value added per Employee) (Millions Tsh.)	
	Public	Private	Public	Private	Public	Private
1984	3,474.9	1,646.3	63,226	23,067	0.05	0.07
1985	3,768.5	2,098.6	58,100	23,318	0.06	0.06
1986	5,341.0	2,968.2	83,968	35,352	0.06	0.08
1987	10,102.6	3,606.2	80,841	27,740	0.12	0.13
1988	10,417.4	4,237.6	89,869	35,795	0.11	0.12
1989	17,867.2	10,834.2	81,703	47,205	0.22	0.23
1990	23,249.8	8,333.5	85,822	50,869	0.27	0.16

Source: Statistical abstracts: 1992, Bureau of Statistics, President's Office, Planning Commission, United Republic of Tanzania.

Table 1.1 above indicates that from 1984-1989 productivity on the side of Private Enterprises which is the value added per employee, was relatively better than that of Public Enterprises despite Public Enterprises access to government subsidy. For instance, in 1984 the value added per employee in Public Enterprises was 0.05 million T.sh as against 0.07 millions T.sh per employee in Private Enterprises. Njunwa (1986) also noted that when measured in units of man-hours worked, output figures for the public sector were about 85 percent lower than that of private sector. This was further evidenced by Mbelle (2005) who indicated that total working hours of employee in 1980s was longer in the State Corporations, with low output per person than in the private enterprises. More importantly, its average hourly wage rate was 27 percent higher than the private enterprises. This implies that publicly owned State Corporations were relatively unproductive in the sense that they obtained less output per working unit of both labor and capital.

The government introduced parastatal sector reform programs to address the prevailed economic crisis in the State Corporation. To this end, the government enacted public corporation Act of 1992 which resulted into the establishment of the parastatal sector Reform Commission (PSRC) in March 1992, an implementing agency. Since then, a number of measures were taken including privatization of some of the poorly performing State Corporations (Mutahaba, 2005), heavy financial investment (Therkilsden, 2000), and introduction of strategic HRM (URT, 2004) as part of the initiative to improve employee performance.

Apparently, there are about 238 State Corporations in Tanzania (URT, 2011). Government owns 166 State Corporations with majority of shares (more than 51%), 62 with minority interest (less than 50%) and 36 are executive agencies. This number of State Corporations increases when 26 urban water authorities are added up, as well as some new State Corporations like National Identification Authority (NIDA) and National Social Security Regulatory Authority (NSSRA). Statistics indicates that the government of Tanzania has a total equity of 10.3 trillion shillings in State Corporations which is equivalent to 30% of GDP (Kabwe, 2011). More importantly, there are larger Corporations which contribute to higher investments, for example, 60% of the investments are in ten Corporations (with billions of investment in brackets) which are Bank of Tanzania (BOT) (766bn), Local Government Pension Fund (LAPF) (218bn), National Housing

Corporation (NHC) (1054bn), and National Social Security Fund (NSSF) (1029bn) just to mention a few (Ibid).

A report on Public Enterprise Performance (PES) in Tanzania shows mixed results. According to the Economic Survey (2010) indicates that performance of State Corporations has recently improved. This is further evidenced by a report from Controller and Auditor General (2011) which showed that the treasury collected dividends totaling to 19.8bn shillings for the year ending June, 2011 (URT, 2011). Other revenues were loan repayments of 2.3bn shillings as well as remittances which totaled 6.6bn shillings. However, some State Corporations have been registering poor performance; for instance, TANESCO was making a loss of 162 billion shillings a year. As Tanzania strives to achieve the goals and objectives of the National Strategy for Growth and Reduction of Poverty (NSG-RP) linked to the National Development Vision 2025, efficient utilization of the national human resources is critical to the performance of State Corporations (URT, 2005).

The aforementioned statistics indicates that State Corporations in Tanzania are facing many challenges including financial and HR challenges. In spite of the positive achievements recorded, poor job performance of employees emanating from poor HRM remains one of the intractable problems facing Tanzania State Corporations. Unfortunately, this is not widely appreciated among scholars and is much less adequately analyzed (Bana and McCourt, 2005; Bana, 2004, Kim, 81). This is evident for example, from literature examining the performance of State Corporations in Tanzania. There is plenty of studies published in this area mainly focusing on profit maximization and cost-minimization (Mbelle, 2005; Kiragu and Mukandala, 2004; Kabwe, 2011) with little examination on the role of HR strategies on employee job performance and its effect on performance of State Corporations in Tanzania.

So far, no systematic study has been carried out to find out how HR strategic orientation affects employee's job performance leading to organizational performance in Tanzania State Corporations. Where an attempt has been done to address such issues, it has mostly focused on the provision of working facilities, payment of overtime allowance and some kind of training

activities (Baguma, 1992; Bana and McCourt, 2005; Bana, 2004). Therefore, efforts devoted to the identification, assessment and interpretation of this relationship is relatively important.

1.2 Research Problem

Over a long period of time, control-based HR strategy has been coordinating employment practices in organizations (Snell, 1992; Ouchi, 1979). Somewhat more recently, commitment-based HR strategy has become the focus of empirical investigations examining employees behavior required to implement competitive strategy (Huselid, 1995). Initially, the presumption of the field was that control-based HR strategy was necessary and sufficient for effective management of employees. As commitment-based HR strategy emerged, this assumption was called into question arguing that although control-based HR strategy was necessary to ensure organizational performance it was not sufficient. Therefore, commitment-based HR strategy was also required. These two strategies have been stated to either independently or jointly influence organizational performance. While some strides have been made to empirically test the independent effect of control and commitment-based HR strategies on organizational performance (Walton, 1985; Arthur, 1992, 1994, Sun et al., 2007), these propositions have rarely been tested jointly as bundles of HR strategy on organizational performance through employee job performance as an intervening variable. On the other hand, structure, culture and politics have been argued to increase the likelihood of the effect of HR strategic orientation on employee job performance leading to organizational performance (Ferris et al, 1989, Rousseau, 1990). As a result, the belief in the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance rests more on its conceptual plausibility than the direct empirical support. More importantly, scholars have not specified in detail the mechanism through which this relationship might occur.

The performance of State Corporations in Tanzania has been in question for a long time. Research done by Baguma (1992) and later Kiragu and Mukandala (2004) established that following poor performance of the State Corporations which were largely attributed to the poor performance of employees, the Tanzanian government embarked on parastatal sector reforms aimed at improving performance. Among others, the reform focused on performance of employees' job individually and collectively. To achieve this end, the government enacted Public

Corporation Act of 1992 and Public Service Employment Policy of 1999 for management of human resources. This policy directed the development of HR strategies to guide the management of HR functions in the State Corporations. Despite the acknowledged significance of HR strategies under NPM era, evidence as to whether or not there have been any substantive changes in the work performance of employees and performance of State Corporations in particular remains both partial and inconclusive.

A stream of research has attempted to establish the relationship between HR strategies and organizational performance (Arthur, 1994; Snell, 1992; Boselie et al., 2002). However, most of these studies have largely focused on individual HR strategy (control or commitment-based) to the exclusion of overall HR strategic orientation on organizational performance. The work of Arthur (1992) for instance, reported that commitment-based HR strategy was found to be more statistically coherent than control-based HR strategy in the US steel minimills. Apart from examining individual strategy, this study employed a more limited sample (steel minimills) hence limiting its generalizability. Likewise, the work of Wallace (1995) which covered corporatist control and organizational commitment among lawyers working in law firms, found that commitment-based HR system had a positive effect on employee satisfaction.

A variant to this finding is that of Snell (1992) who found that executive use of HR control-based systems was positively related to work flow integration and product-market variation. More recently, Collins and Smith (2006) analyzed the impact of commitment-based HRM practices on organizational performance, and found that an increase in these practices lead to an increase in both sales from new products and services and sales growth. Generally, these empirical studies have largely been confined to assessing the impact of individual HR strategies (commitment or control-based) practices on firm performance without combining practices from both types and its effect on organizational performance. Furthermore, these studies have used employee outcomes such as turnover, job satisfaction and absenteeism as mediating variables ignoring employee job performance variable which is described as the best mediator of HR strategic orientation and organizational performance.

Other studies have provided support for the employee job performance as predictor of organizational performance with a clear distinction of task and contextual performance (Campbell, 1983; Borman and Motowildo, 1993, 1997; Griffin et al., 2007). For example, Motowildo and Van Scotter (1994), in their study of military performance, found that the correlation of task and contextual performance on organizational performance ratings was statistically significant and strong. Similarly, Barrick and Mount's (1991), meta-analysis study, identified significant and positive relations between sales performance and personality constructs, such as conscientiousness and extraversion, although the relation between extraversion and sales performance appeared to vary across situations. Despite reporting positive relationship between employee job performance and organizational performance, these studies have not used integrated approach at ago in their empirical testing and indicated that various antecedents could predict one or more form of performance. For this reason, some scholars (Organ, 1988, MacDufie, 1995; Boselie, 2002) have recommended the integration of both HR strategy dimensions, employee job performance dimensions and some of the organizational factors in the same investigation to develop a more comprehensive understanding of their impact on organizational performance. This knowledge gap is addressed in this study.

Locally, Bana (2004) investigated the manner and extent to which the key practice areas in HRM were carried out in the Tanzanian civil service specifically during post-independence period. He found that poor management of employees was one of the major impediments to the delivery of public service. Specifically, Bana established that recruitment was not transparent, training was not guided by knowledge principles, pay decisions were centralized and HR practitioners played no significant role in the implementation of HR practices. Having acknowledged that these problems led to the adoption of SHRM in the public service, this study did not empirically examine HRM in Tanzania State Corporations. Therefore, this present study is an attempt to fill this knowledge gap.

Although literature in the field of HR strategies and employee job performance in general is abundant, the existing ones focus upon developed economies to the neglect of developing economies (Borman and Motowidlo, 1997; Dweck, 1999). As most developed countries are collaborating with developing countries in business developments, there is the need to adopt a

new dimension to the study of the field. As suggested by Delery and Doty (1996) studies need to factor in the perspective of other economies, especially those in Africa since others in Asia and Latin America have been given ample attention

Furthermore, HRM–employee outcomes relationships have been under-theorized in the SHRM literature. Scholars have been addressing this relationship mainly in terms of RBV, but recently this framework in general has been criticized. In this study, we provide a complementary perspective by examining control theory explanations of HR–employee–organization outcomes relationship. In so doing, we contribute towards a deeper understanding of the specific control mechanisms that may mediate the relationship between HRM and individual employee performance. Furthermore, given that employee job performance has been shown to be associated with organizational performance (Motowildo and Van Scotter, 1994), it is believed that this analysis will provide additional insights into the underlying processes and mechanisms involved in the effects of HRM, thereby addressing the so called ‘black box’ problem (Paauwe, 2009; Ramsay et al., 2000).

This study therefore, examines the relationship between HR strategic orientation, employee’s job performance and organizational performance. The nature of the HR strategy–behaviors linkage is investigated with the anticipation of addressing additional explanation for the effects of HR strategies on organizational performance. In so doing, the study is contributing to the understanding of the linkages between HRM-employee job performance and organizational performance. Wright and Gardner (2002) suggested that research examining the intermediate-linkages in HRM–performance research should be given a high-priority by HRM scholars. The study also responds to calls by researchers (Wright and Gardner, 2002; Borman and Motowildo, 1997) who suggested the identification of antecedents of employee job performance and that the same may be a significant mediating variable in the link between HR strategic orientation and organizational performance. This study departs from the previous HR literature in two ways. First, the level of analysis used to estimate the firm-level impact of HR practices is the system, and the perspective is strategic rather than functional. This approach is supported by the development and validation of instruments that reflect the HR strategy adopted by each organization studied. Second, the analytical focus is comprehensive. That is, the dependent

variables include both intermediate financial and non-financial performance. Therefore, the study seeks to answer the following research questions: *What is the relationship between HR strategic orientation and performance of State Corporations in Tanzania? Is the relationship between HR strategic orientation and Tanzania's State Corporations performance intervened by employee job performance? Does the strength of the relationship between HR strategic orientations and employee job performance depend on organizational factors such as structure, culture and politics? To what extent do HR strategic orientation, employee job performance and organizational factors jointly affect performance of State corporations in Tanzania?*

1.3 Research Objectives

The broad objective of the study is to establish the relationship among HR strategic orientation, employee job performance, organizational factors and performance of State Corporations in Tanzania. The following are the specific objectives:

- i. To examine relationship between HR strategic orientation and organizational performance
- ii. To determine relationship between control-based HR strategy and employee job performance
- iii. To establish relationship between commitment-based HR strategy and employee job performance
- iv. To examine relationship between HR strategic orientation and employee job performance
- v. To determine moderating effect of organizational factors on the relationship between HR strategic orientation and employee job performance
- vi. To establish relationship between employee job performance and organizational performance
- vii. To assess mediating effect of employee job performance on the relationship between HR strategic orientation and organizational performance
- viii. To examine joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance

1.4 Value of the Study

Firstly, it is anticipated that the findings of this study will contribute to the existing body of knowledge by providing a better understanding of the relationship among HR strategic orientation, employee job performance, organizational factors and organizational performance. These relationships have not been explored adequately in literature especially in the State Corporations. Therefore, this study will contribute to the literature on HR strategic orientation, employee job performance, and organizational performance moderated by organizational factors namely structure, culture and politics.

Secondly, the public sector is a major employer and a key economic player in Tanzania. This study advances knowledge and practical understanding of how public sector organizations and State Corporations in particular can identify and adopt valuable HR strategies that will enable them to increase work performance among employees hence achievement of organizational profitability and productivity. Thirdly, this study is expected to contribute on HR strategic orientation, employee job performance and organizational performance theory building, testing and form a basis for future research. Lastly, this research will also provide new data that will test western theories and assumptions found in HR strategy studies and its applicability in developing countries.

1.5 Structure of the Thesis

This thesis report is organized into five chapters. Chapter one provides a general overview of the variables under investigation namely employee job performance, HR strategic orientation, organizational factors and performance of State Corporations. In doing so, the chapter first traces the background of the study followed by a brief introduction of the study variables. The chapter also provides the state of the HRM in Tanzania's State Corporations followed by statement of the problem, objectives and the value of the study. Chapter two covers conceptual and empirical literature review on the relationship between HR strategic orientation, employee job performance, organizational performance and organizational factors with the aim of forming a theoretical framework and revealing knowledge gaps

Chapter three describes the research methodology used in the study. Specifically, it gives a detailed description of the research philosophy, research design, study population, data collection, reliability and validity of instruments, operationalization of study variables and data analysis techniques. Chapter four presents the results and findings of the study according to the research objectives and hypotheses. The chapter describes the nature of study attributes by offering response rate, confirmatory factor analysis and test of reliability. It also presents results of the cross-sectional analyses for the data collected. Finally, chapter five outlines the study's summary and conclusion, implications of the study, its limitations, and recommendations for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a detailed conceptualization of employee job performance with a clear distinction of task and contextual performance; the two dimensions of HR strategic orientations namely control and commitment HR strategies, organizational factors (structure, culture and politics) and organizational performance. Based on the theory of individual differences in job performance, job characteristic theory, goal orientation theory, control theory and resource-based view, the chapter deeply examines these variables and their relevance to the workforce management. Finally, the chapter covers the literature review on the relationship between HR strategic orientation, employee job performance, organizational performance and organizational factors with the aim of forming a theoretical framework and revealing knowledge gaps.

2.2 Theoretical Foundation

This research is going to be conceptualized within a theoretical framework of individual differences in job performance. The stage for discussion presents justification for the applicability of the theory in human resource-employee job performance–organizational performance relationship.

2.2.1 Theory of Individual Differences in Job Performance

A theory of individual differences in job performance has been developed to explain the relative relationship between certain individual characteristics and effective responses on the job. Drawing on the work of Campbell (1983) and Murphy (1989), Borman and Motowidlo (1993) developed a theory of individual differences in job performance. They define the term job performance as the aggregated value to the organization of the discrete behavioral episodes that an individual performs over a standard interval of time. The theory begins with four specific assumptions about performance construct arguing that performance is behavioral, episodic, evaluative and multidimensional. On the first assumption, it is argued that the focus of performance should be on behavior rather than on result. Behavior is what people do while at work. An episodic view of performance allows separation of action units into behaviors that

make a difference in relation to organizational goals. This view leads to the third assumption that performance is the behavior that can be evaluated as positive or negative. And lastly, on multidimensional component the theory assumes that it is best to organize performance according to multiple behaviorally homogenous categories.

As argued by Borman and Motowidlo (1993), the theory has two broad dimensions of job performance that are presumed to exist in virtually across all jobs namely task and contextual performance. Task performance include behaviors that contribute to the transformation of raw materials into goods and services while contextual performance represents behaviors that support the social, organizational and psychological environment in which task behaviors are performed. Arguably, this distinction has gained wide acceptance in the literature investigating behavior at work (Kiggundu, 1978; Murphy, 1989; Grant, 2000). The theory singles out cognitive ability and personality as variables that account for variability of individuals on task and contextual performance. The theory maintains that individual differences in personality and cognitive ability in combination with learning experiences lead to variability in knowledge, skills and work habits that mediate effects of personality and cognitive ability on job performance.

Similarly, the work by Ericson and Smith (1991) amongst other work psychologists supported this notion by arguing that motivation to perform one's own tasks effectively, shown in part through persistence and volunteering would account for some of the variability in task performance while, motivation to facilitate interpersonal group and organizational processes, support of organizational objectives and compliance to rules and procedures would account for some of the variability in contextual performance. Although available studies suggest and support the differential relations of performance dimensions to differing individual different variables (Borman and Motowildo, 1997), research is clearly needed to assess the adequacy of the theory in actual organizations using operationalization of task and contextual performance. The present research is therefore conducted to further test the theoretical distinction between task and contextual performance in actual work settings. Furthermore, enormous efforts have been expanded over the past five decades in attempts to unravel the possible relationship of job performance and its hypothesized antecedents. Much of the empirical research consists of searching for a simple relationship between job performance and one or two selected variables.

Such studies have failed to provide consistent predictors of job performance. This implies that there has been little attempt to synthesize the research or to investigate the relationship among diverse variables.

There is a large body of research which addresses individual performance within the individual differences perspective. These empirical studies in this area are not explicitly linked to the model proposed by Campbell (1983) or Borman and Motowidlo (1993; 1997). Recently, scholars started exploring the consequences of HRM on employee job performance (Wright et al, 2001). From this perspective, it is argued that calculative HRM is likely to funnel workforce efforts into goal directed behaviors that are desirable for business performance.

2.2.2 Job Characteristic Theory

The work by Turner and Lawrence (1965) followed by Hackman and Lawler (1971), have generated sufficient interest among scholars to investigate the relationship between task design variables and employee reaction to their work performance. Hackman and Oldham (1976) Job Characteristic Theory (JCT), has gained a widespread acceptance for classifying job attributes and has been extensively used by researchers in the field of work psychology. JCT is based on expectancy theory, Vroom (1964) and Herzberg's (1976) revolutionary approach to job design. Hackman and Oldham (1976) developed JCT with five core job characteristics which predicted to be positively related to employee task performance namely (a) skill variety-the degree to which the job requires a variety of different skills in carrying out the work, involving the use of a number of different skills and talents, (b) task identity- the degree to which the job requires doing a whole and identifiable piece of work from beginning to an end, (c) task significance- the degree to which the job has a substantial impact on the lives of the other people, whether those people are in the immediate organization or the world at large, (d) autonomy- the degree to which the job provide substantial freedom, independence and discretion to the individual in scheduling the work and in determining the procedure to be used in carrying it out, and (e) job-based feedback-the degree to which carrying out the work activities required by the job provides the individual with direct and clear information about the effectiveness of his or her performance.

Hackman and Oldham (1976) continue to theorize that each of these job characteristics give rise to corresponding critical psychological states experienced by employees. Skill variety, task identity and task significance together lead to feelings of “experienced meaningfulness”. Autonomy enhances employees’ sense of responsibility for the work outcomes and increases their willingness to go extra miles to complete the tasks. Similarly, job feedback would provide knowledge of results for the work. Through these critical psychological states, jobs that are high on the score characteristics will, according to the theory, be associated with employee responses of high job satisfaction, intrinsic motivation, positive work performance, low absenteeism and turnover. However, Turner and Lawrence (1965) noted that not everyone responds positively to large and challenging jobs. So, to deal with this challenge, Hackman and Oldham (1976) incorporated one more attribute to their model namely; growth needs strength- the degree to which an individual values opportunities for personal growth and development at work. They argue that those employees with strong needs for personal growth are most likely to respond positively to increased opportunities for personal accomplishment provided by the job.

Basically, this model recognizes that certain job characteristics contribute to certain psychological states and that the strength of employees’ need for growth has an important moderating effect. That is, the presence of certain attributes of job increases the probability that individuals will find the work meaningful, will experience responsibility for the work outcomes and will have trustworthy knowledge of the results for their work. Employees who have knowledge and skills needed to perform the job well and who value opportunities for growth and learning will be internally motivated to perform such jobs, which over time should result in greater overall job satisfaction and higher quality work outcomes.

Scholars have argued that Hackman and Oldham’s (1976) model of job characteristics is too narrow because of its tendency to omit some basic characteristics of the job. A strong critique comes from Wall and Jackson (1995), who pointed out its strong bias towards motivational explanation of the relationship between perceived job characteristics and psychological outcomes such as performance and intrinsic satisfaction. They suggested that increase in autonomy is associated with qualitative changes in employee behavior consistent with learning and call for job design researchers to incorporate knowledge-based mechanism in their guiding framework.

In a similar vein, Wall and Jackson (1995) questioned the relevance of research generated by job design theories to modern manufacturing environment. They argued that researchers in this field have failed to keep pace with changes to the content and character of contemporary shop floor jobs which are increasingly defining the nature of modern manufacturing work and dominated by information technology and other management practices like total quality management (TQM)

2.2.3 Goal Achievement Theory

Goal achievement theory suggests that employees' job performance depends on their goal orientation (Farr et al., 1993). Goal orientation is viewed as personal characteristics or attributes such as intelligence, abilities and skills that people have which create different cognitive frameworks. These frameworks determine how individuals approach, interpret and respond to achievement situations. Arguably, most related literature has conceptualized a goal as an objective of a specific action. Goal directs individual's attention toward goal relevant actions and creates a framework for the interpretation and reaction to related events and outcomes (Janssen and Van Yperen, 2004; Dweck, 1999). This is supported by Elliot (1999) who argued that in most work and organizational settings employees do not act in isolation but interact with colleagues, supervisors or customers to perform their duties. Employees differing in goal orientations are likely to differ in the way they develop and maintain relationship with other actors in their work context.

Janssen and Van Yperen, (2004) and Elliot (1999) posit that most attention in the goal achievement tradition has been given to two goal orientations namely; mastery orientation and performance orientation. A mastery-orientation focuses on developing competence, skills and doing one's best while performance-orientation focuses on establishing one's superiority over the others. Mastery orientation stems from the belief that one's attributes are dynamic and challengeable and that exerting effort lead to performance improvement; while a performance orientation stems from the belief that attributes are fixed, concrete and are internal entities. As noted by Elliot and Church (1997), performance oriented individuals tend to believe that working hard does not lead to performance improvements. In their view, working hard indicates low competence and those who perform poorly do not have the attributes necessary to do well in their jobs. In a bid to provide more clarity on the two orientations, Elliot (1999; 1997) postulated that

individuals with mastery goals tend to believe their abilities are malleable and they approach challenging tasks with an interest to develop new skills. In contrast, individuals with performance goals view challenging tasks as threats that could reveal their incompetence, and such individuals could withdraw from accomplishing the tasks.

According to goal achievement theory, both mastery and performance oriented individuals are strongly motivated to meet their respective performance goals. However, studies conceptualizing on goal orientation (Dweck, 1999; Farr et al., 1993; Elliot, 1999) showed a mastery orientation to be more beneficial for a wide range of task performance than a performance orientation. As noted earlier by Murphy (1989), task performance entails actions specified and required by an employee's job description and thus mandated, appraised and rewarded by the employing organization. Since mastery orientation creates a tendency to improve efficiency on the job and to persist effectively in the face of obstacles, mastery oriented employees can be expected to meet or even exceed their organizational work standards. As such, employees with performance orientation tend to perceive task performance requirements as competitive standards that motivate them to exert effort in order to outperform others and obtain favorable competence judgments from their organizations appraisal and reward system.

In view of the theoretical studies depicting the importance of goal orientation for employees' job performance, it is of great interest to note that individuals who hold strong mastery orientation mindset tend to buffer themselves from negative effects of failure, thereby establishing higher self-efficacy, while individuals with strong performance goals mindset tend to validate their adequacy by using others as a reference point, seeking favorable judgments and avoiding negative evaluations. Furthermore, since mastery goal indicates a strong desire to perform challenging tasks, it directs attention and efforts toward goal-relevant activities such as problem solving and developing alternative strategies when faced with difficult tasks. A performance goal on the other hand, indicates the desire to prove and outperform others. It is therefore, seeks approval, demonstrating ability and comparing one's competency in relation to others.

2.2.4 Control Theory

Control theory is discussed in the classic work of Thompson (1967), and later that of Ouchi (1979). From the perspective of control theory, researchers have suggested that in order to achieve better performance through effective control over employees, two control strategies can be employed. First, control can be accomplished through performance evaluation. Performance evaluation refers to the cybernetic process of monitoring and rewarding performance. This strategy emphasizes the information aspects of control. That is, to what degree can the various aspects of performance be assessed? Alternatively, control can be used to achieve employee's commitment by minimizing the divergence of preferences among employees. That is, employees cooperate in the achievement of organizational goals because the members understand and have internalized these goals. This strategy emphasizes people policies such as selection, training, and socialization. In the organizational literature, control strategy suggests that the two control strategies are interrelated, and the interrelation depends on when 'that something is measured'. An organization can tolerate a work force with highly diverse goals if a precise evaluation system exists. In contrast, a lack of precision in performance evaluation can be tolerated when goal incompatibility is minor (Ouchi 1979). The choice between the two is driven by the ease of performance evaluation.

Thompson (1967) and Ouchi (1979) argue that something which is measured is either the behavior of employees or the outcomes of those behaviors. Therefore, performance evaluation for control can be either behavior or outcome based. Thompson and Ouchi further argue that which of these is used for control depends upon the information characteristics of the given task. In Ouchi's terms, these characteristics are: (1) knowledge of the transformation process, or task programmability, and (2) the ability to measure outcomes. If the task can be programmed, then behaviors are explicitly defined and readily measured. Therefore, control is accomplished by performance evaluation of behaviors. However, as task programmability decreases, behaviors become difficult to use as the basis of the control because they are not clearly specified and therefore the former strategy is justified. Simply put, now consider outcomes "(...)". If the goals can be clearly stated, then outcomes can be measured and performance evaluations of outcomes are the appropriate control strategy. If both behaviors and outcomes can be measured, then either can be used (Ouchi 1979), and therefore, full attainment of commitment strategy. Finally, if the

task is neither programmed nor has a measurable outcome, then the alternative control strategy of minimizing divergence of preferences (i.e., people side of control) becomes appropriate. Therefore, under these scenarios, the task characteristics determine the appropriate control strategy.

The theory tries to answer the following question: How does organizational control affect both short and long-term firm performance? In trying to answer this question, Snell and Youndt (1995) asserted that establishment of rules and procedures and the use of incentives ensures alignment of employee's behavior with organizational goals and therefore achievement of organizational performance. In a similar vein, Welborne and Cyr (1996) opined that formal monitoring and directs supervision of employees and the use of incentives may result in standardized employees behavior that enhance long term organizational performance. In a nut shell, the theory conceptualizes strategic control from two alternatives: formal and informal control mechanism. While organizational theorists suggest that each of the form of control may be appropriate under different conditions, firms may provide incentives for employees to behave in a certain way and rely on organizational structures to regulate employee's actions.

This study assumes that the choice of control over all employees offers a simpler and manageable way of controlling behavior of individuals on the job. As argued by control theorists such as Snell (1992) and Edwards (1979), that control mechanisms can be described as focusing on behaviors of employees. In trying to interpreted control theory, the current study assumes that the best way of achieving employee job performance is through aligning employees' behavior through formal monitoring and directs supervision. Thus, the underlying construct being suggested here is that control orientation toward all employees is applied so that they can behave in ways that will maximize the interests of both, the employees and the organization. From control perspective, the HR practices are viewed as but one of a number of alternative ways to operationalize control within a business. As Welborne and Cyr (1996) suggests that the theory interpretation is that HR departments can be viewed as serving policy compliance function for the organization, where HR practices such as performance appraisal and compensation make up the "rules or policies" for managing and controlling employees.

Theoretically, this theory contribute to past research in that it encompasses an informal control and formalized control functions which have been largely ignored in the past research, as scholars relied more on formal control functions. This broadens our understanding of the wider domain of control options available to organizations and their implications for performance.

2.2.5 Resource-Based Theory

The resource-based view (RBV) has become the basic theoretical foundation in strategic HRM. Based on the work of Penrose (1959), followed by Wernerfelt's (1984), and later Barney (1991), RBV has emerged as one of the most popular foundations for exploring empirical relationships within SHRM. Indeed, Barney's (1991) specification of the characteristics necessary for a sustainable competitive advantage popularized the theory within the literature. In this article, he noted that resources which are rare, valuable, inimitable, and nonsubstitutable can provide a source of sustainable competitive advantages. Since then, the RBV has become most often used theory within SHRM literature.

Shortly after Barney's (1991) article, two articles came out arguing almost completely different implications of the theory on HR practices as a source of competitive advantage. First, Wright et al., (1994) distinguished between a firm's human resources (i.e. the human capital pool) and HR practices (HR tools used to manage human capital). In applying the concepts of value, rareness, inimitability, and substitutability, they argued that HR practices could not form the basis for sustainable competitive advantage since any individual HR practice could be easily copied by competitors. Rather, they proposed that the human capital pool (a highly skilled and highly motivated work force) had greater potential to constitute a source of sustainable competitive advantage. These authors noted that to constitute a source of competitive advantage, the human capital pool must have both high levels of skill and a willingness (i.e., motivation), to exhibit productive behavior. Conversely, Lado and Wilson (1994) had a different opinion on Wright et al., (1994) arguments and noted that a firm's HR practices could provide a source of sustainable competitive advantage, however, only when individual HR practices work as a coherent set of HR system that is unique, causally ambiguous and synergistic in enhancing firm performance. Thus, whereas Wright et al. (1994) argued for imitability of individual employees, Lado and

Wilson noted that the system of HR practices, with all the complementarities and interdependencies among the set of practices, would be impossible to imitate.

This raises the question as to which aspect of the human resources within a firm constitutes a resource. While both views seem to be accepted in the literature, most SHRM researchers using RBV as its theoretical framework have focused on the HR system as a resource functioning to develop the human capital of the firm (Boxall, 1998). The central tenets of RBV as suggested by scholars such as Barney (1991) and Wright et al., (1994; 2001) are that resources that are valuable, rare, inimitable, and non-substitutable will lead to competitive advantage. Value is defined as a resource that is not currently available to a large number of competitors. Inimitability refers to the difficulty other firms have in copying or reproducing the resources for their own use. Finally, non-substitutability means that other resources cannot be used by competitors in order to replicate the benefit. When all of these are met, it is said that a firm or organization possesses resources which can potentially lead to a sustained competitive advantage.

Whereas calls for the application of the RBV to HRM appears to be persuasive, this study advances that RBV fails to account fully or describe the nature of either individuals or HR systems become a source of competitive advantage. In particular, RBV neglect accepted ways of understanding the way in which individuals are managed and transformed into valuable resources. Thus, from perspective of RBV it is important to examine which features of the organization current workforce are relevant in achieving higher levels of organizational performance. Specifically, this study conceptualizes organizational resource from RBV with consideration of employees' behaviors as important resource rather than HR practices or systems used by the firm. Following this argument, this study argues that it is employees' behaviors that constitute a resource for the firm. From this view, only behaviors, both task and contextual behaviors demonstrated by individuals on the job would meet the criteria outlined by Barney (1991). This view is inconsistent with prior research addressing the relationship between HRM and performance (Gerhard et al, 2000). The HRM system facilitates the acquisition, development and motivation of employees to behave in a manner that is valuable, rare, inimitable, and non-substitutable will lead to competitive advantage, and when combined within the complex firm environment creates unique resource for the firm (Boselie et al, 2003)

It has often been said that the most important asset of any business is its employees. As pointed out by Becker and Huselid (1998) that people and the management of people are increasingly seen as key to competitive advantage. Bamberger and Meshoulam (2000) take this argument further by suggesting that unlike traditional source of competitive advantage such as technology, manufacturing processes, structure, and business strategy that can easily be acquired or imitated, apparently organization's are looking at human as resources which are valuable, rare, inimitable, and non-substitutable and therefore a source of competitive advantage. However, Wright et al. (1994) cautioned that while human resources are always a potential source of sustained competitive advantage not all organizations have the ability to systematically develop these through the use of HRM practices.

Although research has shown that competitive advantage and performance are theoretically distinct, and that competitive advantage leads to performance and not the other way round (Wright et al., 1994; Snell et al., 1996). Grounded in the RBV, Strategic HRM researchers like Becker and Huselid, (1998) and Delery and Doty (1996) have established that human resources, if managed strategically are a source of competitive advantage leading to organizational performance. Competitive advantage refers to the implementation of a value creating strategy that is not simultaneously being implemented by any current or potential competitor. Empirical evidence by Godfrey and Hill (1995) indicates that competitive advantage plays a significant role in the HR capability creating process suggesting that studies that test the direct relationship between human capital and performance such as that of (Kidombo, 2007) may be incomplete. Furthermore, although SHRM research based on RBV advocates for the influence of HR strategies-performance relationship through employee's skills and capabilities, this has not been explicitly tested through employee job performance as a mediating variable to competitive advantage. Research is needed to identify and explore the psychological variables (e.g. behaviors) that act as intervening mechanism connecting HR systems to organizational performance.

However, RBV has been criticized for not having looked beyond the properties of resources to explain sustained competitive advantage. In particular, it has not examined the extent to which an

employee becomes a “resource”. Since the current conceptualization views employees as homogeneous resources.

2.3 Conceptualizing Performance as a Behavioral Construct

There is a wide agreement among studies in the field of work psychology about behavioral nature of the concept of performance (Campbell, 1983; Sonnentang and Fresse, 2001; Roe, 1994; Kanfer, 1992). Indeed, Campbell’s (1983) conceptualization of performance as behavior construct has contributed much to the broad acceptance of the definition among researchers. Behavior is what people do while at work, behavior that can be evaluated as positive or negative for individuals. In his empirical study, Campbell (1983) defines performance as behavior associated with the accomplishment of expected, specified tasks, or formal role requirement on the part of organizational members. In a similar vein, Brumbruch (1988) stated that behavior emanates from the performer and transforms performance from abstraction to action. In addition, behaviors are also outcomes in their right; the product of mental and physical effort applied to tasks, and can be judged apart from results. At both theoretical and empirical level, studies (Sonnentang and Fresse, 2001; Borman and Motowidlo, 1993; Griffin et al., 2007) agree that when conceptualizing performance one has to differentiate between action aspect (i.e. behavior) and an outcome aspect of performance.

As noted earlier by Borman and Motowidlo, (1993) and later by Sonnentang and Fresse, (2001) the behavioral aspect refers to what an individual does in the work situation. It encompasses behaviors such as assembling parts of cars engine, selling computers, teaching school children or performing heart surgery. However, Campbell’s (1993) cautioned that not every behavior is subsumed under the performance concept. Rather, only behavior which is relevant for the organizational goals. Performance is what the organization hires one to do and does it well. In addition, only action which can be scaled (i.e. measured) are considered to constitute performance. On the other hand, the outcome aspect refers to the consequences or result of the individual’s behaviors (Sonnentang and Fresse, 2001). In their view, Sonnentang and Fress, (2001) argue that the above described behaviors may result in outcomes such as number of engines assembled, pupil’s reading proficiency, sales figures or number of successful heart operations.

Writers on work psychology such as Kanfer (1992) and Griffin et al. (2007) have insisted that in many situations the behavioral and outcome aspects are related empirically but they do not overlap completely. Indeed, outcome aspect of performance depends also on factors other than the individual behavior. For instance, a teacher who delivers a perfect reading lesson (behavioral aspect of performance) but some of his pupils do not improve their skills because of their intellect deficit (outcome aspect of performance). The same is applicable for a sales employee who shows mediocre in the interaction with potential client (behavioral aspect of performance) and never achieves high sales figures (outcome aspect of performance). Applying this logic, there is a general agreement among scholars that the behavioral and outcome aspect of performance have to be differentiated when conceptualizing employees' behaviors as a component of performance.

2.4 Components of Employee Job Performance

Job performance is a central construct in organizational psychology and has attracted significant research over the last years. Early attempts at exploring job performance construct focused heavily on task requirements. As noted by Griffin et al. (2000); Motowidlo et VanScotter (1994) and Beal et al. (2005) work performance was evaluated in terms of the proficiency with which an individual carried out the tasks that were specified in his or her job description. From this perspective, a well-specified job was one in which all of the behaviors that contributed to organizational goal attainments were captured in an individual's job description. Effectiveness could then be evaluated as outcome achieved by carrying out the specified behaviors of the job. However, the changing nature of work and organizations challenged this traditional view of individual work performance since it did not account for the full range of behaviors that contribute to organizational effectiveness. In response to this call, research attention turned into identifying behavioral types that met the definition of performance domain; In-role and extra-role performance (Katz and Kahn, 1966); Citizenship behavior (Organ, 1988) task and contextual performance (Borman and Motowidlo, 1993); Adaptive behavior (Frese and Zapf, 1994); Proactivity and prosocial organizational behavior (Grant, 2000), leading to Griffin et al (2000) suggesting that these varieties of behavioral categories represent a unique contribution towards major organizational goals. However, in their effort to identify categories of job performance that are broadly applicable to all jobs, Borman and Motowidlo (1993; 1997) came up with two main dimensions of job performance namely, task performance and contextual performance.

2.4.1 Task Performance

Drawing from Campbell (1983) Borman and Motowildo (1993; 1997) defined task performance as activities that transform raw materials into goods and services or in other words, it is the effectiveness with which job incumbent perform activities that contributes to the organizational “technical core”. This contribution can be both direct (1.e in the case of production workers) and indirect (1.e in the case of staff personnel). In a bid to make this line of thinking clear, Borman and Motowildo (1993) gave example of activities such as selling merchandise in a retail shop, teaching in a school, operating a production machine, performing surgery in hospital and cashing cheques in a bank. They gave another example of two typists A and B. They argue that if typist A completes an average of 30 typed reports per day, while typist, B completes 25, it is clear that typist A is more productive than typist B. Arguably, the above definition is close to that of Murphy (1989) and later cited by Griffin et al. (2007) who conceptualized task performance as individual task proficiency entailing the accomplishment of duties and tasks that are specified in a job description. This describes behaviors that can be formalized and reflects the degree to which an employee meets the known expectations and requirements of his/her role as an individual.

The variety of tasks which we regularly engage in, has allowed for a vast amount of literature on task performance. It is argued that in essence, our daily lives can be viewed as a huge collection of tasks from eating breakfast to remembering daily chores (Kiggundu, 1978). However, one basic question that lingers around task performance which many people would like to know is “what a task is and what a job is?” While scholars acknowledge the existence of a relationship between a task and a job, Motowidlo and Van Scotter (1994) defined a task as a work-related activity, or what an employee is attempting to accomplish. According to them, a task comprises several task elements representing a relatively fine set of generic components. For instance, for administrative assistants, a task might be completing a travel authorization form which is part of their duty to keep track of the travel expenses. On the other hand, a job is defined as a set of tasks grouped together under one job title and designed to be performed by a single individual. That is, a job can be broken down into smaller tasks elements. As observed by Griffin et al (2000) each task has various elements and each element has specified minimum level of performance. This notion was supported by Ouchi (1979) who argued that a task should bring

out the aspect of performance so as to be able to detect whether the subject was responding to the required behavior. For instance, in their effort to study task performance of air traffic controllers job, Griffin et al. (2000) described key elements of task performance which included: Maintaining situation awareness (1.e interpreting and evaluating traffic events), executing control action (1.e by maintaining separation and managing traffic), performing communication tasks (1.e telephony) and operating facilities (1.e using the air situation display).

Hackman and Oldham (1980) posited that in the work settings each employee is assigned to a particular job and is required to perform all the tasks associated with that job and he/she is solely responsible for the outcome of that job. For instance, they argued that suppose a firm hires workers for two jobs, job 1 and job 2 and each job involves two tasks, task 1 and 2 for job 1, and tasks 3 and 4 for job 2. It is argued that effort levels exerted by each worker when performing the tasks in the two jobs produce a value for the firm. Hence, employees' joint efforts levels exerted in the two jobs result into a maximized surplus level. However, they cautioned that the firm cannot observe the effort levels but can observe an imperfect measure of task performance such as "success" or "failure".

At the heart of task performance lies the concept of competency. Here, an attempt is to establish a more tight connection between individual performance and organization success in a dynamic perspective. Competency define the sufficiency of skills in executing a specific job, it focuses on what people do in their job. This requires setting specific standards for skills and their related targeted performance.

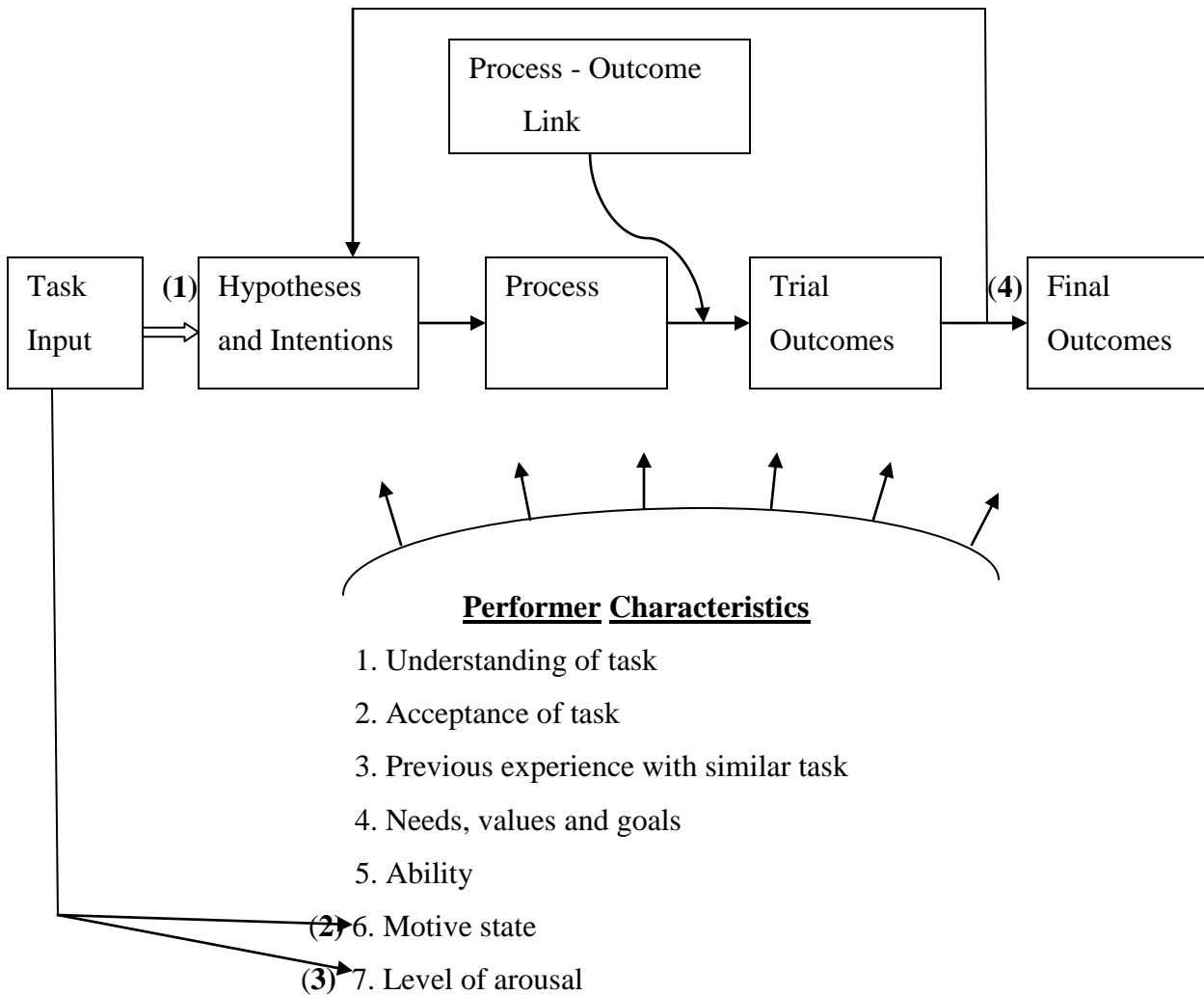
2.4.1.1 The Task Performance Process

This aspect focuses on the performance process itself, and as Frese and Zapf (1994) conceptualize it as an action-linked process. It tries to answer this core question; "How does the task performance process look like, and what is happening when someone is performing a task?" One of the main goals of the performance process research is to identify what distinguishes individuals at different levels of performance. Basically, this line of thinking focuses on the process characteristics of the task accomplishment process. It aims at describing differences between high and moderate performers while working on a task. The work by Ericson and Smith

(1991) reveals that high performers differ from moderates in the way they approach their tasks and how they arrive at a solution. For instance they argue, during problem comprehension high performers' focus on abstract and general information, they proceed from general to specific information, and apply "relational strategy" in which they combine and integrate various aspect of the tasks and the solution process. Moreover, they focus more on long range goals and show more planning in complex and ill-structured tasks, but not in well-structured tasks.

The work of Hackman (1976) provides a comprehensive and detailed process of task performance process. The central proposition of Hackman's argument is that the nature of the task or potency of the job characteristic is an important determiner of how people behave in a work situation. Hackman (1976) provides the following series of interconnected actions as a task performance process as indicated in the figure 2.1.

Figure 2.1 Task Performance Process



Source: Adopted from Hackman, J.R (1976). Conditions under which employees respond positively to enriched work. *Journal of Applied Psychology*, 61, 395–403.

As indicated in the figure 2.1, four classes of variables are seen as forming the core of the task performance process. Hackman (1976) started by arguing that the task performance process begins when an objective task or job is given to a performer whereby on the basis of his personal understanding of the task requirements, the performer formulates some hypotheses about what he/she is suppose to do. He then goes on by evaluating the congruence between the behaviors implied by these hypotheses and his own goals and then develops a set of intentions about his performance and decides what he is actually going to try to do. However, Hackman (1976) cautions that previous experience with similar tasks is important in determining the nature of the

hypotheses a performer generates about what he should do. According to him, a performer owns understanding of a task usually is considerably different from the objective task. In support of this argument, research developed by Murphy (1989) suggest that continued work on hypothesis and conscious intentions may be an especially powerful means of gaining insight into the dynamics of human behavior in performance settings.

Hackman (1976) continues to explain that a performer's actual work activities " process" are seen as following directly from what he intends to do. In his view, because of other factors associated with the performer himself, what is intended is not always what is being done. For instance, Hackman argues that a performer's ability, his task motivation and his general level of activation or arousal may have substantial direct effects on his work activities. In addition, some set of outcomes results from the actual task process. In the figure 2.1, they are labeled as "trial outcomes" since they may be evaluated by the performer and/or the system in which he is working and declared unacceptable. Conclusively, if the evaluation is unfavorable, the performance process is seen as "recycling" back to box B (Hypotheses and intentions) where the performer presumably will try something different to see if he can improve upon his trial outcome. Similarly, if the evaluation is favorable, the trial outcome becomes the final outcome and the performance sequence terminates.

2.4.2 Contextual Performance

In the competitive business world employees are often expected to perform not only to a satisfactory levels but to exceed the required roles of their perspective jobs and perform tasks that may not be include in their job description. This behavior is referred to as contextual performance (Borman and Motowidlo, 1993; 1997). The concept is similar to other behavioral patterns studied in the organizational behavior domain such as prosocial organizational behavior (Brief and Motowidlo, 1986), organizational citizenship behavior (Organ, 1988) and extra-role behavior (Van Dyne, Cummings and parks, 1995). Indeed, Borman and Motowidlo (1993) argued that theories and measurement of job performance tended to focus on processes and products that contribute to the technical core goals of an organization (task performance) while neglecting potentially large effects of other more discretionary behaviors on the working

environment such as being optimistic and persevering in the face of adversity. These behaviors help to provide a context or environment that facilitates effective task performance.

Drawing from the work of Campbell (1983), Borman and Motowidlo (1993) conceptualized contextual performance as consisting of behaviors that support the broader organizational social and psychological environment in which the technical core must function. In other words, contextual performance enhances the environment in which the task activities are performed. Borman and Motowidlo (1993), described five categories of contextual performance. These are: (a) volunteering for extra work, (b) persisting with enthusiasm, (c) helping and cooperating with others (d) following rules and procedures even when they are inconvenient, and (e) endorsing, supporting and defending organizational objectives. The behaviors included as contextual performance enhance the context of the work environment and may be included in an individual's job description, but the individual may choose to perform those functions at a level that is above what is expected or required.

Indeed, a number of studies have investigated the influence of contextual performance on ratings of overall performance. For instance, (Barrick and Mount, 1991) found that sales manager's ratings of sales representative's performance were determined as much by elements of contextual performance. Similarly, Motowidlo and Van Scotter (1994) reported that contextual performance accounted for additional 11 percent of the variation in overall performance beyond the variance explained by task performance, and task performance accounted for 13 percent of the variance explained by contextual performance. In another study, Motowidlo and Van Scotter (1996) found that the interpersonal facilitation and job dedication dimensions of contextual performance jointly accounted for 11 percent of the variance in overall performance beyond what was explained by task performance. Recent studies such as Roe (1999) and NG and Feldman (2009) have suggested that contextual performance may influence ratings of promotability. In particular, Campbell et al. (1993) have recommended that high supervisory ratings are a prerequisite for assessment of employee promotability. Thus, these streams of research clearly show that rating of contextual performance explains more variance in ratings of overall performance than objective measures of task performance.

In most work and organizational settings, employees do not act in isolation but interact with colleagues, supervisors or customers to perform their duties. A common theme among job performance literature is that individuals' job performance reflects the contribution of their task and contextual performance. Most notably, Church (1997) and Sonnetang and Frese (2001) assert that supervisors may judge employees that they have performed well when they are perceived as being good at both task and contextual performance. Although contextual performance is performed for the benefits of others those who engage in contextual performance often expect some form of reciprocation. Thus, it is difficult to deny self-interest as an important motivation for contextual performance (Kiggundu, 1978). Rewards serve individuals' self-interest and are likely to enhance the frequency and pervasiveness of such performance.

2.5 Distinction between Task and Contextual Performance

Task and contextual performance are different aspects of individual's job performance. Scholars have noted that the distinction between task and contextual behaviors depend on the value of the behavior contributing to the organizational effectiveness (Borman and Motowildo, 1993; 1997). In an attempt to distinguish between the two dimensions, studies have offered mixed opinions on the same. There are those who argue that the two terms can be theoretically and empirically distinguished and those who advocate that the distinction between task and contextual performance is not always clear. With regard to the former, Griffin et al. (2007), Viswesvaran and Ones (2000) and Murphy (1989) opine that task performance relates specifically to employees' action towards accomplishment of technical job tasks that relate to organizational goals, while contextual performance relates to how employees support to the environment in which work takes place. Similarly, task performance may be described in terms of processes or products but contextual performance is typically described only as processes. Hogan and Shelton (2011) concur that task performance is usually a role prescribed. That is, it is likely to appear in the performance appraisal form, while contextual performance is considered discretionary. Moreover, antecedents of task performance are more likely to involve cognitive ability where as antecedents of contextual performance are more likely to involve personality.

However, among the latter, Schimidt and Hunter (1992), claim that contextual performance could not take place if task performance did not exist. Their basic argument is that when

individuals participate in contextual performance activities they are supporting the social and psychological environment in which task performance takes place hence the two are naturally inseparable. Following his study of trying to distinguish between task and contextual performance for managerial jobs, Conway (1999) reports that task and contextual performance were not entirely separate rather they overlap each other. Despite strong evidence provided by his multi-trait and multi-rater approach for the separateness of task and contextual performance, he found that the minor distinction was more pronounced for non-managerial jobs than for managerial jobs. Considering this and other evidence presented here, it is good to conclude that task and contextual performance are related but distinct and both should be taken into account when any attempt at understanding employee performance is undertaken.

While it is widely agreed that contextual performance activities are more similar across jobs than are task performance, studies done by Kanfer (1999) and later Hogan and Holland (2003) supported the notion by arguing that when two jobs are considered substantially different, it is typically because their tasks are different. In contrast, contextual activities such as volunteering and spending extra efforts tend to be very similar even across jobs that have very different tasks associated with them. In jobs that are structured so that coworkers do not need to depend on each other to get their own job done the distinction between task performance and contextual performance is fairly straight forward. Task and contextual performance are expected to relate to each other when more specific performance processes affect both, for example, communication and interaction.

2.6 Antecedents of Employee Job Performance

Scholars have presented different intellectual traditions in an attempt to explain mechanism through which various antecedents affect job performance. Hunter (1983) amongst the earliest work psychologist scholar reported a result of his meta-analysis that there was a direct causal path from ability to both job knowledge and work sample performance and to supervisory ratings of performance. Drawing on a relationship showed by Hunter (1983), Campbell et al. (1993) presented a theory of performance with three determinants of job performance namely (a) declarative knowledge, (b) procedural knowledge and skill (c) motivation. Campbell et al. (1993) argued that declarative knowledge is the knowledge of facts, principles and procedures,

knowledge that might be measured. Procedural knowledge and skill is a skill in actually doing what should be done. It is a combination of knowing what to do and actually being able to do it. It includes skills such as cognitive skill, psychomotor skill, physical skill, self management skill and interpersonal skill. Motivation is the combination of choice to exert effort, choice of how much effort to exert and choice of how long to continue to exert effort. Subsequently, Borman and Motowidlo (1993) came up with a theoretical contribution of determinants of individual differences in job performance. The theory borrows liberally from the ideas developed by Hunter (1983) and Campbell et al. (1993) as antecedents of job performance. Literally, Borman and Motowidlo (1993) maintain that cognitive ability and personality are two major determinants of job performance. Cognitive ability is presumed to be a better predictor of task performance and personality variables such as extraversion, agreeableness and conscientiousness are presumed to be better predictors of contextual performance.

Ability has generally been discussed in terms of an individual's power, strength, or capacity to perform a task (Schmidt and Hunter, 1992). Mental ability or cognitive ability as commonly referred in the literature (NG and Feldman, 2009; Schmidt and Hunter, 1992) consists of individual's high capacity of working memory, abstract reasoning, attention, processing complex information, extent of vocabulary and verbal comprehension related to general knowledge. Knowledge refers to the understanding of information related to job duties. A meta-analytic evidence provided by Hunter and Hunter (1984), Schmidt and Hunter (1992) and Murphy (1989) found that cognitive ability was one of the best predictors of job performance accounting for over 25 percent of the variance in performance, and was an important contributor to success on virtually every job. The underlying mechanism is that individuals with high level of cognitive ability acquire a great amount of job knowledge and are thus able to perform better in varieties of behaviors on the job. Cognitive ability also facilitates the learning of job-relevant knowledge thereby indirectly promotes stronger job performance as well.

Personality, as noted by Hogan and Hollands (2003) is often defined in terms of traits theory. Personality traits are enduring dispositions and tendencies of individuals to behave in similar ways across situations and settings. According to socioanalytic theory (Hogan; 1996), personality is defined from two points of view; personality from outside, the manner in which a

person is perceived and described by others; and from inside, concerns the process inside people that explains their actions and create their reputation. There are infinite numbers of personality characteristics that can distinguish between individuals. McCrae and Costa (1997) Five Factor Model (FFM) or popularly known as The “Big Five” provides five categories of personality traits designed to measure stable traits within individuals namely; conscientiousness, extraversion, agreeableness, neuroticism and openness to experience.

Arguably, the FFM has its roots in the lexical hypothesis provided by Galton (1884) who noted that personality traits are captured in the words people use to describe each other. Subsequently, Tupes and Christal (1961; 1992) were the first researchers to identify factors associated with FFM. Conscientiousness refers to the disposition to be purposeful, strong willed, determined, dutiful and systematic organized. McCrae and Costa (1997) argued that individuals with high on conscientiousness are self-disciplined and motivated to carry a task through completion despite boredom, and are more likely to persevere through long hours. They further noted that extraversion, agreeableness and neuroticism are traits loaded with facets that are directly relevant to the facilitation of effective interpersonal relations such as trust, straightforwardness, friendliness and altruism, and therefore, these traits should predict interpersonal contextual performance. Openness to experience refers to tendency to seek out novelty and variety. McCrae and Costa (1997) point out that individuals who are high on openness to experience are perceptive in recognizing the emotions of others, attracted to new ideas and make the creative and high tolerant of others which is an important contributor to contextual performance.

The theory of individual differences in job performance as advanced by Borman and Motowidlo (1993), maintains that differences in personality and cognitive ability in combination with learning experiences lead to variability in characteristics adaptation that mediates the effects of personality and cognitive ability on job performance Unfortunately, available empirical research has provided mixed support for the prediction offered by the theory of task and contextual performance. Consistent with the theory, the result of the U. S. Army’s large sample project reported by Motowidlo and Van Scotter (1994) showed that task performance dimensions such as technical core and general soldering proficiency were strongly related to general cognitive ability ($r=.43$ and $=.47$ respectively) than personality ($r=.15$ and $=.15$). Contextual performance

dimensions which include demonstrating efforts, personal discipline and military bearing were better predicted by personality (r ranged from .30 to .36) than by cognitive ability (r ranged from .11 to .22). Previous research also sought to identify valid predictors of performance in sales and service jobs. For instance, Barrick and Mounts's (1991) *meta-analysis* identified significant positive relation between sales performance and personality constructs such as conscientiousness and extraversion.

Work experience has been cited as one of the basic determinants of employee job performance. Schmidt and Hunter (1992) observed that by virtue of participating longer in the labor market, individuals develop greater knowledge about how to perform their jobs more effectively and more quickly. Supporting the above argument, NG and Feldman (2009) opined that work experience is likely to provide tacit, practical knowledge less frequently provided by formal education. Scholars who support this argument (Hunter and Hunter, 1984; Janssen and Van Yperen, 2004) insist that when coupled with the in-depth, analytical knowledge provided by formal education, work experience may enhance job performance even further. For them, the major causal impact of job experience is not on the work performance but rather on the job knowledge. Increase in job experience leads to increase in job knowledge which in turn leads to improvement in job performance. Schmidt and Hunter (1992) through their exploratory study, report that the direct effect of job experience on work performance ($r=.18$) was only about as large as its effect indirect effect through increased job knowledge ($r=.38$). These findings suggest that learning (as assessed by job experience) plays an important role in determining individual differences in job performance. However, Schmidt and Hunter (1992) cautioned that when individual do not differ in experiences, ability differences become more important in determining individual differences in job performance.

2.7 Measurement of Employee Job Performance

The measurement of job performance has long been recognized as one of the most significant challenges faced by managers and researchers (Murphy and Cleveland, 1995; Campbell, 1993). As a matter of fact, Bozeman (1997) highlighted that high cost of accurately measuring a particular workers' productivity, lack of objective measure of productivity and a relative variation in workers' productivity have been considered as some of the significant setbacks

organizations encounter in measuring employee job performance. More importantly, most of the formal performance appraisal systems fail to measure or consider dimensions of performance beyond the realm of in-role task requirements. Under such constraints, managers are forced to either ignore the relevance of contextual performance in their evaluation. If contextual performance is dismissed as a relevant performance dimension, performance ratings will fail to capture the entire performance domain and overall ratings will lack a citizenship component. However, the wide use of performance appraisals implies that most employers believe that they can rate the productivity of their employees accurately. The work of Hunter (1989), Murphy and Cleveland (1995) and exploratory study of (Hogan, 1996) proposed that the measurement process of individual level of job performance consists of many parts such as evaluation of the main tasks completed by the employee in a given period of time in comparison with goals set at the beginning of the period, the quality of the accomplishment, the compliance with the desired standards, cost involved and the time taken in achieving the results. Schimdt and Hunter (1992) suggest that performance has to be measured on the job as a whole not merely on some of its aspects.

Traditionally, individual work performance has been primarily measured using the so called a direct measure (or popularly known as objective measure) of job performance. This procedure mainly focuses on the achievement of outputs or results through measuring outcomes or number of unit produced and maintained in the organizational records. This method has been discredited as having low level of reliability and show little consistency of worker performance since organizational records suffer from criterion contamination and deficiency. Supporting the above argument, Viswesvaran and Ones (2000) opined that this method does not consider other factors that contribute to individuals' job performance such as contextual behaviors for example; it is possible to the count number of patients a physician sees during the work day but that would not be an adequate measure of his or her performance. It is impracticable for employees to be constantly observed at work hence some relevant performance processes are likely to remain unidentified in the measuring of job performance. Hunter and Hirsh (1987) further outlined a number of problems associated with this method namely; difficulties in integrating individual and organizational goals, subjectivity in the interpretation of objective criterion, difficulties in joint goal setting, problem of turbulence, difficulties in applying goal setting to complex tasks

and tendency to measure what is easy to measure. However, as Murphy (2008) posits, that there is broad agreement in the literature that direct measures of job performance are not feasible in most job settings (Murphy, 2008; Griffin et al., 2007).

Having been dissatisfied with the shortcomings of the direct measure of performance, scholars and practitioners have advanced a variant to the objective measure of job performance popularly known as evaluative judgments (or subjective judgments) of supervisors and other stake holders for measuring job performance. Murphy (1989), Hogan (1996) and Murphy and Cleveland (1995) amongst others selectively argued that these subjective judgments about performance are often in the form of performance ratings in which a supervisor, self-report, peer or other stakeholder is asked to evaluate the effectiveness of performance on a series of dimensions and make overall performance judgements and effectiveness of the individual over a fixed period of time. Conway (1999) concurs with this line of thinking by adding that raters are likely to be knowledgeable and have greater criterion relevance. Moreover, existing factors such as opportunity to observe do influence performance assessment. Past research has consistently shown that rating method is valuable, representing individuals' reputation, which is based on their actions and behaviors exhibited over time (Viswesvaran et al., 2000; Griffin et al., 2007).

On the other hand, a reservation has been raised by researchers on the quality of performance ratings particularly of being unreliable (Hogan, 1996; Viswesvaran and Ones, 2000; Hunter, 1994). As noted by Murphy (1989) self-reports for example, describes individuals' personalities and how they describe themselves (self presentation, self evaluation). It is argued that self reports may be influenced by inflations such as self-deception due to internal aspirations or self image, impression management in order to obtain a desired outcome (Murphy, 1989). Similarly, supervisory ratings are documented to suffer from problems of leniency, restrictions of range or halo effects (Murphy and Cleveland, 1995). However, Hogan (1996) is in the dissenting opinion that supervisory ratings are stable judgments of the ratees' reputation which have been established based on a consistent and publicly observable behaviors therefore should be good predictors of job performance criteria. Furthermore, supervisory ratings would be less affected by self-deception and supervisors are less likely to exaggerate their evaluations as they are likely to have far less to gain by inflating the scores. This was supported by Viswesvaran et al. (2000)

who argued that supervisory ratings can show higher correlations among different behaviors if ratings are influenced by cognitive categorization processes such as an overall evaluation of the rated individual.

As noted above, studies have found ratings to be unreliable (Hogan, 1996; Viswesvaran and Ones, 2000; Hunter, 1994). Reliability refers to consistency of measurement used over certain period of time (Hunter, 1994), and unreliability of ratings therefore can be attributed to rating errors, errors in judgment that may arise when one individual is observed and rated by another. In order to minimize rating errors and measure performance accurately, researchers and scholars have been using multi-source feedback procedure which incorporates multiple raters who possess different perspective on individual employee performance (Conway, 1999). However, some studies have been using single rating such as supervisors (Viswesvaran and Ones, 2000; Hunter and Hirsh, 1987; Conway, 1999) and other studies have been using more than one rating (Borman and Motowildo, 1993,1997; Motowildo and Van Scotter,1994; Griffin et al., 2007). Hunter (1994) cautioned that one issue that is particularly important when using more than one rating is the congruent between raters because it affects how results are interpreted. Convergence is simply the extent to which ratings from multiple sources are similar as determined by a direct comparison among them. Griffin et al. (2007) commented that there are advantages on collecting and using aggregates ratings from multiple raters. First, utilizing multiple raters will increase the interrater reliability and thus improve the accuracy of the assessment. Second, increasing reliability will increase the criterion-related validity of the ratings. However, he cautioned that elevating the number of raters above two or three the corresponding increase in interrater reliability begins to plateau.

A number of researchers have looked into this issue and have made some interesting observation. Furnham and Stringfield (1994) for instance, found that managers rated by their supervisors as more successful tended to have fewer discrepancies between their self reports and subordinates ratings. Similarly, Church (1997) found that the degree of agreement between self report and other ratings significantly distinguished average performers from high performers. Apparently, research has begun to describe potential factors that affect the extent of agreement between self reports and other ratings. Evidence suggest that job type, (Murphy and Cleveland, 1995), job

level (Hunter and Hirsh, 1987), type of organization (Elliot, 1999), individual characteristic such as knowledge of appraisal system (Church, 1997) and aspect of performance appraisal system itself (Motowildo and Van Scotter, 1994) tend to affect the degree of rating convergence. In conclusion, Viswesvaran and Ones (2000) is in the view that whether job performance will be measured by traditional objective measure, or by a more appraisal rating process, accurate measurement of job performance is crucial to the performance of employees and organization as a whole. They posit that if job performance measures are unreliable, inaccurate or partial, estimates of performance gains will be unreliable, inaccurate and partial.

2.8 The Rise of HR Strategy

The rise of HR strategy concept has changed our view on the way HR activity is conceptualized and the way our priorities for managing employees in the organizations are orientated. As noted by Snow and Snell (1993), that although the concept is fairly new, its underlying logic and principles dates far way back as far as industrial revolution in the United States of America (USA). The prescriptive accounts given in the literature indicate that at the height of industrial revolution the overriding organizational challenge for many firms was to achieve efficiency (Likert, 1960; Howard, 1995). At that time, labor came to be viewed as one of the most costly and uncontrollable resources. Accordingly, work systems were influenced by administrative principles of Weber, Fayol and Taylor, who emphasized rational and impersonal management authority. In addition, large organizations faced administrative burden associated with hiring, training, work design and compensation. Most notably, it was found that to manage employment relations, it required personnel management to become its own functional specialty. This leads to the rise of HR strategy though certainly it was not explicit at that time, but de facto strategy mainly focused on personal-job fit. Jobs were designed so that people could perform them. A preoccupation with analytic methods (scientific management) pervaded nearly all HR related activities. Knowledge and skills became foundation for all HR decision making (Guthrie, 2001; Hendry and Pettgrew, 1990).

Earlier studies (Tannenbaum, 1968; Howard, 1995; Likert, 1960) acknowledge that the increase in innovation on management practices had a clear implication for organizational performance. This was supported by Walton (1981, 1985) who argued that enhancing work condition could

lead to improvement in work output. This culminated to the adoption of more humanistic approach to HR practices which stood in contrast to principles of scientific management (Wright et al., 1994). This marked the departure to purely analytical models of HR strategy. Wood (1996) also focused on this issue and noted that changes associated with global competition and technological innovation in 1980's established a more comprehensive and integrated system for managing people. He further argued that following the need to deal with organizational problems in a more holistic and analytical manner, organizations began to look at how these management pieces fit together to establish a more integrated approach for managing people. It was this time the concept of HR strategy appeared in the literature. HR strategy offered the attraction of doing for personnel management what competitive strategy had done for the business policy. HR strategy offers an opportunity to break out the traditional practices which have characterized some areas of HR activity in the past.

2.9 Taxonomy of HR Strategic Orientation

The HRM literature is rife with typologies developed to explain differences in HR characteristics and their appropriateness for the firm's performance. Fombrum et al., (1984) and Beer et al., (1985) typology of soft and hard HRM; Walton (1985) control versus commitment dichotomy, Dyer and Holders (1988) typology of inducement, involvement and investment strategies; Porter's (19985) model of cost, differentiation and focus; Miles and Snow (198) dimensions of prospector, defender and analyzer are notable examples that have been used extensively in the HR literature (see Jackson and Schuler, 1987). However, Walton's typology of control and commitment has gained prominence in the HRM literature (Arthur, 1992, 1994; Boseli et al, 2002). Control and commitment represent two distinct approaches to shaping employee behavior and attitudes at work. These assumptions can be traced back to the work of McGregor (1960) on his view of human nature of theory X and Y. Theory X, which draws from the principles of Taylorism and scientific management, views workers as essentially lazy and lacking ambition. They seek to avoid taking on work assignments and responsibilities, and whenever possible prefer to be led rather than exercise autonomy and are resistant to change. Workers focus on their personal concerns rather than the interest and aims of the organization. As a result, managers rely on direct control mechanisms and punishment of noncompliance to motivate workers to complete their assigned narrow tasks in return for a specific allotment of wages. However, theory

Y was developed as an alternative management approach over the latter. The theory considers individuals as actually capable of viewing work and responsibilities as sources of fulfillment (and not things to be avoided) if they have self direction and self control in carrying out their tasks. Following this distinction made by McGregor (1960) between theory X and Y, Walton (1985) noted that managers are having an option to choose between a strategy based on imposing control over workers and a strategy based on drawing forth commitment from workers.

Fombrum et al., (1984) and Beer et al., (1985) extended the analysis of theory X and Y by proposing soft and hard dichotomy of HRM and later were used in the work of Guest (1987) and Storey (1992). Drawing on human relation school, soft model is associated with eliciting commitment and focuses on treating employees as valued assets and a source of competitive advantage, while hard HRM with the unitarist view which emphasizes the quantitative and calculative aspect of managing employees. Consistent with the above conceptualization, Arthur (1992) attempted to develop empirical class of firms based on HR characteristics. Applying cluster analysis technique to data from 30 U.S steel mills, he described six clusters or system and later grouped them into two broad categories based on their characteristics and functions they served and he labeled them 'cost reducers' and 'commitment maximizers'. To be consistent with other previous studies (Walton, 1985; Eisenhardt, 1985) in his 1994 study, Arthur labeled them control-based and commitment-based HR strategies.

This conceptualization has sparked a debate among scholars. For instance, Walton (1985) and Arthur (1994) contended that control and commitment represent distinct ideal types of HR systems and that any deviation from the ideal type will weaken performance. However, scholars like Bratton and Golds (2003); Boselie (2002); and Bamberger and Meshoulam (2000) have noted that control and commitment span from a continuum of two extremes and that the most effective strategy is seen as existing somewhere between the two extremes. This conceptualization draws heavily on the work of Etzioni (1969) who asserted that the degree of organizational involvement by workers is a continuum in which the opposite of commitment is alienation. Etzioni (1969) proposes that the continuum ranges from a highly intense negative zone through mild negative and mild positive zones to a highly positive zone. He describes high positive intensity as moral involvement which is deep internalization of organizational values, goals and norms, in other

words, commitment, whereas, alienative involvement is an intense negative orientation in which individual are forced to identify with the notion of organizational goals, which is control. Apparently, the central theme of the debate is whether HR strategies should be seen as a system designed to develop employees or to ensure full utilization of employees. In this sense, a major question is whether HR strategies can really satisfy the needs of both the organization and the individual employee (Legge, 2005).

2.9.1 The Control Oriented HR Strategy

Control oriented HR strategy is grounded in the root of control theory. Snell (1992) defines the concept control from management perspective as any process that helps to align the actions of individuals with the interest of their employing firms. Walton (1985) who introduced the study of control-oriented approach to workforce management noted that the traditional framework came as a response to the division of work into small, fixed jobs for which individuals could be held accountable. Arguably, the model's real father is Frederick Taylor (1911), the father of scientific management whose views about the proper organization of work have long influenced management practices. This focus of monitoring and controlling employees' behavior as a basis for distinguishing different HR strategies also has its roots in the studies of industrial sociologist such as Marx Weber (1947) who analyzed the capitalist labor process and the transformation of labor power into labor. Weber (1947) asserted that when organizations hire people they have only a potential or capacity to work. Therefore, to ensure each worker exercises his or her full capacity managers must organize tasks, space, movement and time within which workers operate. Walton (1985), being the earliest writers to analyze control HR strategy, explicated that at the heart of this traditional model is its wish to establish order, exercise control and achieve efficiency in the management of the workforce.

In an attempt to empirically test control theory, Snell (1992) argued that formal behavioral control regulates the actions of subordinates which they exhibit on the job and structures where work transformation process takes place. Also, as observed by Ouchi (1979), behavior control is initiated from the top, narrowing down to the bottom of the organization in the form of articulated operating procedures. To ensure that subordinates adhere to procedures, Snell (1992) further states that supervisors closely monitor and evaluate subordinates actions over time and

are granted with greater authority to exert command over employees. The supervision and control mechanisms employed by top management further support the standardization and institutionalism needed to meet the quality and efficiency goals of the exploitation strategy. In a bid to unravel why organization adopt control strategy, Snell (1992) suggested that behavioral control assumes lack of managerial knowledge of cause-effect relations or the link between the actions subordinates take and the results they achieve, Eisenhardt (1985) referred to this as task connection programmability while Ouchi (1979) call it knowledge of the information process. As suggested by agency theory, when knowledge of cause-effect is incomplete, it is difficult for managers to translate their intentions into specific actions and also they have no basis upon which to evaluate the appropriateness of subordinate's behaviors. From this angle, Snell (1992) views this as a prerequisite for the use of behavior control in the organization.

Somewhat different from behavioral perspective, control theory (Snell, 1992) and (Walsh and Seward, 1990) also suggested other aspects of strategic context that tend to constraint administrative information and therefore influence organization to use control strategy. Accordingly, technology, work flow alignment and the work flow between units is argued to have a direct effect in the information demands placed upon managers. As a matter of fact, as a conversion process becomes increasingly complicated, management can no longer have an intimate knowledge of the various specialized and complex processes that are intrinsic to the task, thus, limiting their ability to establish individual contribution to performance. It is widely agreed that in the context where production systems are purposely designed to minimize the effect of individual differences, the most consistent approach to human resource would be one based on notions of command and control where emphasis is placed on efficient managing a low-skilled manual work force. However, Boselie (2002) has cautioned that if marginal costs exceed the marginal gains from control, control approach may be an inefficient way to regulate performance. The work of Edward (1979) identified successive dominant modes of control that reflect changing competitive conditions and worker resistance. He argued that an early system of individual control by employers exercising direct authority was replaced by more complex forms of control namely bureaucratic control and technical control. Bureaucratic control includes written rules and procedures covering work while technical control involves machinery or

systems such as assembly line and surveillance cameras that set the pace of work and monitor employees' behavior.

Taking this analysis further, scholars such as Keenoy (1990) opine that in pursuing this strategy, firms attempt to gain competitive advantage by being the lowest cost producers. Characteristics of this strategy are tight controls of employees, overhead minimization and pursuit of economies of scale (Gill, 1999; Storey 1987). Empirical evidence from Schuler and Jackson (1987) and Arthur (1994) reveals that the primary focus is to increase efficiency of production, which is output per person. Most notably, Schuler and Jackson (1987) explicitly state that one of the methods used by control strategy is to set work standards for workers to perform their job and time is set in order to closely monitor hours each employee spent on each day on a specific task. In addition, necessary changes are made in techniques to enhance worker effectiveness. Once hired, employees are given detailed instructions regarding exactly what task they must complete and how well they must complete them. Usually, employees engage in short-term, high repetitive role behaviors that involve little risk taking because specialist identifies the best way to accomplish the tasks. Moreover, employees' participation in decision-making is unnecessary.

Equally, other studies (Bamberger and Meshoulam, 2000), Hoskisson and Hitt (1988) and Govindarajan and Fisher (1990) assert that control HR strategy also can be pursued through the increase use of part-time employees, subcontractors, work simplification and measurement procedures, automation, change of work rule and flexibility in job assignment. Notwithstanding a great room for development, it is clear from the preceding reviews that this strategy has effect on employees which includes; reduction in the number of employees, lowering wage levels and other fringe benefits, restricted employee discretion, increased supervision, fewer employees, larger operations and increased task specialization contributing to the decline in employee morale, underutilization of employee skills, diminished feelings of personal control and increased turnover and alienation (Storey 1987; Gill, 1999).

Meanwhile, in a bid to express their dissatisfaction with control approach, Keenoy and Anthony (1992) argue that the adoption of this strategy indicates that short-term cost effectiveness rather than skill retention of the workforce is the managerial priority. While such a strategy may be

profitable in the short run the potential consequences of discontinuity of in-house skills or delays in building up in-house expertise may be encountered (Ibid). Critical writers such as Youndt et al. (1996) posit that instead of being treated as assets employees are often reduced to numbers and percentages of operating costs; rather than being valued as a resource, labour is seen as an impediment to profitability which has to be pruned right down. Scholars such as Truss (1997) and Reeves and Woodward (1970) argued that firms are not always prepared to harness all benefits accrued from better investment in employees. For them, management usually select, trains in accordance with its organizational policies, perceived benefits out of the needed skills. Managers are more oriented towards the immediate and quantifiable economy of labor utilization and design their manpower policy on that basis than being concerned with the longer term and less quantifiable benefits they can reap from a policy which requires the continual cultivation of the skills of their work force.

2.9.2 The Commitment Oriented HR Strategy

Meyer and Allen (1997) define commitment as the emotional attachment to, identify with, and involvement in the organization. That is, employees who feel attached, engaged and effectively committed are likely to have greater attachment to their job and organization hence higher levels of performance. Supporting the above argument, Osterman (1994) commented that committed employees are characterized as loyal, productive members of work organization who identify with organizational goals and values. A dominant stream of research (Wood, 1996; Whitener, 2001) agrees that commitment-based approach has been evolving since the early 1970s, a period around which organizations have been experiencing radical transformation in workforce management strategies. As described throughout by Walton (1985) in his work titled “From control to commitment in the work place”, organizational members have been increasingly talking about common interests, developing mutual trust, employee involvement and quality of work life. Walton (1995) further argues that most organizations have started removing levels of hierarchy, decrease managers’ span of control, and open up career possibilities for workers. Equally, organizations have committed to inform employees about the business, encouraging participation and creating jobs that involve greater responsibilities and more flexibility.

A recent study by Glavin and Chilingirian (2010) suggested that there has been a shift in managerial strategy from imposing control to eliciting commitment of employees. This view has been supported by Truss (1997) in her study of 8 case studies opined that the commitment is generated when employees are trained and developed and allowed to have control over their work. Moreover, she suggested that management should no longer rely on merely securing employee's compliance through a narrow conception of the labour contract; instead, they should seek to win over employees' hearts and souls by developing job design, encouraging greater flexibility and involving employees in the affairs of the company, as Keenoy and Anthony (1992) put it;

“Once it was deemed sufficient to redesign the organization to make it fit human capacity and understanding; now it is better to redesign human understanding to fit the organization's purpose” (Keenoy and Anthony, 1992, pp 376)

Guthrie (2001) and other writers such as Wood (1996) and Edwards and Wright (1998) contend that skill acquisition and development lie at the heart of commitment HR strategy. In this sense they point out that the sum of people's knowledge and expertise together with social relationships has the potential to provide non-substitutable capabilities that serve as a source of competitive advantage. In this view, the logic underlying a focus on employee skills and attitudes is parallel to a well-established argument that individuals' performance is a function of ability and effort at the individual level of analysis (Guthrie, 2001). Indeed, commitment-based HR strategy focuses on providing learning opportunities to employees to improve their competences, skill and abilities, giving extensive autonomy and evaluating their performances in terms of end results. For instance, Arthur (1994) suggested that commitment HR practices shape employee's behavior and attitudes by developing psychological links between organizational and employee goals. Similarly, Arthur continued to argue that managers using commitment practices are essentially endeavoring to develop committed employees who can be trusted to use their discretion to carry out job tasks in ways that are consistent with organizational goals.

The literature (Gill, 1999; Osterman, 1994) emphasizes core feature of this approach including flattened hierarchy, decentralized decision-making to the line managers, enabling information

technology, a set of HR practices that aim to develop highly committed and flexible people, internal markets that reward commitment with promotion, a degree of job security and participation, leadership style that forge commonality of interest and mobilizes consent to the organizational goals. Under such conditions, they argue, workers may control themselves. In this regard, Whitener (2001) concurs that in this new commitment approach to the workforce management, jobs are designed to be broader than before, to combine planning and implementation. Furthermore, individual responsibilities are expected to change as conditions change, and teams not individuals often are the organizations unit of accountable for performance. Therefore, Whitener (2001) concludes that in such a strategic context, the ultimate determinant of organizational competitiveness is the intellectual capital of a firm who create variation in performance through skills, knowledge, attitudes and mental efforts rather than physical effort.

However, longitudinal studies of Truss (1997), Balkin and Gomez-Mejia (1997), and later Khatri and Budhwar (2000) found that although employees enjoyed the new work practices and associated responsibilities, there was no lasting change in employees attitudes or commitment to the organization. In other words, there is little evidence which suggest that employees have become more committed to their employers. Legge (1995) and Truss (1997) opine that performance gains are not necessarily achieved by firms practicing good HR strategy, for instance, the introduction of job insecurity through outsourcing such as, the same work is carried by both permanent and temporary employees. Production efficiency is thus gained by a stable and hard –working workforce who are under the threat of job insecurity. Therefore, they argued that employee commitment and flexibility is secured by playing the labor market factors effectively.

2.10 HR Practices under Control and Commitment Strategies

As defined by Arthur (1992; 1994) and Glavin and Chilingirian (2010), HR practices consist of the actual programs, processes and techniques that get operationalized and implemented in the organization for the purpose of achieving employees' performance. A key feature of strategic HR research is the notion that it is more appropriate to examine an interrelated set of HR practices since they are expected to influence individual performance.

As Arthur (1992), Huselid (1995) and later McDuffie (1995) put it, measuring specific HR practices provides much greater accuracy regarding how employees are actually responding to particular practices. In a similar vein, Guthrie (2001) noted that employees usually respond only to actual practices rather than the intended strategy. Prescriptive accounts given in the HRM practices literature (Snell, 1992; Bamberger and Meshoulam, 2000; Schuler and Jackson, 1989) opine that there is a wide array of HR practices (e.g. behavioral interviews, hourly pay, employee socialization, 360 degree feedback) from which organization may choose to manage employees. The aforementioned literature proposes that HR strategy influences the choice of HR practice. For instance, Schuler and Jackson (1989) suggest that a HR strategy that reflects a commitment to pay for performance, a number of different HR practices (e.g. profit sharing) might be implemented to attain this strategy. Therefore, this is an attempt to make a distinction between HR practices that can be labeled approximately as control or commitment oriented.

McDuffie (1995) described hiring procedures in the firm as consisting two sets of activities namely recruitment of applicants and selection from among these applicants. Recruitment activities often include the soliciting of referrals from current employees, placing ads in news papers and obtaining referrals from variety of institution (e.g. employment agencies and schools) (Ibid). The work by Yound et al. (1996) recommends that commitment HR strategy uses comprehensive staffing system (e.g. increasing amount of information about each applicant and the use of selection tests) screens applicants on job-related criteria such as personality and interpersonal skills that affect an individual capacity to perform the tasks. Similarly, Lawler (1992) emphasized that hiring efforts is usually on the entry-level openings and keep them throughout retirement. In contrast, supporters of control-based HR strategy (Child, 1973; Walsh and Seward, 1990; Snell, 1992;) strongly argue that for organization to achieve performance, hiring and selecting employees should be based on specific skills, enabling them to easily fit into particular job roles. In this view, organizations should offer casual employment to provide them with cheaper labor costs, ease of dismissal, ability to match labor time to workload fluctuations and enhanced control. Other scholars such as Hofstede (1978) postulated that the candidates have to be recruited quickly and with minimum costs. Adding to this view, Walton (1985) noted that in such a setting the use of elaborate staffing system such as comprehensive employment testing which seeks to find the best qualified candidates would have a negligible impact on performance.

Underpinning literature (Becker and Gerhart, 1996) conceptualizes training as the process by which a person learns and acquires new knowledge, skills and capabilities. The above conceptualization is close to that of Lengnick- Hall and Lengnick- Hall (1988) who agree that organizational training increases employee' both technical and interpersonal skills leading to behavioral change and greater trust as well. As a matter of fact, empirical studies (Dyer, 1994; Gill, 1999) strongly confirms that commitment HR strategy focus on comprehensive investment in training programs that aimed at developing employees' skills and abilities to enable them to carry out their tasks. From that angle, organization identifies training needs, defines the needed role behaviors, decides on the type of training required and uses experienced trainers. On the other hand, advocates of control HR strategy such as Govindarajan and Fisher (1990) and Yound et al. (1996) emphasize that training for employees has to be provided in relation to their contribution to the organizational profit. In particular, training should show number of employees, average cost per employee trained, days and time spent for training per employee and the impact of that training in saving the organizational resources. For them, the added expense of elaborate training systems would rarely be justified since their utility tends to be diminished. Therefore, employees have fewer training opportunities because of persistent focus on short term outcomes and cost minimization. Under such environment, Hoskisson (1988) is in the view that training efforts would only need to focus on general information such as company policies and procedures or be used as remedial activity aimed at correcting skill deficiencies but not as a method for driving superior performance.

Bozeman (1997) defines performance appraisal as a formal process of assessment and rating of employees by their managers. According to him, it is the way to evaluate how well an employee has met expected levels of performance. Studies have demonstrated a powerful impact of performance appraisal in HR decisions such as pay and promotion (Tannenbaum, 1968; McDuffie, 1995). Ahmad and Shroeder (2003) posit that under commitment HR strategy, performance appraisal is actively supported by top management and is regarded as vital means of achieving organizational success. In a bid to clarify the process through which performance appraisal is conducted, scholars like Bozeman (1997) point out that, the process involves agreement between the supervisor and the subordinates on what the latter needs to do and a consensus is reached on how the performance will be measured. Furthermore, the appraisal

process focus on raising standards, develop competences and is a continuous process whereby a review is carried out once or twice a year. Feedback, positive reinforcement and dialogue are put down in order to improve performance. Similarly, commitment approach uses 360- degree feedback to evaluate employees. On the other hand, Walton, (1985), Legge (1995) and Snell (1992) opine that under control HR strategy performance appraisal is a formal review which tends to dwell on the past and is built around an annual event. Legge (1995) categorically posits that managers manage performance appraisal without any reference to the outcome of the review and usually appraisal forms are buried in the personnel record system. On the same ground, Walton (1985) suggests that performance appraisal concentrates on areas such as error reduction and process standardization in order to reduce costs. Generally, performance appraisal focuses on controlling employees and processes without any regard on whether it motivates or de-motivates employees.

Glavin and Chilingirian (2010) define compensation as a payment from the organization to the employee for their services based on wages and other benefits. Equally, rewards are also considered as another form of compensation to reward employees for their contribution to the organization's performance. Amongst the management scholars who advocate for Commitment HR strategy (Balkin and Gomez-Mejia, 1987) asserts that commitment approach enables integration of compensation strategy with other HR practices such as training and development. Moreover, this strategy ensures that there is equal pay, transparency in the pay system and compensation is provided in relation to performance. Their view agrees with that of Bozeman (1997) who explains that employees receive other benefits such as pension, sick pay, insurance cover and transport. However, from control HR strategy perspective, as Ahmad and Shroeder (2003) point out, compensation starts with analysis of total value and information about employees' ability to carry out their job. Similarly, the analysis consists of issues such as average of employee' salaries, number of employees, total costs of salaries, total employees expenses and value creation for a productive worker. Gomez-Mejia and Balkin (1992) commented that most manufacturers rely on hourly pay for their lower-level workers in order to maintain control over labor costs. Generally, compensation and incentives usually focus on individual performance since contributions can easily be measured.

To make the story short, Schuler and Jackson (1987) argued that in attempt to gain competitive advantage through commitment HR strategy, the key HR practices include; (1) relative fixed and explicit job description, (2) high levels of employee participation in decision relevant to immediate work conditions of the job itself, (3) a mix of individuals and group criteria for performance appraisals that is mostly short term and result oriented, (4) guarantee of employment security, and (5) extensive and continues training and development of employees. Schuler and Jackson (1987) commented that these practices facilitate job performance through employees who become skilled, able, flexible and adaptable to new job assignment and technical change. Opposite to this argument, Schuler and Jackson (1987) argued that in attempt to gain competitive advantage through control HR strategy the key HR practices include relatively fixed (stable) and explicit job descriptions that allow little room for ambiguity, narrowly designed jobs and narrowly defined carrier paths that encourage specialization for efficiency, short-term result oriented performance appraisals, close monitoring of markets pay levels for use in making compensation decisions, and minimal level of employee training and development. According to believers of this strategy, these practices are believed to maximize efficiency by providing management a means to monitor and control closely the activities of employees.

However, studies have revealed confusion over which HR practices should be regarded as high commitment and high control. For instance, Becker et al., (1997) included recruitment and selection, performance appraisal and contingent compensation system development and training as part of their commitment group. Similarly, Delaney et al. (1989) used more extensive list that included performance appraisal, job design, grievance procedures and information sharing as part of commitment approach. On the other hand, Osterman (1994) cautioned that some commitment HR practices actually would results in work intensification and more forms of control. For example, management teams serve to strengthen rather than weaken management control. In an attempt to resolve the issue, Purcell (2000) suggested that appropriate HR practices should be developed in relation to the need of the organization. However, Legge (1995) opined that accepting this view means that the practices will be designed to meet the needs of the organization than that of employees.

2.11 The Paradox of Control and Commitment HR Strategies

The literature has been making a distinction between the two intellectual approaches (Arthur, 1994, Snell, 1992). However, Watson (1995) posits that this is a fundamental error that has been made, to slip over from making a theoretical distinction to a distinction on what happens in practice. This being the case, Truss et al (1997) and Keenoy (1997) concur with Watson, by arguing that there is no pure example of commitment or control HR strategy existing within the organizations. Keenoy (1997) point out that when we look at the practices adopted in the organizations following proposition of commitment practices, it soon becomes apparent that these practices happens alongside to support control and calculative use of labor resources to further business ends. This assumption draws heavily on the work of Guest (1987) using hard and soft dimensions in constructing his theory of HRM which contains reference to four policy goals including strategic integration which is clearly associated with his interpretation of the ‘hard’ model, and commitment which is associated with his view of the ‘soft’ model. While, Guest acknowledges the difference between the two concepts, he abandons the distinction when embarking upon theory-building. Similarly, Storey (1992) identifies his four key features of an HRM approach as incorporating both commitment elements and hard elements such as strategic direction.

The gap between ‘promise’ and ‘practice’ of HR strategies has become a common source of the pragmatic use of both commitment and control HR strategies in the organizations. Explaining the genesis of simultaneous existence of the two approaches, Gill (1999) asserts that the management agendas of power shifts to HR functions at the expense of workers, ironically has fallen organizations far short of their rhetoric commitment strategies. She explains that the vocabulary and practice of commitment are viewed as an attempt to re-legitimate managerial authority, redefine workers’ rights and redraw the frontier of control through a language of individualism, reciprocity and shared commitment. Furthermore, the environment of neo liberalism and market forces has facilitated these changes. In a similar view, Legge (1995) argue that commitment HR strategy does not work very well on the ground. There are difficulties associated with the implementation of commitment model. That is, the goals of equality, flexibility and integration presented in commitment model may not well be mutually compatible and in practice may be difficult to achieve. Similar comments come from Guest (1987) who

opined that both commitment and control have failed. Workers retain their resistance to management control and loyalty to unions, which is in Legge's analysis an evidence indicating that there is still 'hard' staff and not much of the 'soft' approach around. Legge (1995) notes that the simultaneous existence of control and commitment in the organizations usually reconciles through the language of 'tough love' which seeks to co-opt the assent of both those who may suffer as well as those who may benefit from its effects. For her, commitment model is adopted as something new to serve the interest of organization seeking legitimacy in a hostile climate.

At the rhetorical level, many organizations espouse the commitment version of HR strategy that focuses on treating employees as valued assets and a source of competitive advantage. However, organizational reality appears hard with emphasis on quantitative, calculative and strategic aspect of managing the head count. Gill (1999) suggested that this paradox manifest itself as a gap between rhetoric and reality of control and commitment HR strategies. The rhetoric adopted by the organization frequently embraces the tenets of commitment mode while the reality experienced by employees is more concerned with strategic control. It was found that even when the soft version was embraced at the rhetoric level, the underlying principle was invariably restricted to the improvement of bottom line performance with the interest of the organization prevailing over the individual employees. Keenoy and Anthony (1992) suggest that companies instituting programs to nurture employee commitment are often the same as those adopting downsizing and delayering as a way of life. Downsizing may mean changed tasks and responsibilities, longer working hours, more stress, feelings of guilt and anxiety, intensification of work and job insecurity. This results in reduction in employee morale, trust, productivity and commitment. Thus they conclude; when managing people at work, control and commitment coexist. However, for all to flow in, it will depend on management process.

Watson (1995) suggests that the commitment – control distinction should be completely dropped off. It is utterly unhelpful as analytical tool as it confuses variations in intellectual or academic emphasis with variation in managerial practice. Watson (1995) continues by stating that this distinction ignores the political-economic context of managerial practices. Work organization operates within an industrial capitalist context in which employment of human beings is a means of furthering corporate purposes. Under such environment, Watson suggest that all managers

who are involved in employing people, in the long run are bound to deal with that labor in terms of the return that can be obtained from it. It follows then from this that any manager who deviates from these criteria, putting employee welfare before (long-term) organizational goals would be failing in their job. For him, in an industrial capitalist political economy, there are options of following either hard-hard policies (apply direct control to serve corporate interest), or hard-soft policies (apply developmental and indirect controls) to serve corporate interest. What is not optional is soft-soft approach. From that angle, Watson (1995) concludes by opining that the distinction must completely be rejected.

Evidence of the limited diffusion of commitment model and the poor performance impact of control model has forced some scholars to take a middle ground, that of ‘bundling orientation’. They argue that it is HR bundles rather than individual HR practices of models that affect organizational outcomes (Delery and Shaw 2001, Wall and Wood 2005, Boxall and Macky 2009). From that sense, individual HR practices should be viewed as part of a wider HR system. When a HR system is constructed HR practices need to be bundled in the sense that several properties from both models (control and commitment) will need to be considered. However, they argue that there is a challenge on how to combine HR practices into bundles because individual practices can complement, substitute for, or even conflict with other practices (Delery 1998; Delery and Shaw 2001). Becker et al (1997) use the term “powerful connections” to describe the case where two practices have a synergistic effect, and “deadly combination” to refer to the case where the combination of two practices results in poor performance than when is either used alone. A well known example of a deadly combination is teamwork coupled with individual incentive pay. Performance enhancing HR practices can furthermore reinforce and support each other in different ways when used in coordinated systems of HR practices (Huselid, 1995) but also because synergies can occur when one practice reinforces another (Gerhart et al 1996, Delery 1998).

Kochan et al. (1986) used Harvard framework to study the fundamental changes in American industrial relations over a 50-year period. The aim was to show how American companies have moved towards a new approach in managing their employees. The traditional model is proved to be inadequate in meeting the contemporary needs of employers for efficiency, flexibility and

adaptability and of unions for organizing and representing workers (Kochan et al., 1986), and thus, what is needed is a blending of traditional representative and newer participatory processes along with perhaps additional, more individualized forms of voice and representation

This is well put by Watson (1995) who describes the process of transformation from control to commitment that, as they get in the game, the HR system starts moving from being an impediment to being a neutral influence. Slowly, firms move towards the broad middle ground particularly, may concentrate on professionally developed best practices, but these improvements are not at the stage required for sustained competitive advantage and improved firm performance. The last phase, the firms arguably, have all the appropriate best practices in place but more importantly, have begun to integrate those practices into a system that fits the firms' operational fabrics. This study measures this best practice and its effects on job performance and organizational performance.

2.12 Moderating Effect of Organizational Factors

As noted earlier in chapter one, organizations do not operate in vacuum. There are factors existing in, which may influence the relationship between variables. These characteristics constitute an environment where organizational activities take place and make up critical sources for success. These variables may have to be controlled or taken into the process as moderating variables. Such variables include size of the organization, structure, capital, politics, union, age, culture and so forth (Millimore et al, 2007). Other studies have categorized organizational factors into external and internal characteristics. Internal factors include elements such as structure, culture and politics (Barney, 1991) while technology and political environment constitute external environment (Fombrum et al, 1984). Lengnick-Hall and Lengnick-Hall (1988) categorized the external environment factors into those that affect the competitive strategy and those that specifically affect HR strategy. For them, competitive strategy is influenced by economic conditions, industry structure and product market, while labor market, skills and values and culture to a large extent influences HR strategies. Critical writers such as Truss and Gratton (1994) refer to the external environment as the one that provides opportunities and constraints to the functioning of HR strategies in the organizations. The internal factors identified

by Truss and Gratton (1994) through a survey of literature are culture, dominant coalition and internal stakeholders.

Though it is expected HR strategies to be associated with employees' job performance and organizational performance, the significance of this association depends on specific variables constituting organizational context. For instance, culture and structure are expected to positively influence the relationship, while politics may not be positively influencing the relationship (Arthur, 1992). Studies have been citing structure, culture and politics as variables that have been influencing largely the operations of State Corporations. HR strategies integrate the various beliefs and the value systems that determine the way organization manages its employees. In view of these beliefs and values, certain policies and practices may be unacceptable to the organization in the implementation of HR strategies. While research has demonstrated independent influence of structure, culture and politics on organizational performance (Denison and Mishra, 1995) little is known about how they predict employee job performance.

2.12.1 Organizational Structure

The concept of structure was first introduced by Chandler (1962) with his popular proposition of 'structure follows strategy' and later cited by Thompson (1967) who defined it as an organization's internal pattern of relationship, authority and communication. This definition is close to that of Mintzberg (1979) who conceptualized structure as the arrangement of tasks, roles, authority and responsibility through which a firm does its work. In studying the development of American dominant industrial organizations, Chandler (1962) observed that American firms developed multidivisional internal structures in response to increasingly complex administrative problems encountered as firm size increased along with the magnitude of the firm's activities. Williamson (1970) extended Chandler's analysis by citing two major problems encountered by firms as they radically expanded namely, cumulative control loss and confounding of strategic decision-making. Generally, when expanding functionally, firms experienced difficulties in specifying goals in the manner that clearly contribute to organizational performance, difficulties in coordinating among the parts and higher degree of loss between hierarchical levels. The result was a failure to achieve least-cost profit-maximizing behavior.

Scholars like Frederickson (1986) noted the development in the literature of characterizing the concept of structure on a variety of dimensions. For instance, Fry (1982) categorized structure based on functions or divisions. Similarly, Frederickson (1986) characterized structure broadly as the context within which decisions are made and observed that structure may motivate or impede strategic activity. However, three dimensions of structure namely centralization, formalization and complexity (Mintzberg, 1976; Thompson, 1962, Child, 1974) have received more attention than any other in the literature. Mintzberg (1979) described centralization as the degree to which the right to decide and evaluate activities is concentrated. A high level of concentration is the most obvious way to coordinate organization decision-making, but it places significant cognitive demands on managers who retain authority. However, Walton (1981) suggested that an individual does not have the cognitive capacity of information that needed to understand all decisions that face a complex organization. Therefore, it may result in a complete failure to respond to some strategic opportunities and problems.

Fry and Slocum (1984) presented formalization as the extent to which an organization uses rules and procedures to prescribe behaviour. Rules and procedures contribute to the development of organizational member's behaviour and dictate on how various activities will be handled. In a similar view, Hall (1977) commented that formalization has significant consequences for organizational members because it specifies how, where and by whom tasks are to be performed. Scholars like Frederickson (1986) suggested positive consequences of formalization arguing that it eliminates role ambiguity among organizational members and provide reasonably well-defined expectations about performance evaluation. However, Hage and Aiken (1969) raised persuasive doubts about formalization suggesting that it limits member's decision-making discretion. On the other hand, Hall (1977) defines complexity as the condition of being composed of many interrelated parts. Hall added that there are three sources of complexity namely horizontal, vertical differentiation and spatial dispersion. Therefore, an organization that has numerous levels, broad span of control and multiple geographical levels would be considered highly complex. Wang (2005) cautioned that high level of complexity makes it difficult to coordinate and control decision and activities within the organization.

Frederickson (1986) explains that organizations often have some units whose structures are different from that which characterizes the organization as a whole. For instance he argues, while the organization is generally decentralized some units may be very centralized. Focusing on this issue, Ouchi (1978) also noted that bureaucracy is the structure that relies on the standardization of work, which makes it similar to the structure previously described. That is, it has very formalized procedure in the operating core, a proliferation of rules, regulation and formalized communication. Further, it tends to have large, functionally grouped units at its lower levels, as well as an elaborate administrative staff. In this sense, Ouchi (1978) maintains that they are often casted as static entities incapable of change in their mode of operations. However, scholars like Aiken et al, (1980) and Wang (2005) suggested that in contemporary society, organizations are faced with continual contingencies that make change critical to survival.

2.12.2 Organizational Culture

There has been dissenting opinion in the literature about the definition of organizational culture. However, most organizational scholars concur that the core definition centers around the content of the construct itself which includes assumptions, beliefs, values and norms that may not have been articulated, but shape the ways in which people behave and things are done in the organizations (Denison and Mishra, 1995; Hofetede, 1978; Shein, 1985). The importance of organizational culture was first described by Elliot (1967) in his book titled ‘the changing culture of a factory’. Through this work, he described culture as informal structures, as a way to explain the failure of formal policies and procedures to resolve misunderstanding between managers and employees at the glacier metal company. This work led to numerous studies being conducted related to the variable by theorist like Deal and Kennedy (1982), Chatman (1991) and later Millmore et al. (2007). The most influential work is that of Pettgrew (1979) who cited culture as a ‘social tissue’ that contributes to collective sense-making in organization. Arguably, the literature describes organizational culture as the psychological state, attitudes, experiences, beliefs and values that members of an organization have in common (Denison and Mishra, 1995; Rousseau,1990). These values and believes are shared by organizational members and control the way they interact with each other and eventually, guide their behavior towards organizational goals. Culture gives people a sense of who they are, how they should behave and what they

should be doing. Culture represents the 'social glue' and generates we-feeling among organizational members.

There have been many attempts to classify culture in the organizations. The best known is Harrison's (1972) classification of culture which he called ideologies. These include power-oriented, people-oriented, task-oriented and role-oriented culture. Any organization he argues, has a blend of these types of cultures though some types may be more prevalent in some organizations than others. Schein (1985) based on Harrison's classification identified four types of cultures namely power, role, achievement and support. The widely cited classification came from Denison and Mishra (1995) who presented organizational culture through four traits of involvement, consistency, adaptability and mission. Two of the traits namely involvement and adaptability are indicators of flexibility, openness and responsiveness and strong indicators of growth. The other two traits, consistency and mission are indicators of integration, direction and vision and are better predictors of profitability. Each of the four traits is also significant predictor of other effective criteria such as quality, employee satisfaction and overall performance

Denison and Mishra (1995) explains involvement trait as the extent to which effectively organization empowers its employees, build their organization around teams and develop human capability at all levels. In this sense, executives, managers and employees become committed to their work and feel that they own a piece of the organization at all levels. People at all levels feel that they have at least some input in decisions that will affect their work and that their work is directly connected to the goals of the organization. The second trait is consistency. Denison and Mishra (1995) posit that organization tend to be effective because they have strong culture that are highly consistent, well coordinated and well integrated. For them, behavior is rooted in a set of core values and leaders and followers are skilled at reaching agreement even when there are diverse points of view. This type of consistency is a powerful source of stability and internal integration that emanates from a common mindset and a high degree of conformity. On the other hand, adaptability measures organization's ability to read and scan the business environment and respond to the changes. Denison and Mishra (1995) maintains that ironically, organizations that are well integrated are often the most difficult ones to change. Internal integration and external

adaptation can often be at odds. For them, adaptable organizations are driven by their customers, take risks and learn from their mistakes, and have the ability and experiences to create change.

Since culture is a complex phenomenon ranging from underlying beliefs to visible structure and practices, some researchers have been questioning as to whether culture can be measured in a comparative sense (Schein, 1985). Rousseau (1990) asserts that culture varies across organizations. Drawing inference from RBV of the firm, Barney (1991) opined that organizational culture is a source of competitive advantage because it cannot be transferred from one organization to another due to its historical conditions and social complexity. Hofstede (1978) emphasized an employee-oriented culture where high level of employee commitment and loyalty are generated by paying significant attention to employees' well-being

2.12.3 Organizational Politics

The word politics has its origin in the Greek word 'politikos' meaning collective decisions and primarily refers to issues of running government institutions, as well as other social groups which include corporate, academic and religious institution (Hochwarter et al, 2003). Perhaps the earliest description of organizational politics in the research is from Burns (1961), who suggested that politics occurs when others (individuals) are made to use resources in competitive situation. Later, various scholars attempted to define the term organizational politics and the most cited one is that of Mintzberg (1983) who described the construct as individual or group behavior that is informal, ostensibly parochial, and typically divisive and above all illegitimate-sanctioned neither by formal authority and accepted ideology nor certified expertise. This view is similar to that of Ferris et al (1989) who views organizational politics as a social influence process in which behavior is strategically designed to maximize short-term or long-term self-interest which is either consistent with or at the expense of others' interest. In defining organizational politics this way, the concepts of power and influence feature significantly and this has posed 'fear' within organizations.

Organizational politics has been investigated from a number of different perspectives and at various levels of analysis. One body of research has examined the actual political behavior (Harrell-Cook et al., 1999; Ferris et al., 1989) while the other has concentrated on perception of

organizational politics (Cropanzano et al., 1997; Podsakoff et al., 2007). Political behavior is defined by Harrell-Cook et al. (1999) as organizationally non-sanctioned behavior which may be detrimental to organizational goals or to the interest of others while, Podsakoff et al. (2007) explains perception of organizational politics as involving the individuals' subjective evaluation of observed situation or behavior as political. Whereas researchers have been assuming that the two construct are distinct, this study views them as related. Indeed, a major reason for this stand is that organizational politic is not easily measured. This approach subscribes to the notion that what is perceived to be real by individuals is real in its effects on them.

Organizational politics has been associated with negative activities within organizational operations. Scholars such as Chang et al., 2009; Vigoda (2000) and Pfeffer, (1981) argued that organizational politics have a wide spread effects on critical processes such as performance evaluation, resource allocation and managerial decision making that influence organizational performance. In expanding this view, the aforementioned scholars point out that managers and employees demonstrate a number of illegitimate political activities (e.g. coalition building, favoritism-based pay and promotion decision) that are strategically designed to benefit, protect or enhance self-interests often without regard for the welfare of their organization or coworkers. Moreover, Chang et al (2009) suggested that highly political organizational environment are responsible for a variety of harmful work consequences including higher stress and turnover intentions, lower work satisfaction, commitment and worker productivity, thus affecting organizational productivity. From this angle, organizational politics is often viewed as a dysfunctional and divisive aspect of work.

However, in the recent past business scholars such as Pfeffer, (1994) have started shifting from this negative way of looking at organizational politics after it was realized that organizational politics can never be eliminated from organizations. Pfeffer, (1994) for instance, argues that employees may engage in some legitimate, organizationally sanctioned political activities that are beneficial to work groups and organizations. Similarly, Vigoda (2003) suggested that there is also a good side of organizational politics for example, working to achieve consensus through aspect such as positive persuasion may lead to achievement of organizational goals. Therefore,

scholars have invented the term ‘positive organizational politics to look at the gains that can be accrued from practising organizational politics in the organizations.

2.13 Organizational Performance

Organizational performance is a dominant theme in the field of strategic management and is probably the most widely used dependent variable in the organizational research. Ordinarily, some scholars such as Locke and Lotham (1990) have been claimed that although organizational performance dominates the strategic management literature, it is one type of indicators of organizational effectiveness. Hence, we first need to distinguish between organizational performance and the construct of organizational effectiveness. Venkatram and Ramanujam (1986) propose that organization effectiveness is a broader construct that captures organizational performance and other variables like innovation and patent outcome as its defining constructs. However, this narrower domain of organizational performance provides the useful potential framework to make meaningful comparison across firms and industries. Venkatram and Ramanujam (1986), comment that even with its narrower domain, what is evident is that organizational performance is not a one dimensional theoretical construct. Katou and Budhwar (2007) concur with above comment arguing that organizational performance is a multidimensional construct and any single index of measurement may not provide a comprehensive understanding of the performance relationship relative to the construct of interest. Therefore, it is important to look at multiple indicators.

The fundamental purpose of every business is to consistently outperform the competition and deliver sustained and superior returns to owners while satisfying other stakeholders. This drove Barnett et al (1994) to pose a question ‘why do some organizations perform better than others?’ In answering this question, RBV clearly indicated that organizations are heterogeneous in their resources and capabilities and that differences in resources and capabilities raise the possibility that superior performance is due to idiosyncratic properties of organizations which are by definition, difficult to imitate and substitute (Wernerfelt, 1984). This being the case, Chakravathy (1986) maintains that performance results when organizations gain advantage from its location in the market, and is sustained when various barriers give it refuge from rivals that would otherwise compete away this advantage. However, as a matter of fact, seeking the answer to this

question has been a central goal for any strategic management research (Barney, 1991). In view of this, Guest (1997) commented that at the general level, small and large firms are likely to perform differently and performance itself is likely to be somewhat firm specific.

Performance measurement is a subject that is often discussed but rarely defined. It is necessary to clarify its meaning more clearly (Meigs et al., 1998). Neely et al (1995) describe performance measurement as the process of quantifying action, where measurement is the process of quantification. However, a frequently used argument for the use of performance measures which cannot be ignored is simply “what gets measured gets attention”. In other words, performance measures can be used to force an organization to focus on the right issues. The literature reports two measures in the history of performance measurement (Venkatram and Ramanujam, 1986; Wernerfelt, 1984; Kaplan and Norton, 2008). The traditional approach which is also popularly known as objective evaluation focused on the use of financial criteria such as sales, return on investment, profit and cash flow supplied by the management accounting system. However, scholars (Guest, 1997; Kaplan and Norton, 2008) challenged this approach citing a number of limitations including lack of strategic focus, short-termism and its capacity to be manipulated leading to dysfunctional behavior. This notion was supported by Barnett et al (1994) who argued that a performance measurement system cannot solely rely on financial performance measures, since they do not properly reflect the requirements that a company must fulfill in today’s competitive business environment.

In the late 1980s researchers introduced a new approach popularly known as non-financial measure of performance (Kaplan and Norton, 2008; Venkatram and Ramanujam, 1986; Meigs et al., 1996). As noted by Kaplan and Norton (2008), this dimension focuses on issues such as stakeholders, customer satisfaction, internal operation, intellectual capital and other intangible assets. Kaplan and Norton (2008) also introduced balanced scorecard which emphasized non-financial and short – long-term measures of performance. This is to say, performance was no longer solely a financial issue. This argument was supported by Barnett et al (1994) who noted that the success of an organization is measured from several indicators which include both qualitative and quantitative and these are; financial performance, meeting customer needs, quality product, innovativeness, and employee commitment, just to mention a few. This broad

construct essentially allows researchers and practitioners to evaluate firms over time and compare them to rivals.

In the context of HR strategic orientation and organizational performance, a distinction has been drawn between proximal and distal measures of performance (Wright et al, 1995). Proximal measures are those that are more closely tied to employee performance and are more susceptible to the influence of HR practices and the most indicators include absenteeism and turnover. On the other hand, more distal measures such as financial performance and sales of goods and services are more likely to be influenced by external factors such as the state of the economy which lie beyond the control of the HR practices. Guest et al. (1997) found a strong association between HRM and financial performance than between HRM and productivity. The logic behind this result is that multiple measures of performance including those that are more proximal and more distal should be used.

2.14 Hypotheses Development

This section presents an overview of the relationship between HR strategic orientation, employee job performance, organizational factors and organizational performance. Specifically, it examines the relationship between variables informing the study culminating into the presentation of conceptual model.

2.14.1 HR Strategic Orientation and Organizational Performance

The effect of HR strategic orientation on organizational performance is an important topic in the field of industrial relation. Scholars are increasingly recognizing that organizational objectives can only be achieved through strategic management of people (Dyer, 1983). Whereas researchers are making effort of proving the effect of this relationship, other scholars such as Legge (1985) and Purcell (2004) have raised persuasive doubts about the mechanism by which HR strategic orientation create and sustain value. Their main argument is that the process is complicated and not well understood. For instance, Purcell (2004) assessed the impact of people management on organizational performance and noted that while some studies have been able to show the association between HR policies used and organizational performance, it was often hard to explain when, why and how this association existed and to identify the interconnection between

them. Purcell concluded that the effect of HR strategic orientation on organizational performance is not clear. Early efforts such as utility analysis (Boudreal, 1992) which sought to quantify the dollar value of HR practices have not been well received by many scholars (Guest, 1997; Truss, 1997; Wood, 1996).

The question on the effect of firm's HR strategy on organizational performance has been answered from many perspectives in the literature. Indeed, studies have varied significantly as some have focused on behaviors of employees (Jackson and Schuler, 1987), high performance work system (HPWS) (Huselid, 1995, Arthur, 1994, Snell, 1992), high involvement work system (Guthrie, 2001), a system of HR practices (Torrington and Hall, 1995), alignment or fit (Arthur, 1992), best practices or universalistic perspectives (pffefer, 1994; Kochan and oysterman, 1994) just to mention a few.

Scholars like pffefer (1994) for example, adopted universalistic or best practices approach suggesting that there is an identifiable set of best practices for managing employees that have universal, additive and positive effects on organizational performance. On the other hand, scholars like (Baird and Meshoulam, 1988; Delaney and Huselid, 1996) argue that complementarities or synergies, both among firm's HR practices and between a firm's HR practices and its competitive strategy has a positive effect on organizational performance. This notion is supported by another group of scholars who advocated for HPWS (Wood, 1996; Youndt et al., 1996) and who argue that when the various sub- systems are aligned and supported to each other, superior performance is likely. Other studies have tried to construct additive indices of the HR systems that only increase as the firm uses a wider range of HR policies. For instance, the work of Becker and Huselid (1997) created different bundles of HR practices ranging from little use of any practices to different combination of practices. Becker and Huselid reported statistically and economically significant differences in the effects of these configurations

Whereas effort have been made to identify mechanisms through which HR strategic orientation affect performance, little is known about the mechanism through which HR strategic orientation affect performance. Scholars like Gerhart and Milkovich (1992) suggested that organizational

performance is much more complex and depends upon a wide range of external factors including corporate governance that are not directly influenced by HR strategies. Similarly, while HR strategic orientation might have influence on organizational performance within a given environment, the effect tends to be indirect and much more complicated. Therefore, in a bid to find out whether HR strategic orientation affects organizational performance, it is hypothesized that;

H₁: HR strategic orientation has no significant effect on organizational performance

2.14.2 Control-based HR Strategy and Employee Job Performance

In the last decade studies have been attempting to prove the causal link between control-based HR strategy and organizational performance. Drawing from matching model as advanced by Fombrum et al. (1984) and behavioral theories as suggested by Jackson and Schuler (1987), studies (Arthur, 1994; Walton, 1985; Watson, 1995) have consistently demonstrated the association between the two variables. For instance, some studies have focused on the use of control-based HR strategy on sales representative (Eisenhardt, 1995), and production workers (Cyr and Melborne, 1997). Importantly, other studies have focused on how exogenous factors such as competitive environment, strategy, technology, and structure affect control based-HR practices (see Reeves and Woodward, 1970). Scholars such as Ouchi (1977) focused primarily on the evaluation component of control-based HR systems. However, in the recent past scholars such as Griffin (2007) and Viswesvaran and Ones (2000) started to explore the relationship between control- based HR strategy and employee job performance. The basis for this prediction is the different objectives of control- based HR systems as manifested in different combinations of HR practices and its effect on employees' behaviors.

In a bid to establish the effect of control- based HR strategy on employee behavior, Snell (1992) posited that since HRM practices comprise the principal methods used to regulate employee performance, HR practices as a set manifest control. Through recruitment, training, performance appraisal and rewards, control regulates the actions of subordinates exhibiting on the job. More importantly, control- based HR strategy structures the transformation process of work (Ouchi, 1977), initiates top-down operating procedures and ensure that superiors closely monitor and

evaluate subordinates leading to completion of work as prescribed by their task hence increasing productivity. This is possible since employees will follow procedures of carrying out the task in cautious terms unquestioningly. In addition, to the extent that behavior control standardizes work processes superiors, set targets such as financial results for subordinates to pursue. This provides subordinates discretion in the means they use to carry out the tasks. It does not allow them to choose goals, only the methods used to perform the job. Subordinates can adapt their behavior to capitalize on opportunities and avoid threats that arise unexpectedly.

Previous research has attempted to establish the relationship between control-based HR strategy and performance. For instance, in their effort to examine the use of HR practices to control executive's performance, Snell and Yound (1995) reported that the interaction of behavior control and cause-effect knowledge was a significant predictor of ROA. This finding suggested that behavior control is related to profitability improvement however this relationship is contingent on cause-effect knowledge and administrative context of executives. However, they cautioned that output control leads to lower performance when standards are crystallized. Khatri et al. (2007) report that the control-based management approach was found to be positively associated with culture of blame and negatively with learning from mistakes. Similarly, Gomez-Mejia and Balkin (1992) examined the relative merits and trade-offs of using control-based HR strategy to monitor executive performance.

On the other hand, control-based HR strategy has been shown to decrease job performance through heavy job demands which it places on employees such as long working hours, close supervision and monitoring, work intensification and overtime pressures leading to job strain and exhaustion hence limiting employees' ability to perform their tasks (Ouchi, 1978; 1979; Reeves and Woodward, 1970; Snell, 1992). As Hockey (1997) explains, exhaustion is an extreme form of fatigue coming as a consequence of prolonged and intense physical and cognitive strain caused by prolonged exposure to specific working condition. The literature on mental fatigue may be useful to explain this process. Hockey opined that mental fatigue is a response of mind and body to the reduction in resources due to mental task execution. He warns of the increasing risk of performance failures. Under normal circumstances people become tired from their everyday work activities. Scholars such Gaillard (1986) posited that when a person is working

under high level of (mental) workload and is already fatigued (i.e. at the end of a workday) extra energy to compensate fatigue has to be mobilized through mental effort in order to maintain task performance. Lee and Ashforth (1996) provided another explanation on why exhaustion and strain affect job performance. To them, exhaustion diminishes the available energy of employees and leads to an impairment of the efforts put into work. Furthermore, it entraps employees in a negative, vicious spiral help or are not prone to strive for changes in their situation and as a result they continue to perform ineffectively. It might be difficult for employees who experience stress and exhaustion to reduce their output or quality of performance because of organizational sanctions and reward systems. Instead, they might choose to withhold behaviors that are discretionary such as organizational contextual behavior since would not result in direct consequences for themselves. However, work intensification partly as a result of downsizing is argued to increase job performance (Eisenhardt, 1985).

Legge (1995) also argued that control-based HR strategy is good at providing job insecurity to employees which have been argued to affect their work performance. Researchers (Ouchi, 1978; Govindarajan and Fisher, 1990) argue that job insecurity has a negative effect on behavior outcome being a hindrance stressor that induces undesirable strain reaction. One way to emotionally cope with such stressor is to behaviorally withdraw from the situation. Behavior withdrawal can manifest itself in reduced task performance and contextual performance. Proponents of control-based HR strategy like (Walton, 1985) and (Snell, 1992) claims that job insecurity might have a positive effect on job performance. Snell (1992) essentially argues that the fear of losing one's job may motivate employees to engage in individual action to actively cope with the threat. If for example, individuals think that higher performing employees have a lower risk to be laid off, it would be functional for them to increase the effort they put into their work. In a similar vein Hofstede (1978) suggested that job insecurity is also considered to trigger and active problem-solving style of coping. Likewise, (Govindarajan and Fisher, 1990) also commented that job insecurity could also result in increased work effort if employees believe that higher individual work performance will improve organizational performance and thus security of its members. Therefore, it is hypothesized that;

H₂: Control-based HR strategy has no significant effect on employee job work

Performance

2.14.3 Commitment-based HR Strategy and Employee Job Performance

A growing body of empirical studies has consistently demonstrated an association between high commitment orientation and firm performance (Wright et al, 1995; Ettington, 1997). For example, researchers have identified this relationship in samples of service organizations (Batt, 2002), manufacturing firms (Arthur, 1992, McDuffie, 1995), high technology firms (Flynn et al., 1996) and in cross industry analysis (Huselid, 1995). However, researchers have not systematically developed and tested the hypothesized relationship between commitment-based HR model and employee job performance. Despite the paucity of empirical studies the literature has consistently been advancing the argument that there is a relationship between the two variables (Arthur, 1992).

The literature (Ettington, 1997; Keenoy, 1990; Guest, 1990) predicts that a smoothly functioning commitment-based HR strategy will be associated with higher employee job performance than will a control HR strategy. Ichniowski (1990) explains that by decentralizing managerial decision-making, setting up formal participative mechanism, and providing proper training and rewards, a commitment-based HR strategy can lead to a highly motivated and empowered workforce whose goals are closely aligned with those of organization. Thus, the resources required to monitor employee compliance such as those needed to maintain supervision and work rules can be reduced.

The effect of commitment-based HR strategy on employee job performance has also been discussed through motivational theories such as Herzberg's dual structure (1976), expectancy theory (Vroom, 1964), Maslow's need hierarchy (1970) and equity theory (Adams, 1963). These studies define motivation as a force that energizes, directs and sustains employees' effort into completing tasks. Commitment-based HR strategy can affect employee motivation by encouraging them to work harder and smarter. Motivation manifests in the individual's choices to exert effort, choice of how much effort to exert and choices of how long to exert the effort. Herzberg (1976) found that an employee who is dissatisfied generally tended to be associated with complaints about the job context or factors in the immediate work environment. Also autonomy enables employees to choose the order in which they conduct tasks, the methods and

the speed of work, timing of breaks, and working hours. This in turn may bring a heightened sense of self efficacy and intrinsic motivation to perform the tasks (e.g. Hackman and Oldham, 1975). In addition, job holders with higher levels of job autonomy may have greater potential for task-related interaction with supervisors and co-workers, and thus have a work environment that is more conducive to performing discretionary contextual behaviors.

Commitment-based HR system relies on HR practices that nurture employee involvement and maximize employee job performance. Research by Boselie (2002) and Balkin and Gomez-Mejia (1987) showed that using valid selection methods such as interview and Situational Judgment Tests (SJTs) in employee selection is positively correlated with employee job performance. Glavin and Chilingirian (2010) reported that commitment-based HR strategy uses well defined selection methods that identify differences in employees' cognitive ability thereby leading to selection of best candidate who fit into a particular job hence good job performance. With respect to training, previous study by Bartel (1994) found that training raises the salaries of employees who perform core functions by \$324 and non-core functions by \$181 and \$186 respectively. Furthermore, commitment-based HR strategy uses skills-based pay which rewards employees for learning new skills that enable them to perform their tasks. An employee who judges pay and rewards to be fair perform better through increasing efforts, time and other job-related responsibilities needed for task fulfillment. Furthermore, good incentive system predicts employee's display of helping behavior towards coworkers and customers which in turn helps to achieve contextual performance (McDuffie, 1995). Therefore, it is hypothesized that;

H₃: Commitment-based HR strategy has no significant effect on employee job performance

2.14.4 HR Strategic Orientation and Employee Job Performance

Over the past years a growing body of research has examined the relationship between HR practices and employee outcomes such as turnover, customer satisfaction, job satisfaction and commitment. However, very few studies have examined the effect of HR strategies on employee job performance. The work of Kidombo et al. (2012) for instance, investigated the relationship between soft and hard HRM and three components of organizational commitment: affective, continuance and normative. Results indicated that both soft HR and hard HR strategic

orientations had effect on affective and continuance components of organizational commitment while normative organizational commitment was negatively and weakly associated with hard HR. Likewise, a recent meta-analysis by NG and Feldman (2009) found that a number of business unit level outcomes were positively associated with employee attitudes. Indeed, such studies do not address the process through which HR strategic orientation leads to employee job performance.

There is a common agreement among scholars that bundles of HR strategies have an effect on employee job performance (Ichniowski et al., 1994). This argument was theoretically supported by configurational model as opposed to universalistic and contingency perspectives in the SHRM literature (Delery and Doty, 1996; Pfeffer, 1994). The central argument to the configurational perspective is that the impact of HRM on employee or organizational performance is dependent upon the adoption of an effective combination and interactions of HRM practices, often referred to as HRM *bundles* (MacDuffie, 1995). Since then, many scholars have validated this assertion empirically. For instance, Wright and Boswell (2002) in their review of HR practices, suggested that investment in recruitment and selection identifies most highly skilled people, and when they are provided with continuous training, will be able to do their job well hence achieving job performance. Additionally, implementation of valid performance management systems and monetary incentives will elicit high performance among employees, and as such, the same employees will execute extra-role behavior and are not likely to shirk.

Preceding literature on bundles of HR strategies and performance yield mixed results with some showing positive (Delaney and Huselid (1996; Delery and Doty, 1996) while others showing negative relationship (Becker and Gerhart, 1996). For instance, Gooderham et al. (2008) examine the impact of various bundles of both calculative and collaborative HRM practices on firm performance across a variety of industries and found that all of the six calculative bundles of practices had a statistically significant impact on performance at five percent level, however, Gooderham et al. (2008) did not link HRM and performance through employee job performance. These scholars recommended that the calculative/collaborative dichotomy may be too simplistic as there are practices that cannot be easily defined while they have a significant impact on employee behaviors. They called for more investigation into how HRM practices may be

grouped together by type, and the impact of this on employee job performance. Similarly, in their Mutual Gains model, Kochan and Osterman (1994) established an association between integrated package of "generic principles" organized into three tiers - those applying at the strategic, functional, and workplace levels and employee outcomes. However, Kochan and Osterman study did not focus upon employee job performance variable.

The design of organization's HR practices has also been argued to be helpful in eliciting high levels of task performance. Delery and Doty (1996) investigated the effect of SHRM on organizational performance through employee job performance. Delery and Doty limited their analysis to the job of loan officer because this job was common to all banks surveyed. Their findings indicated that the relationship between HR practices and organizational performance was contingent on employee job performance. Likewise, the work of Bartel (1994) investigated the relationship between on-the-job training, wages and job performance. Bartel found that formal training programs reduced returns to tenure by 18%, wage growth eliminated heterogeneity bias in wage levels and training led to an improvement in employee job performance as was measured by performance ratings. This implies that when HR practices are properly applied, employees generate novel responses that are useful in dealing with the tasks at hand. Furthermore, HR practices enable employees to devise new procedures and processes for carrying out tasks, identifying products or services to better meet customer needs therefore improving their job performance.

A number of researchers have reported positive relationship between HR strategies and various forms of contextual performance such as in-role and extra-role performance. A recent contribution by Sun et al., (2007) established that high performance human resource practices were related to service-oriented OCB. This implies that employees who feel that they have been treated well by their organizations tend to reciprocate by performing better and engaging more readily in citizenship behavior. Sun suggested that the difference between outstanding and average service companies is that in the former, employees exert more discretionary effort and engage in contextual behaviors that favorably influence customers' perceptions of service quality. Likewise, a recent study by Redman and Snape (2010) found that HPWP practices were positively related to citizenship behaviour at the employee level.

Scholars like Bamberger and Meshoulam (2000) recommend that to achieve employee job performance, firms should put in place a tightly integrated set or bundles of HR activities based on what they need from employees productivity. Subsequently, individuals will take an active role in their approach of work; they will create favorable conditions, and actively seek information and opportunities for improving their work performance. There is however little agreement about which HR practices make up a *coherent* HRM bundle (Becker and Gerhart 1996, Guest et al 2004). Therefore, it is hypothesized that;

H₄: HR strategic orientation has no significant effect on employee job performance.

2.14.5 Organization Factors, HR Strategic Orientation and Employee Job Performance

The following discussion examines the influence of organizational factors namely; structure, culture and politics on the relationships between HR strategic orientation and employee job performance. Given the bureaucratic makeup of State Corporations, it is likely that the effect of HR strategic orientation on employee job performance is moderated by multiple variables, sometimes referred to as contingency effects (Delery and Doty, 1996). Whereas direct effects of HRM on employee job performance are more generalizable, understanding moderating relationships is important for understanding specific aspects of the HRM to performance relationship (Becker and Gerhart, 1996). Past research in HR management has focused on the role of organizational factors such as firm size and age (Kidombo, 2007), strategy (Delery and Doty, 1996) and politics (Ferris et al. 1989) as a moderators of the HRM to performance and pointed out that there is evidence indicating that these variables do indeed moderate the relationship between HRM and performance. However, little is known about the role of structure, culture and politics as potential moderators on the relationship between HR strategic orientation and employee job performance.

It is predicted that structure influences the relationship between HR strategic orientation and employee job performance. Bureaucratic organizations are often casted as static entities incapable of change in their mode of operations. This has sparked researchers to devote significant effort towards discovering structures and procedures that promote innovations in

organizations. Organizational behavior scholars such as Hage and Aiken (1969) examined organizational structures primarily as direct antecedents of organizational performance (Hage and Aiken, 1969). However, there is also increasing recognition of the moderating influence of organizational structure on the relationship between HR strategic orientation and employee outcomes. For example, Baron and Kreps (1999) noted moderating effect of structure on the relationship between HPWP and turnover. Likewise, Batt (2002) observed that structure moderated the relationship between SHRM and employee commitment. Therefore, it comes to the attention of this study that structure could also moderate the relationship between HR strategic orientation and employee job performance.

A centralized structure is the one in which the right to make decisions and evaluate activities rests with top executives as a means of ensuring that decisions are tightly coordinated (Hall, 1977). Frederickson (1986) and later Youndt et al. (1996) contended that a centralized structure in which decisions on HR practices such as recruitment, training, employment security and high relative pay are determined by top management with low consultation with employees decreases employee's discretion in scheduling their work and determining procedures for task accomplishment thus reducing their ability to perform their job. In particular, Frederickson (1986) posited that structural formalization which is characterized by presence of rules and procedures, accompanied by task formalization and standardization decreases employees' opportunity to think about task-related objectives, process and strategies and make decisions about how to perform the tasks hence increasing the likelihood of low task performance. Frederickson argued that when task are relatively stable, formalized and standardized individuals tend to develop routines, a less-capacity demanding behavior which have negative effects on creative thinking, problem solving and adaptation of decision-making which in turn leads to poor task performance.

Adding to this, Wang (2005) posited that increased division of labor (horizontal and vertical differentiation) requires increased coordination among units due to structural complexity, and as such, restricts individual's possibilities of arranging their tasks in a way that allows the individual to take advantage of increased available resources therefore, leading to poor job performance. Therefore, it is expected that organizations with a complex structure like State

Corporations in Tanzania will encounter difficulties in implementing innovative HR practices such as recruitment, training, performance appraisal and pay, and therefore affecting employee's job performance. With respect to contextual performance, Motowidlo and Schmit (1999) argued that contextual performance is likely to become more important for employee performance if organizations evolve toward structures that rely more on relatively autonomous teams that enhances adaptation to unpredictable environments. They suggested that working effectively in teams will require individuals to use well-developed interpersonal skills and to help and cooperate effectively with others hence achieving contextual performance.

There has been an extensive line of research in the field of organizational theory that has investigated the effect of organizational culture on organizational performance. Much of these empirical studies (Shein, 1985; Sheridan, 1992) are in agreement that organizational culture interacts with other organizational factors such as HR strategies which in turn lead to organizational performance. For instance, McEvoy and Cascio (1985) meta-analysis of 20 turnover studies indicated that some HR management practices, such as job enrichment programs, have consistent but only moderate effects on turnover rates across organizations. Likewise, Kerr and Slocum (1987) suggested that organizational cultural values may moderate differences in the retention rates of strong and weak performers. However, not much research has been done to investigate whether particular cultural values moderate the relationship between HR strategic orientation and employee job performance.

The literature suggests that organizational culture may influence the relationship between HR practices and employee job performance. Scholars such as Rousseau (1990) suggest that culture and core values present within an organization are significantly influenced by HR activities such as employee selection, training and compensation systems. Rousseau argues that differences within these policies can influence the way in which employees react to workplace challenges and their level of commitment to the organization hence affecting their job performance. Chatman (1991) also reported that some organizations have cultures that emphasize values of teamwork, security, and respect for individual members. These values foster loyalty and long-term commitment to the organizations among all employees, regardless of their job performance. Other organizations have cultures that emphasize personal initiative and individual rewards for

accomplishing specific work objectives. These values foster an entrepreneurial norm whereby the organization does not offer long-term security and the employees do not promise loyalty. Chatman suggested that weaker performers would soon leave such a culture, while stronger performers would stay.

Supporting the above arguments, Denison and Mishra (1995) through their three traits of involvement, consistency and adaptability are in opinion that a culture of involving employees in decision-making enables them to structure their work and decide how to carry them out, act within their authority, solve problems, suggest feasible alternatives and work in cooperation which in turn leads to task and contextual performance. Furthermore, consistency in developing and maintaining core organizational values enables organization to have clear methods of reaching agreement on issues and maintaining clear coordination and integration systems. This is likely to encourage employees to work hard, reach agreement by consensus resulting to task performance and employees demonstration of organizational citizenship behavior. Likewise, organizations that recognize the importance of adapting to environmental changes are likely to improve employees' work performance since they will be able to make decision quickly and be innovative by appropriately allocating resources.

It is predicted that politics influences the relationship between HR strategic orientation and employee job performance. Whereas evidence has indicated that organizational politics can influence operations and outcomes of organizational systems, it was not until a decade ago that HRM scholars (Ferris et al., 1989; Cropanzano et al., 1997; Podsakoff, 2007) provided systematic examination of the effect of organizational politics on HRM. These scholars argued that organizational politics has an effect on the relationship between HR strategic orientation and employee outcomes including job performance (Ferris et al., 1989), job satisfaction (Vigoda, 2003), affective organizational commitment (Ferris et al., 1989; Cropanzano et al., 1997) and turnover intentions (Lewis, 2002). Arguably, for quite some time, organizational politics has been thought to have large adverse effects on workers performance. As noted by Ferris et al. (1989) that organizational politics trigger pressure on employees to engage in politicking to meet their goals. That is, highly political environment tends to reward employees who (1) engage in

strong influence tactics, (2) take credit for the work of others, (3) are members of a powerful coalition, and (4) have connections to high-ranking allies (Vigoda, 2000).

Research on the moderating influence of organizational politics is not consistent. For example, Ferris et al. (1989) found that perceived control was argued to moderate the negative relationships between perceptions of organizational politics and positive individual work outcomes. Similarly, Cropanzano et al. (1997) contended that politics is a stronger work performance predictor in situations categorized as weaker interpersonal contexts than stronger interpersonal contexts. Bozeman et al. (1996) on the other hand, found that those individuals who understand or can control political dynamics respond less negatively than those who lack understanding or control of politics. Likewise, Ferris et al (1992) found that interviewers gave higher ratings and recommendations for the job offered to applicants who employed self-promotion tactics than those who used ingratiation type of tactics thus, resulting in a likelihood of hiring a low performing individual.

Organizational politics, whether actual or perceived, is thought to have substantive and highly moderating effects on the relationship between HR strategies and employee job performance. HR decisions are widely regarded as some of the most important decisions made in the organizations. Researchers such as Kacmar and Ferris (1991) have suggested that highly political organizational environments fuelled by dissatisfaction from unfair HR practices are responsible for a variety of harmful work consequences, including higher stress and turnover, lower worker satisfaction, commitment and productivity. This implies that selection of applicants, allocation of training opportunities and rewards in organizations may be based on political factors, rather than on individual merit or job performance. This might lead to frustration among employees leading to poor job performance. Therefore, it is hypothesized that;

H₅: Organizational factors has no significant moderating effect on the relationship between HR strategic orientation and employee job performance

2.14.6 Employee Job Performance and Organizational Performance

Employee's job performance is predicted to affect organizational performance (Venkantram and Ramanujam, 1986; Sonnentang and Fress, 2001). As noted by Campbell (1997) that the value of

goods produced by each worker increases productivity which is an important factor in organizational performance. Previous attempts to investigate the relationship between employees' behavior and organizational performance have often focused on organizational commitment (Katz and Kahn, 1966), turnover (Hunter, 1994) and job satisfaction (Murphy, 1989). Only recently attention has drawn to the importance of gaining understanding of the potential examination of task and contextual dimensions of job performance on organizational performance (Campbell, 1997; Motowidlo and Van Scotter, 1994 ; Borman and Motowidlo, 1993). Whereas research on various determinants of organizational performance has been extensive (Kaplan and Norton, 2008; Venkatram and Ramanujam, 1986, Legge, 1995), the potential effect of employee job performance as one of its determinants has been limited. The significance of job performance lies in the fact that organizational performance is dependent on the performance levels of employees who are hired, stay and perform their work effectively.

Studies have reported positive relationship between employee job performance and organizational performance. For instance, Motowidlo and Van Scotter (1994) established a positive and significant relationship between task-related abilities and citizenship behaviors on organizational performance. Such a relationship was well argued by Hackman (1975) and his associates who suggested that employees work harder to the extent that their goals and organizational goals are congruent. Hackman (1990) explains that during task performance process, an employee will carry out the work using skills acquired through learning and experience, even when task difficulties are encountered, they will deal with these challenges by putting more effort into their job leading to high quantity and quality of goods produced, which in turn, results in profit and customer satisfaction. In their effort to establish the effect of contextual performance on organizational performance, Schmidt and Hunter (1992) established that individuals working effectively in teams use well-developed interpersonal skills to cooperate effectively with others hence increasing average daily output, leading to return on investments.

Other empirical studies also provided support for the prediction offered by task and contextual performance on organizational performance. Results reported by Motowidlo and Van Scotter (1994) found that task and citizenship performance ratings for 300 entry-level Air Force employees strongly affected overall organizational performance. Their findings suggested that

citizenship performance contributes equally as task performance to supervisory judgments of job performance. Similarly, Podsakoff and MacKenzie (1997) reviewed four studies examining the relationship between OCB and objective accounts of unit level performance. These four studies considered several OCB dimensions conceptualized by Organ (1988) and investigated their relationship to quantitative and qualitative work-group performance across diverse blue-collar and white-collar jobs. These studies found general support for the positive relationship between OCB and organizational effectiveness. Across four diverse samples, OCB accounted for an average of approximately 19% of the variance in performance quantity, over 18% of the variance in the quality of performance, about 25% of the variance in financial efficiency indicators, and about 38% of the variance in customer service indicators.

Whereas research has been successful in establishing a relationship between contextual performance on organizational performance, studies have also provided support for the effects of contextual performance on the distribution of organizational rewards. Frese and Zapf (1994) for example found that contextual performance was related to promotability ratings and the attainment of informal systemic rewards for two large military samples. These relationships remained significant when experience and task performance were controlled through hierarchical regression analysis. Allen and Rush (1998) also found similar results linking contextual performance to recommendations for salary increase, promotion, high profile projects, public recognition, and opportunities for professional development. Accordingly, contextual performance has been shown to not only enhance organizational effectiveness, but also facilitates employees in the acquisition of organizational rewards and in efforts toward advancing one's career.

On the other hand, result of previous research on the relationship between employee job performance and turnover has been inconsistent. For example, it has been shown that the lower the performance, the greater the likelihood of turnover (Ferris et al., 1989). This negative relationship has been found with scientist and engineers in a pharmaceutical company. On the other hand, McCrae and Costa (1997) found a positive relationship between job performance and turnover where employees who performed well had the greater likelihood of leaving the organization. As a result of these findings, it is predicted that only under certain job condition,

job performance is expected to be positively related to organizational performance. Therefore, it is hypothesized that;

H₆: Employee job performance has no significant effect on organizational performance

2.14.7 Employee Job Performance, HR Strategic Orientation and Organizational Performance

The strategic management research literature is replete with studies demonstrating that a particular independent variable explains variability in a dependent variable. Establishing relationships between variables is important for correlation and controlling for multiple influences, however, it is not sufficient condition for claiming that two variables are causally related. Questions about cause-effect relations invoke the idea of mediation, the process by which independent variables exert influences on dependent variables through intervening variables or mediators. For example, Saks (1995) argued that not only does job training explain individual differences in adjustment for new employees, but it may also exert its effect by causing changes in employee self-efficacy, which in turn influences adjustment.

Scholars have suggested various conceptual and empirical frameworks as explanations for the links between progressive HRM practices and firm-level outcomes. This literature has progressed far enough to suggest that the effect of HR on firm performance is not direct and that HR affect performance through some mediating constructs that provide a link between the two variables. However, there is little consensus on what the constructs might be. The preliminary empirical research which established a relationship between HRM and firm performance examined the relationship through different perspectives as mediating variables. For instance, Allen et al. (2003) show that the positive relationship between supportive HR practices and organizational commitment, job satisfaction, and employee turnover, is mediated by perceived organizational support. Zacharatos et al. (2005) showed that a high-performance work system was associated with trust in management and safety climate which mediated relationships with personal, safety orientation and safety incidents. Likewise, Kuvaas (2008) found that the positive relationship between developmental HR practices and work performance was not mediated by

perceived organizational support, affective commitment, or organizational justice (procedural or interactional).

This study departs from the above previous studies by proposing that employee job performance mediates the relationship between HR strategic orientation and organizational performance. This hypothesis is based on job performance theory (Campbell, 1990) and later Borman and Motowidlo, 1993, 1997). As described earlier in chapter two, according to this theory, job performance is based on employee behavior; employees' actions that have an impact on the organization's goals. These behaviors can be positive or negative, and the behavior can be prescribed as part of the job or outside the prescribed duties. Delaney and Doty (1996) noted that the behavior of employees within firms has important implications for organizational performance and that HRM practices can affect individual employee performance through their influence over employees' skills and motivation leading to organizational performance. Therefore, since employee behavior at work is of central importance to organizational effectiveness, it is hypothesized that;

H₇: Employee job performance has no significant mediating effect on the relationship between HR strategic orientation and organizational performance

2.14.8 HR Strategic Orientation, Employee Job Performance, Organization Factors and Organizational Performance

There is a growing consensus in the literature that HR strategic orientation can, if properly configured provide a direct and economically significant contribution to firm performance (Huselid, 1995; Edward and Wright and Boswell, 2002; Wood, 1999). Based on RBV, the presumption is that effective HR strategies can help implement a firm's business strategy and become a source of sustained competitive advantage. However, many studies in the literature have focused on the linkages of HR strategic orientation and organizational performance through employee outcomes such as employee commitment (Edward and Wright, 1998) job satisfaction (Guest, 1997) and employee stress levels (Elliot, 1999) just to mention but a few. A good example is that of Boselie et al. (2002) who used employee retention, social climate and involvement as mediating outcomes between HRM and firm performance. Likewise, Lawler (1992) used employees' skills, attitudes and motivation as variables mediating the relationship

between HRM and organizational performance. Though these connections are crucial, the linkage from HR strategic orientation to employee job performance subsequently to organizational performance has not received systematic research attention (Howard, 1995; Guest, 1997; Appelbaum, 2000).

There is a general consensus from literature that employee job performance is an important link between HR strategic orientation and organizational performance (Wright et al., 2001; Motowildo and Van Scotter, 1994; Gooderham et al., 1999). The basic assumption of this proposition is that given that HR strategies affect organizational performance, it is depicted through employees' behaviours at work (task performance) and beyond the work itself (contextual performance or OCB) thereby leading to organizational performance. As observed by Wright et al. (2001) that HR practices enable employee to acquire skills and knowledge which increase their ability to carry out and complete their tasks. This is further enhanced through cooperation with co-workers and following rules and procedures, which in turn lead to higher sales and profitability. In a similar vein, Dyer (1994) added that providing direct incentives and rewards will also increase employees' ability to work with co-workers and willingness to volunteer for extra assignment leading to the achievement of task performance, therefore improvement of overall organizational performance (Motowildo and Van Scotter, 1994). Campbell (1983) noted that although employees performed specific duties on a regular basis, the most important of each employee's job was helping co-workers to finish their tasks.

The influence of HR strategic orientation on employee job performance and organizational performance is expected to vary with the variation of organizational factors. It is expected that organizational factors such as structure, culture and politics as discussed previously, moderate the relationship between HR strategic orientation and performance. Previous studies have examined a number of contingent variables that influence HRM policies-organizational performance relationship. For instance, Guest (2001) used employee's satisfaction and commitment as moderating variables between HRM and performance. Similarly, Youndt et al. (1996) demonstrated that strategy moderated the relationship between HRM and performance. From this discussion it is suggested that, variation in employee job performance as affected by HR strategic orientation will be moderated by contingencies such as structure, culture and

politics which interact with the process of strategic HR thereby affecting the level of job performance (Huselid, 1995; Vigoda, 2003).

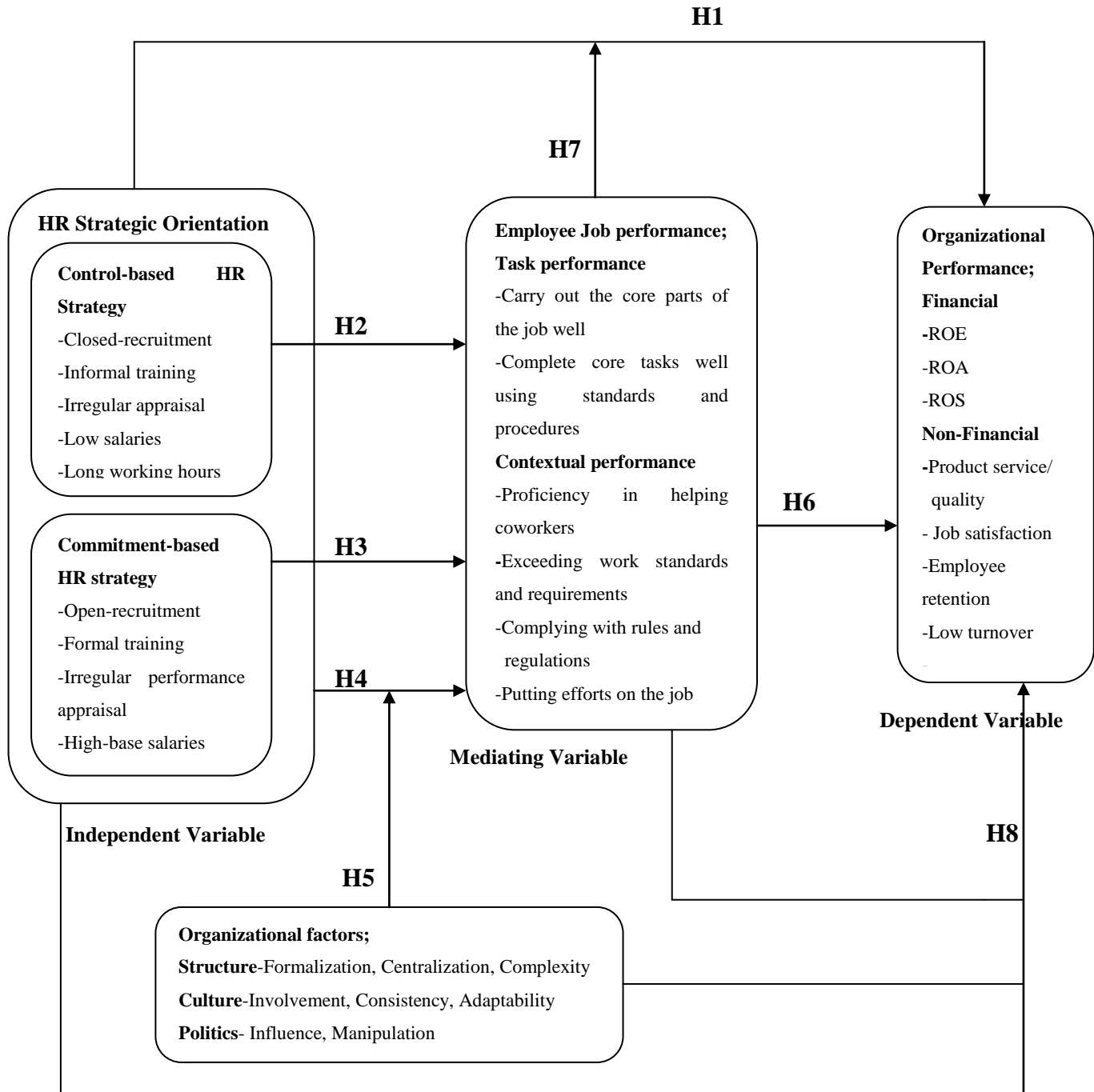
The government of Tanzania which is apparently facing challenges of transforming the public service, is attempting to create result-oriented organizational culture where the performance of individuals and units are linked to organizational performance (Therkildsen, 2000). The view has been that effective HR strategic orientation can help create result-oriented culture that creates a variation in employees' job performance. A common thread through all these prescriptions is that improved HR strategies facilitate the identification of employees who are well trained to carry out their tasks thus leading to higher quality and quantity produced, job satisfaction, low labor turnover and absenteeism (Truss, 2009). Therefore, it is hypothesized that;

H₇: The joint effect of HR strategic orientation, employee job performance and organizational factors is not greater than the individual effect of independent, moderating and intervening variables on performance of State Corporations in Tanzania.

2.14.9 Conceptual Framework

The conceptual framework in figure 2.2 presents a description of the proposed relationship between study variables as indicated by the directions of the arrows. The model indicates HR strategic orientation as independent variable; intervening/mediating variable is employee job performance, organizational structure, culture and politics as moderating factors and organizational performance as dependent variable. These linkages are based on literature that has been reviewed in the earlier part of this chapter.

Figure 2.2 Conceptual Framework



2.15 Summary of Research Hypotheses

- H1.** HR strategic orientation has no significant effect on organizational performance
- H2.** Control-based HR strategy has no significant effect on employee job performance.
- H3.** Commitment-based HR strategy has no significant effect on employee job performance.
- H4.** HR strategic orientation has no significant effect on employee job performance.
- H5.** Organizational factors have no significant effect on the relationship between HR strategic orientation and employee job performance.
- H6.** Employee job performance has no significant effect on organizational performance.
- H7.** Employee job performance has no significant mediating effect on the relationship between HR strategic orientation and organizational performance
- H8.** The joint effect of HR strategic orientations, employee job performance and organizational factors is not greater than the individual effect of independent, moderating and intervening variables on performance of State Corporations in Tanzania.

2.16 Chapter Summary

This chapter sought to analyze how HR strategic orientation can impact organizational performance. Following this, the potential contribution of employee job performance as a mediator is examined. Existing empirical evidence is contradictory with regards to which and how many intervening variable should be considered. Through the analysis of these relationships we also attempted to determine the extent to which structure, culture and politics moderated the relationships.

The chapter ended by presenting a generic model of the relationship between variables under investigation which include HR strategic orientation as a dependent variable, employee job performance as an intervening variable, organizational factors as moderating variable and organizational performance as dependent variable.

Table 2.1 Summary of Literature and Knowledge Gaps

Author	Focus	Findings	Implied Gaps	Focus of the current study
Kidombo, H. J., K'obonyo, P. and Gakuu, C. M. (2012)	HRM orientation, Organizational Commitment in Kenya firms	There is a significant relationship between HR strategic orientation and affective and organizational commitment.	This study did not focus on dimensions of HR strategies	The current study focus on the two dimension of HR strategies and its effect on employee and organizational performance
Jalvalt, J and Randma-Liiv, T(2009)	Public sector and lack of central HR strategy	Absence of central human resources strategy hinders a systematic approach to public service HRM	This study used a case study method for data collection	The current research uses surveys as its method for data collection
Truss, C. (2008)	The role of the HR in the modern public sector	The role of the HR function had changed and had become increasingly strategic.	The study did not establish changes in the public sector using HR strategies	Focus on establishing a correlation between HR strategies, employee performance, organizational factors and organizational performance
Therkildsen, O., Tidemand, P., Bana, B., Kessy, A., Katongole, J. and Ddiba, B.M (2007)	Staff Management in Tanzania and Uganda	HRM in the public sectors of Tanzania and Uganda is in transition from centralized system to a more decentralized one.	This study did not investigate the effect of HR strategies on employees and organizational performance	The current study focus on the two dimension of HR strategies and its effect on employee and organizational performance
Gratton, L and Truss, C (2003)	Putting human resources into action	Successful people strategies are three-dimensional namely; vertical, horizontal and action dimensions.	This study focused on implementation of HR strategies	The current study focus on the two dimension of HR strategies and its effect on employee and organizational performance
Boxall, P. and Steeneveled, M. (1999)	HR strategy and competitive advantage	HR strategies influence firm's competitive advantage.	This was a longitudinal study, ignored the mediating variable of employee performance	The current study is a cross-sectional incorporating the mediating variable of employee performance
Motowildo, S. J and Borman, S. J (1997)	Individual differences in tasks and contextual performance	Individual differences are presumed to affect ability, personality and interest to affect task and contextual performance	The study did not link with the dimensions of HR strategies and organizational performance	The current study integrates HR strategies, employee job performance dimensions, organizational factors and organizational performance

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology used in the study. Specifically, it gives a detailed description of the research philosophy, research design, study population, data collection, reliability and validity of instruments, operationalization of study variables and data analysis techniques.

3.2 Research Philosophy

Traditionally, scientific inquiry has been guided by two broad research paradigms: the positivist (quantitative) and phenomenology (qualitative) paradigms. Positivism is a philosophy of science which is based on the assumption that the observer is independent from what is being observed and that its properties should be measured through objective criteria rather than being inferred subjectively (Mugenda and Mugenda, 2003). Positivism is objective in nature and believes that reality is precisely determined through reductionist and deterministic measures. Positivism assumes that research is based on real facts, neutrality, impartiality, consistency, measurements and validity of results. Furthermore, Zikmund (2003) asserts that the approach is methodologically quantitative and value free. It also involves complete separation of the researcher and the phenomenon being investigated, operationalization and reductionism hence its objectivity. Bryk and Raudenbus (1992) argues that positivists adopt a natural science stance where phenomena can be objectively measured leading to production of credible data. This tradition uses existing theory to develop hypotheses which are then tested and confirmed or falsified.

On the other hand, phenomenology is a philosophy of science that focuses on the immediate experience where the researcher draws meanings by interpreting experiences that are observed during his/her involvement in the phenomena (Blau, 1977). It is based on the belief that research involves gathering large amounts of information through in-depth interviews in order to uncover meanings and understanding of the issues being studied. Phenomenological research enables researchers gain understanding of the

situation under study since they are part and parcel of the phenomena under investigation. Zikmund (2003) argues that phenomenon observation such as case studies provide qualitative data that describes and explores phenomenon in-depth thus providing more solid results Phenomenology research seeks to describe rather than explain, and to start from a perspective free from hypotheses or preconceptions. A study carried out within phenomenological perspective never develops theoretical frameworks nor formulates hypotheses, but instead, observes the phenomena in their natural settings. Its opponents such as Hart (1987) argue that phenomenology is subjective, lacks sound theoretical foundation and does not adhere to the strict scientific principles required in social science research. This study was based on the positivist philosophy. This is due to the fact that it is theory- based from which testable hypotheses will be drawn and tested.

Other researches use both quantitative and qualitative techniques. A research project that employs both qualitative and quantitative techniques can be said to be using a mixed method approach. This approach incorporates different types of data to help in better answering the research questions (Mugenda wa Mugenda, 2003). It has been suggested that a mixed method approach is best suited to exploratory research, as the questions being posed have not been answered before. When combined, the methods can present a lucid picture and may offer clear answers to the research questions.

As Durrheim (2002) put it, the extent to which a research is guided by a particular philosophy is a function of state of knowledge, purpose of the study, the type of investigation, the extent of researcher involvement and theory development in that particular field. Since the purpose of the current study was to determine the relationship between HR strategic orientation, employee job performance, organizational factors and performance of State Corporation, positivistic philosophical paradigm was found to be appropriate for facilitating empirical testing of pre-formulated hypotheses. This view was supported by Blau (1977) who argued that quantitative research was appropriate since quantitative data were required to enable testing of hypotheses.

3.3 Research Design

A research design refers to the overall plan or structure used to conduct the entire study while specifying the procedures and techniques to be used (Mugenda and Mugenda, 2003). Cross-sectional survey research design was adopted in this study. It falls within the positivist paradigm. Cross-sectional survey was preferred for this research not only because it facilitates data collection from different respondents at one point in time but also it provides standard data that facilitates comparison across different respondents. Bryk and Raudenbus (1992) argued that in cross sectional surveys either the entire population or a subset thereof is selected, and from these individuals, data are collected to help answer research question of interest. Further, this was a correlational study whereby variables of interest were not controlled or manipulated, but were measured as they naturally occur to help the researcher assess their relationship.

Kerlinger (2007) was in the view that an appropriate research design provides confidence to scientific inquiry and ensures reliability and validity of the proposed study. He continue to argue that cross sectional approaches are robust in relationship studies and enhance the credence of results at a given point in time. Since the aim of this research was to establish whether significant relationship exist among the study variables, it followed that cross sectional survey was appropriate to enable data collection (Zikmund, 2003). This data was statistically analyzed to allow for hypothesis testing and came up with objective conclusion. Similar studies such as that of Gachonga (2010) and Omari (2012) used cross-sectional survey designs and yielded fruitful results.

3.4 Study Population

The target population of this study comprised all State Corporations in Tanzania. In this study, State Corporations were defined as those public institutions that finance their operations primarily by selling their products/ or services. All Corporations which did not meet this criterion were left out. State Corporations were appropriate context for this study because they are distributed in different sectors, a factor which enhances representation in regard to different business sectors. There were a total of 94 State Corporations which were all contacted to participate in the study. However, out of 94

only 53 agreed to participate in the study (These are appended as appendix (iii) at the back of the proposal). The list was drawn from Tanzania public service directory 2012/2013. The Corporations were categorized as follows: commercial and services (11), energy sector (4), food processing (2), pharmaceutical and medical equipment (2), manufacturing sector (5), motor vehicles and accessories sector (1), authorities (8), banking services (8), telecommunication corporations (4), funds (7) and 1 institutions was from education system.

Public sector organizations in Tanzania are governed by uniform laws and policies, hence common application of HR strategies. The financial performance and reporting systems is also uniform across organizations hence reducing the possibility of extraneous variables that could influence the outcome of the study. The unit of analysis was an organization.

3.5 Sample Design

This study had a sampling frame of 94 State Corporations. Bartlett et al. (2001) procedure of determining sample size was adopted. The approach is based on population size and the basic minimum is 100 units. Since the total population of this study was below 100 units, the entire population was studied hence a census survey. On the other hand, since the number of employees in State Corporations was not uniform across the sector, it was necessary to take a sample of respondents. Therefore, disproportionate sampling technique was used to get respondents of the study. In this regard, in a situation where the target population exceeded 200 employees, a sample of 10% was used. Likewise, in a situation where the target population was less than 200 employees, a sample of 20% was drawn. The researcher used job titles to identify employees who performed core functions. Thereafter, simple random method was used to select respondents to participate in the study. This ensured that all target population had equal chance of being included in the study.

The other respondents comprised one HR manager/director from each State Corporation and one immediate supervisor for each employee from each State Corporation. Since all

the sectors were represented in the study, the outcome of the research can safely be generalized to the entire State Corporations in Tanzania.

3.6 Data Collection

The study used both primary and secondary data. Primary data was collected on HR strategic orientation, organizational factors and employee job performance while secondary data was collected on non financial indicators of organizational performance (product/ service quality, job satisfaction, employee retention, low turnover). In this study, primary data were collected using two structured questionnaires. The first questionnaire was divided into four sections. Section one collected data on demographic characteristics of the organizations namely, name of the organization and total number of employees. Section two of the questionnaire collected information on HR strategic orientation of the organization. Section three focused on measure organizational factors that influence the relationship between HR strategic orientation and employee job performance; and Section four collected data on qualitative organizational performance such as product quality and job satisfaction. The second questionnaire had two sections. The first section collected data on employees' job performance as rated by employees themselves. Likewise, the second section collected information about employee job performance as rated by their supervisors. The use of two questionnaires was aimed at increasing rating reliability and thus improved the accuracy of the assessment. This involved working with HR department to get the staff list.

Five point likert-type scales were used to capture the respondent's extent of understanding or agreement with specific issues represented on the measurement scales. The scale point ranged from 1 (not at all) to 5 (to a very great extent). 'Not at all' meant that the issue in question did not exist or was not true while 'to a great extent' meant that there was no doubt about the existence of the issue of concern. Secondary data relating to financial performance was collected from corporation's audited accounts, yearly published reports and other financial statements. This was taken as an average of two years performance (2011-2012). The first questionnaire which addressed HR strategic orientation, organizational factors and non financial indicators of organizational

performance was completed by the head of HR department in each organization. The second questionnaire which addressed employee job performance was administered to employees who performed core functions of the organization. Core functions form the basis for the existence of the organization. They are primary functions that the organization provides.

Questionnaires with an accompanying letter of introduction were sent to each organization by the researcher requesting permission to carry out the study. The number of questionnaires sent corresponded with the number of respondents in each State Corporations. After the initial contact was made, a follow-up dates were agreed upon with the respondents. The questionnaire was self-administered by the respondents who filled it in the presence of the researcher or arrangements were made to collect it later. Management asked their employees and supervisors to participate in the survey process. Participation was entirely voluntary and only few employees chose not to participate while some were unavailable because of vacation, medical leave and so forth. HR manager organized meetings to inform the employees about the general purpose of the study and to emphasize the confidentiality. Employees were told that the study was designed to assess their responses to their work environment but it was not indicated that job performance was the focus of the research. This was done in order to reduce the incentive for individuals to overstate their own contextual behaviors.

The two questionnaires used for this study were pilot-tested in 5 State Corporations which were not part of the study. 5 HR managers, 10 employees and their supervisors from each corporation filled in the survey instruments and commented on the need for minor changes in wording and length. On the basis of their comments and of reliability analysis, the questionnaires were modified only slightly without changing the meaning for the study.

3.7 Reliability Tests

Reliability is the degree to which an instrument measures the same way each time it is used (Mugenda and Mugenda, 2003). Internal consistency is the measure of reliability

which is concerned with the extent to which measures of the same construct are consistent with each other. To establish internal consistency of the various measurement scales used in this study, Cronbach's alpha coefficient technique was used. The alpha coefficient ranges from 0 to 1 and a high coefficient implies that the items correlate highly among themselves (Mugenda and Mugenda, 2003). As per guidelines of Nunnally (1978) a value of 0.7 in alpha coefficient was used as the cutoff point and all items whose value was less than 0.7 were considered weak, hence were removed from the instrument. As shown in table 4.19, all measurements of the instruments had a high degree of reliability since they were all above 0.7

3.8 Validity of the Instruments

Validity is the degree to which an instrument measures what it purports to measure (Sekaran, 2007). As noted by Aiken and West (1991) it concerns the accuracy and meaningfulness of inferences. For this study, two types of validity were tested. First, to ascertain content validity, the researcher went through a review of literature and identified items required to measure the concepts, and also questions were double checked to ensure they covered all areas of the study. This enabled the research instruments to capture accurate data from all areas of the study. Second, face validity was established by requesting experts composed of HR lecturers and practitioners to give their opinions on the validity of the instruments. One of the suggestions was inclusion of negative questions in the instrument. This was deemed to be appropriate in capturing data from respondents.

3.9 Operationalization of Study Variables

The following is the summary of operationalization of the study variables. The operational definition of independent variable, HR strategic orientation which comprised two dimensions, namely control and commitment-based HR strategies and non-financial measures of organizational performance were adopted from Arthur (1994). Intervening variable is operationalized using Borman and Motowildo (1993) dimensions of employee job performance; organizational structure, culture and politics which are moderating variables are operationalized using dimensions adopted from Huselid (1995), Denison

and Mishra (1995) and Vigoda (2000). Task performance was measured with items developed using behavioral task statements demonstrating high task performance. Raters judged the likelihood that target respondents would engage in acts of task behavior. Similarly, with contextual performance, raters judged the likelihood that targets would engage in acts of citizenship behavior. The reliability estimate for the job performance scale was .981. This compares well with that of Motowidlo and Van Scotter (1994) who reported a Cronbach alpha reliability estimate of .95. The details of these operational definitions are summarized in table 3.1.

Table 3.1 Summary of operationalization of the Study Variables

Independent variable	Indicators			Measures	Questionnaire item
HR strategic orientation					
Control HR strategy Adopted from Arthur (1994)	-Closed recruitment procedures -Short-term training programs -Individual performance criteria -low-base salaries -The extent to which written rules, regulations and procedures covering work are used to control employees. -Work intensification -Long working hours, Close supervision -Top-down communication			5 Likert-type of scale	Questionnaire 1, Section 2 Q.6,7,8,9,10,112,1314,15,16,17&18
Commitment HR strategy Adopted from Arthur (1994)	Open and fair recruitment and selection -Percentage of employee participating in training programs -Fairness of existing job evaluation system -The extent to which rewards are determined by performance -High degree of job autonomy -The degree of job security			5 Likert-type of scale	questionnaire 1 Section 2 Q.6,7,8,9,10,112,1314,15,16,17&18
Intervening Variable	Indicators			Measures	Questionnaire item
Employee job performance (Adopted from Borman and Motowildo (1993) dimensions of job performance)	Task performance	Work proficiency	The extent to which an employee is able to display a mastery of his/her work, demonstrating work accuracy and avoid mistakes and errors	5 Likert-type of scale	Questionnaire 2 Part ONE, Section 2 Q. 6 and
		Productivity efficiency	-The extent to which an employee is able to produce large amount of work -The extent to which employee is able to complete the assigned tasks and meet deadlines		

	Contextual performance	Interpersonal facilitation	-The extent to which employee cooperate and work together with coworkers		Questionnaire 2 Part ONE, Section 2 Q. 6
		Job dedication	The extent to which employees Volunteer to carry out tasks that are not part of their own job -The extent to which employees comply with rules and regulations		
Moderating variables		Indicators		Measures	Questionnaire item
1.Organizational structure Adopted from Huselid (1985)		-Formalization -Complexity -Centralization		Likert-type of scale	Questionnaire 1 , Section 3, Q. 19
2.Organizational culture Adopted from Denison & Mishra (1995)		-Involvement -consistency -adaptability		Likert-type of scale	Section 3 Q. 19
3.Organizational politics Adopted from Vigoda (2000)		-The extent to which power is used to influence HR decision. -Manipulation in the decision-making process -The use of informal channels to get support from decision makers		Likert-type of scale	Section 3 Q. 19
Dependent Variable		Indicators		Measures	Questionnaire item
Organizational performance Adopted from Kaplan & Norton (2008)	Financial	-Gross profit -Sales growth -Returns on investment -Market share -Secondary data (direct measure)		Likert-type of scale	Questionnaire 1 Section 4 Q.20
	Non-financial	-Product/ service quality -Job satisfaction -Employee retention -Low turnover			

3.10 Data Analysis

This study used both descriptive and inferential statistics to analyze data. Descriptive statistics were used to describe the demographic characteristics of the organization and the respondents in Tanzania's State Corporations, and were computed to obtain information about measures of central tendency and dispersion such as mean, standard deviation, percentages, coefficient of skewness and kurtosis. On the other hand, inferential statistics were computed as a second stage of data analysis to test a number of hypothesized relations so as to allow generalization of the study findings to a larger population. Statistical techniques such as factor analysis, correlation analysis and regression analysis were performed to analyze data. Factor analysis was used in the reduction of measurement items. Correlation analysis was used to test for significance of the relationship among study variables. Regression analysis was used to test the hypothesized relationship between variables. Similar studies conducted by Gachonga (2009) and Kidombo (2007) utilized correlation and multiple regression analysis and yielded useful results. The strength of the correlation was determined using Pearson's product moment correlation (r) with values of 1 showing strong positive relationship, value of -1 showing strong negative relationship and the value of 0 indicating no relationship. Statistical Package for Social Science (SPSS) was used to analyze the data.

As the study consists of a combination of independent, mediating/intervening, moderating and dependent variables, regression analysis was used to examine the relationship between or among variables particularly the extent to which independent variable affects dependent variable. To interpret the results of the analysis, beta coefficient (β), coefficient of determination (R^2), and adjusted coefficient of determination (adjusted R^2) were used. In multiple regressions, the model takes the form of an equation that contains a coefficient (β value) for each predictor and these β values indicated the contribution of each independent variable in the model. Each of β values has a standard error value indicating to what extent these values would vary across different samples. These standard errors were used to determine whether or not the ' β ' value differs significantly from zero. In other words, the beta coefficient (β value) showed the degree of change in dependent variable resulting from each unit change in independent

variable. Coefficient of determination (R^2) indicated the degree of variability in dependent variable. In this study, R^2 showed percentage of variation in organizational performance as explained jointly by the dimensions of HR strategic orientation, dimensions of employee job performance and organizational factors. The F ratio was used to determine the goodness of fit of the model. Adjusted R^2 indicated changes in R^2 after taking into account the number of predictor variables and the number of observations in the model. t-Statistic showed whether mean differences between groups were statistically and significantly different or not. Control variables were not significant in predicting variance in dependent variable.

3.11 Check for Multicollinearity, Heteroscedasticity and Normality

Multicollinearity or linear inter-correlation among predictor variables means that there is a high degree of association between independent variables hence leading to distorted scores. To test for multicollinearity, guidelines provided by Cohen (1988) were followed whereby correlation coefficient exceeding 0.70 among predictor variables, then, multicollinearity was assumed likely. Heteroscedasticity means that previous error term are influencing other error term and this violates statistical assumption that the error terms have a constant variance. To check for heteroscedasticity, P-Plots of the predictor residuals were compared against the criterion values. The spread of the residuals did not appear to increase or decrease markedly either with the predicted values or with the values of the independent variables. Thus, heteroscedasticity did not appear to be a problem. Finally, in order to test whether the distribution of the study was normal, Kolmogorov-Smirnov and Shapiro-Wilk statistic test was used to test for normality and the significant value was more than .05, hence the data were interpreted to have a normal distribution.

Table 3.2 presents the summary of research objectives, hypotheses and analytical methods.

Table 3.2 Summary of Objectives, Hypotheses and Analytical Methods

Objective	Hypothesis	Analytical Technique	Model Estimation	Interpretation of Results
<p>1.To establish the relationship between HR strategic orientation and organizational performance</p>	<p>H1:There is a relationship between HR strategic orientation and organizational performance</p>	<p>Hierarchical regression analysis</p>	<p>$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$ Organizational performance=f(Dimensions of HR strategic orientation) Y=Organizational performance α =constant β_1=beta coefficient for H1 X₁= control-based HR strategy X₂= commitment-based HR strategy e =error term</p>	<p>-Coefficient of determination (R²) is expected to show percentage of variation in organizational performance as explained by the dimensions of HR strategic orientation - F ratio (will show whether the relationship is statistically significant) -If P-value<0.05 then, moderating influence is significant t- show the results are statistically significant</p>
<p>2.To determine the relationship between control-based HR strategy and employee job performance</p>	<p>H2:There is a relationship between control-based HR strategy and employee job performance</p>	<p>Multiple linear regression analysis</p>	<p>$Y = \alpha + \beta_2 X_1 + e$ Employee job performance=f(control-based HR strategy) Y=employee job performance α =constant β_2=beta coefficient for H2 X₁= control-based HR strategy e=error term</p>	<p>-Coefficient of determination (R²) is expected to show percentage of variation in employee job performance as explained by control-based HR strategy -F ratio (will show whether the relationship is statistically significant) -If P-value<0.05 then, moderating influence is significant t- show the results are statistically significant</p>
<p>3. To establish the relationship between commitment-based HR strategy and employee job performance</p>	<p>H3:There is a relationship between commitment-based HR strategy and employee job performance</p>	<p>Multiple linear regression analysis</p>	<p>$Y = \alpha + \beta_3 X_2 + e$ Employee job performance=f(commitment-based HR strategy) Y=employee job performance α =constant β_3=beta coefficient for H3 X₂= commitment-based HR strategy e =error term</p>	<p>-Coefficient of determination (R²) will show the percentage of variation in employee job performance as explained by commitment-based HR strategy) -F ratio (will show whether the relationship is statistically significant) -If P-value<0.05 then, moderating influence is significant</p>

<p>4.To examine the relationship between HR strategic orientation and employee job performance</p>	<p>H4: There is a relationship between HR strategic orientation and employee job performance.</p>	<p>Multiple regression analysis</p>	<p>$Y=\alpha+\beta_4X_1+\beta_4X_2+e$ Employee job performance=f(Dimensions of HR strategic orientation) Y=employee job performance α =constant β_4=beta coefficient for H4 X_1= control-based HR strategy X_2= commitment-based HR strategy e =error term</p>	<p>-Coefficient of determination (R^2) will indicate the percentage of variation in employee job performance as explained by dimensions of HR strategic orientation). -F ratio (will show whether the relationship is statistically significant) -If P-value<0.05 then, moderating influence is significant t- show the results are statistically significant</p>
<p>5.To determine the moderating effect of organizational factors on the relationship between HR strategic orientation and employee job performance</p>	<p>H5:The relationship between HR strategic orientation and employee job performance is moderated by organizational factors</p>	<p>Hierarchical regression analysis</p>	<p>$Y=\alpha+\beta_5X_1+\beta_5X_2+\beta_5X_3+\beta_5X_4+\beta_5X_5+e$ Employee job performance=f(Dimensions of HR strategic orientation and organizational factors) Y=employee job performance α =constant β_5=beta coefficient for H5 X_1= control-based HR strategy X_2= commitment-based HR strategy X_3=organizational structure X_4=organizational culture X_5=organizational politics e =error term</p>	<p>-(R^2) value will show the effect of organizational factors on the strength of the relationship between HR strategic orientation and employee job performance -F ratio (will show whether the relationship is statistically significant) -If P-value<0.05 then, moderating influence is significant t- show the results are statistically significant</p>
<p>6.To establish the relationship between employee job performance and organizational performance</p>	<p>H6:The relationship between employee job performance and organizational performance</p>	<p>Multiple regression analysis</p>	<p>$Y=\alpha+\beta_6X_3+\beta_6X_4$ Organizational performance=f(Dimensions of employee job performance) Y=organizational performance α =constant β_6=beta coefficient for H6 X_3=task performance X_4=contextual performance</p>	<p>-(R^2) value will show the effect of employee job performance on organizational performance -F ratio (will show whether the relationship is statistically significant) -If P-value<0.05 then, moderating influence is significant t- show the results are statistically significant</p>

<p>7.To assess the mediating effect of employee job performance on the relationship between HR strategic orientation and organizational performance</p>	<p>H7:Employee job performance has a significant mediating effect on the relationship between HR strategic orientation and Organizational performance</p>	<p>Path Analysis</p>	<p>$Y = \alpha + \beta_7 X_1 + \beta_7 X_2 + \beta_7 X_3 + \beta_7 X_4$ Organizational performance=f(Dimensions of HR strategic orientation and dimensions of employee job performance) α =constant β_7=beta coefficient for H7 X_1= control-based HR strategy X_2= commitment-based HR strategy X_3=task performance X_4=contextual performance</p>	<p>Coefficient of determination (R^2) is expected to show percentage of variation in organizational performance as explained jointly by the dimensions of HR strategic orientation, dimensions of employee job performance and organizational factors) -F ratio (will show whether the relationship is statistically significant) -If P-value <0.05, the relationship is significant t- show the results are statistically significant</p>
<p>8.To examine the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance</p>	<p>H8:There is a relationship between HR strategic orientation, employee job performance, organizational factors and organizational performance</p>	<p>Multivariate regression and correlation analysis</p>	<p>$Y = \alpha + \beta_8 X_1 + \beta_8 X_2 + \beta_8 X_3 + \beta_8 X_4 + \beta_8 X_5 + \beta_8 X_6 + \beta_8 X_7 + e$ Organizational performance=f(Dimensions of HR strategic orientation, dimensions of employee job performance and organizational factors) Y=organizational performance α =constant β_8=beta coefficient for H8 X_1= control-based HR strategy X_2= commitment-based HR strategy X_3=task performance X_4=contextual performance X_5=organizational structure X_6=organizational culture X_7=organizational politics e =error term</p>	<p>-Coefficient of determination (R^2) is expected to show percentage of variation in organizational performance as explained jointly by the dimensions of HR strategic orientation, dimensions of employee job performance and organizational factors) -F ratio (will show whether the relationship is statistically significant) -If P-value <0.05, the relationship is significant t- show the results are statistically significant</p>

3.12 Chapter Summary

The purpose of this chapter was to describe the research philosophy and designs used in this study for the empirical testing of the hypothesized relationship. The chapter began by discussing in detail sample size, methods and procedures used to measure variables, study population, data collection techniques, administration of instruments, reliability and validity of instruments for data collection. Finally, the chapter presented statistical techniques used in the data analysis.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the results and findings of the study in relation to the research objectives and hypotheses. The chapter is divided into two parts. Part one which consists of preliminary research findings describes the nature of study attributes by offering response rate, confirmatory factor analysis and test of reliability. Part two on the other hand, presents results of the cross-sectional analyses for the data collected. Firstly, we describe the descriptive statistics (means and standard deviations) and correlation analyses of the study variables. Secondly, we present regression analyses of main effect and moderated effect of hypotheses. The results are presented in frequency tables, figures and graphs. The data analyzed here pertains to all sections of the questionnaires.

This research was conducted in the Tanzanian State Corporations. This also included employees and their supervisors. Employees were those who were working in the core functions of the organizations. This follows the assertion in the SHRM literature that employment systems should be designed to maximize performance in the jobs that are most critical to the organization's performance (Delery, 1993). Thus, the current analyses were limited to those employees who performed core functions, functions which were deemed to be critical to the organizational performance. The approach taken here is similar to those of Osterman (1994) and Arthur (1992, 1994). Osterman (1994) for example argued that there should be variation in the practices used to manage different employee groups within an organization but most importantly to investigate the use of practices for "core" employee groups. On the other hand, Arthur (1992) limited his studies in steel minimills to maintenance and production workers. These were likely to be the core employees in that context.

4.2 Preparation of Data for Analysis

Data analysis will never provide good results unless the data are of good quality (Zikmund, 2003). Before any analyses were conducted, pretests were carried out on the

data sets to confirm whether the assumptions of data analyses were met. This exercise was done through SPSS for accuracy of data entry, missing values, outliers, normality, collinearity and heteroscedasticity.

4.2.1 Data Cleaning and Screening

Following procedure outlined by Tabachnic and Fidell (1996), all the variables were reviewed individually for univariate outliers. Outliers are extreme data points that may affect results of statistical tests. They potentially have significant effects on the indices of model fit, parameters estimates, and standard errors (West et al., 1995). Scatter plot graph was used in the detection of outliers. There were no significant outliers considering the sample being large in size. A larger amount of missing data was found in the second questionnaire in the variables that measured supervisory ratings of job performance. A total of 34 missing data were found. Nothing was done to replace these missing values hence participants were dropped from the analyses.

4.2.2 Tests of Normality

The data was also examined for normality by reviewing the skewness and kurtosis. Kolmogorov-Smirnov and Shapiro-Wilk tests were performed. In this test, all distribution scores for all dependent variables and predictors were entered in the SPSS package and results were observed. Tabachnick and Fidell (2001) opine that if Kolmogorov-Smirnov statistic test shows a non-significant result (Sig value of more than .05) then, the data is normally distributed. The results are presented in table 4.1.

Table 4.1 Tests of Normality

	HR strategy	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Return on Equity	3.76	.147	50	.231	.798	102	.091
Return on Asset	3.76	.141	50	.172	.899	345	.121
Return on Sales	3.76	.213	50	.395	946	46	.015
Non-Financial Performance	3.18	.098	50	.250	812	083	.138

The results from the Kolmogorov-Smirnov test of skewness and kurtosis presented in table 4.1 show that the significant value is greater than 0.05 for each group, suggesting non violation of the assumption of normality. We also checked for the problem of multicollinearity. This follows the suggestion provided by Cohen and Cohen (1983) who argued that a correlation higher than .70 indicates the probability of multicollinearity which makes the regression coefficients unstable and difficult to interpret. Our results of correlation analysis presented in table 5.20 indicate that all correlations between measures were lower than .70, which suggests that our measures were suitable for inclusion in the regression analyses used to test our hypotheses.

The analysis also checked for collinearity among the study variables which are argued to inflate their estimated standard errors and reduce the likelihood that individual variable coefficients will achieve statistical significance. According to Myers (1990), a tolerance which is less than 0.1 indicates a serious collinearity. Furthermore, Menard opined that variable Inflation Factor (V.I.F) value greater than 10 is a sign of collinearity and a cause of concern. The analysis in this study showed that all the variables had a V.I.F value greater than 1 and less than 4 which is within criteria set by Myers (1990). The tolerance value was between 5 and 7 which were also within Myers (1990) criteria. The study also checked for the level of heteroscedasticity and linearity. To do this, the plot for ZRESID against ZPRED (standardized residuals against standardized predicted values) was done. To confirm the lack of heteroscedasticity and non linearity, the results of P-Plots in appendix (v) show that the data points nearly all fall very close to the ideal diagonal line. Likewise, the scatter plot diagram shows that the points are randomly and evenly dispersed throughout the plot. This pattern is indicative of a situation in which the assumptions of linearity and homoscedasticity have been met. Given the lack of heteroscedasticity, the study confirms that the regression results from the data are reliable and accurate. The five categories of responses on the likert scale were converted to numerical ratings from one to five.

For ease of data analysis, we formulated an aggregate composite index of HR strategic orientation, employee job performance, organizational factors and organizational

performance. A research using the composite mean is generally based on the assumption that the aggregated characteristics operate in the same way as it does at the individual-level. Employee job performance ratings were obtained from employees and their supervisors. Each employee rated him/her self and by their immediate supervisor on a five point scale. To obtain a composite index for this variable, in step one, employee and supervisor ratings were given the same code, and thereafter, their scores were aggregated in order to get a mean score for each employee on all items. In the second step, we aggregated all scores for employees obtained in step one in order to get a mean score for each institution. This data was then used for further analysis. The average performance ratings ranged from 2 to 5. Using multiple employees provided a psychometrically sound measure of these performance ratings in relation to HR practices, something that has rarely been observed in the past (Wright et al, 2001). Similarly, the use of multiple raters for the job performance measures minimized error variance (due to measurement error), resulting in a design that maximized the possibility of providing support for the hypothesized relationships.

Similarly, the survey responses were matched with publicly available financial data obtained from state corporations that participated in the study. Financial data were obtained for the year 2011 (used as control variable) and 2012 (used as the outcome to be predicted). This is in line with previous studies (Huselid et al, 1997; Waweru, 2007) who used similar analysis and provided useful findings. All questionnaire items were scored so that a high score (close to five) reflected a positive response and a low score (close to one) reflected a negative response to an item. In keeping with this scoring strategy, answers to negatively worded questions were reversed. Of the 95 items, 17 were negatively stated (e.g “employees have no opportunity to discuss training they should take”) and all were reversed to control for the possibility of an acquiescent response set bias.

4.2.3 Response Rate

This study had a target population of 94 state corporations out of which 13 were found to be non-operational, 16 declined to participate in the study citing company policies

restrictions, while 3 had totally been privatized and 9 corporations did not return the questionnaires notwithstanding the efforts that were made to follow up. Therefore, at least 53 state corporations responded to the questionnaires comprising 56 percent of response rate. The study also had a target population of 680 employees out of which 318 paired responses (employee and Supervisor) were received. Employees who did not participate in the study were either absent from work or engaged in work activities that prohibited them from attending the data collection exercise. Therefore, out of 318 respondents, 34 responses were excluded as a result of missing supervisor ratings, leading to a final sample of 284 responses from employees constituting 41 percent response rate. A total of 80 supervisors rated their employees. The number of employee's respondents per parastatal ranged from 3-13, and supervisor from 1 to 3. Following a debate among scholars over the rate of response which is statistically significant and representative of the sample, Mangione (1995) provided a response rate running through a continuum of over 85% being excellent, 70-85% very good, 60-70% acceptable and below 50% not acceptable. To this end, the response rate reported here is above the conventionally acceptable rate for surveys and it compares well with similar studies on HR strategic orientation and organizational performance. For instance, Omari (2012) had a response rate of 48 percent, Kidombo (2007) reported a response rate of 64 percent, and Gachunga (2010) recorded a 62 percent of response rate. Therefore, the results can be generalized and considered representative of the study population.

4.3 Main Findings

The main findings of the study are presented below.

4.4 Analysis of Demographic Statistics

It is common to ask for background information about the respondents as part of the survey. Such information can be used to describe the sample of respondents, to show how well the sample of respondents represents the whole population of potential respondents, and to split or group the data for additional analysis. The data was analyzed demographically in three different categories namely organizational attributes, respondents attributes and HR attributes. These are discussed.

4.4.1 Organizational Attributes

The data was analyzed demographically by the attributes of the organization namely sector, to which the organization belongs, number of permanent employees and annual sales turnover.

4.4.1.1 Distribution of State Corporations by Sector

In table 4.2 an attempt was made to describe the basic characteristics of state corporations by sector.

Table 4.2 Distribution of State Corporations by Sector

Sector	Frequency	Percent
Construction	1	1.9
Executive agencies	3	5.7
Authorities	7	13.2
Financial services	8	15.1
Manufacturing	14	26.4
Commercial Services	2	3.8
Social Security	6	11.3
Transport and communication	8	15.1
Education and Research	2	3.8
Health and Medical Services	2	3.8
Total	53	100

Findings from the table 4.2 suggest that 26.4 percent of state corporations that participated in the study were in the manufacturing sector and was the highest ranked sector, followed by financial, and transport and communication sector with 15.1 percent. 13.2 percent consisted of authorities while 11.3 percent were providing social security services. Four sectors (health and medical services, education and research, commercial services executive agencies and construction) fell below 6 percent. This result indicates the environment under which state corporations operates.

4.4.1.2 Distribution of State Corporations by Number of Permanent Employees

Table 4.3 provides distribution of parastatals by number of permanent employees.

Table 4.3 Distribution of State Corporations by Number of Permanent Employees

	Frequency	Percent
Below 100	13	24.5
Between 101-300	29	54.7
Between 301-500	11	20.8
Total	53	100.0

As shown in table 4.3, majority of parastatals (75.5 percent) had more than one hundred permanent employees while 24.5 had less than one hundred permanent employees. The point that comes out of this is that many state corporations tend to provide life long career especially on employees who perform core functions.

4.4.1.3 Distribution of State Corporations by Average Annual Sales Turnover

Table 4.4 indicates parastatal's distribution by annual sales turnover.

Table 4.4 Distribution of State Corporations by Average Annual Sales Turnover

	Frequency	Percent
Between Tsh. 101-500	7	14.3
Between Tsh 501-1000	19	38.8
Above Tsh. 1000	23	46.9
Total	49	100.0

From 49 State Corporations that indicated their average annual sales turnover, results from table 4.4 confirm that 85.7 percent of Tanzania's State Corporations had average annual sales turnover of more than Tsh. 500 millions while 14.3 percent fell below Tsh. 500 millions. This information shows that despite challenges, State Corporations are at least profitable.

4.4.2 Respondents Attributes

The data was also analyzed demographically by respondents attributes namely job title, gender, age, level of education and length of service.

4.4.2.1 Distribution of Respondents by Job Title

The data displayed on table 4.5 is an analysis of the job titles held by respondents mainly those who performed core functions. The distribution shows that all cadres of employees and supervisors were included in the study.

Table 4.5 Distributions of Respondents by Job Title

	Job Title	Freque ncy	Perce nt
Employee	Accountant, Internal Auditor, Teller, Credit/ Loan/ Customer, Officer, Economist, Finance Officer, Fleet Officer, Postal Officer	44	15.4
	Air Traffic Controller, Airport/ Clark Operation Officer, Marshaller, Flight Attendants, Network Engineer	16	5.6
	Assistant/Medical Doctor Medical Officer, Animal Health Officer/ Technician, Lab Technician, Nursing Officer, Pharmacist, Veterinary Officer	22	7.7
	Auto Engineer, Civil Engineer, Condition Monitoring Engineer, Diesel/Petroleum Engineer/Technician, Electric Engineer/ Technician, Environmental engineer/ Officer, Fabrication Technician, Heavy Plant Technician/Operator, Instrumentation Technician, Locomotive Engineer, Mechanical Engineer, Plumber, Brakemen, Water Engineer, Welder	59	20.7
	Benefit officer, Claims Officer, Compliance Officer, Contribution Officer, Membership Officer, Risk Analyst Officer	27	9.5
	Brewing Officer/ Specialist, Packaging Engineer, Quality Assurance officer	11	3.8
	Chemist, Food Processor/Scientist/Technician	10	3.5
	Clearing Officer, Legal Officer, Marketing officer, Receptionist, Sales Officer, Statistician, Store Keeper, Supplies Officer, Transport Officer, Waiter	20	7.0
	Assistant Lecturer, Lecturer, Instructor, Teacher, Tutor	17	5.9
	Computer System Analyst, Geographic Information System Officer, Security System Engineer, System administrator	14	4.9
	Cultural Officer, Interpretation Officer, Photo/Video Editor, Sound Production Officer/Technician, Tourism Promotion officer, Records Officer, Art handling Officer/ Artisan,	18	6.3
	Geologist, Geophysicist, Park Attendant/ecologist/ranger, Quantity Surveyor	17	5.9
	Information officer/ Auditor, Journalist, News anchor	9	3.1
	Total	284	100.0
Supervisor	Head of department, Manager, Director	52	65
	Chef Internal Auditor/Chief Accountant,	14	17.5
	Collection Store Coordinator, Conservator, News Editor	6	7.5
	Officer In-charge, Supervisor, Principle Officer	5	6.2
	Project engineer/controller, Webmaster	3	3.7
	Total	80	100.0

4.4.2.2 Distribution of Respondents by Gender

The frequency distribution of respondents by gender is indicated in the table 4.6.

Table 4.6 Distribution of Respondents by Gender

Type of Respondent	Gender	Frequency	Percent
Employee	female	113	39.7
	male	171	60.2
	Total	284	100
Supervisor	female	23	28.7
	male	47	71.2
	Total	80	100

Table 4.6 reports results for the gender composition of the workforce from the surveyed Tanzania's state corporations. It was identified that majority of respondents from whom information was sought to enrich the study 60.2 percent were males as compared with the minority of respondents (39.7 percent) being females. Similarly, the study also found that 58.7 percent of supervisors who rated their employees were males as compared to 41.2 percent female supervisors. It is important to note that while the selection of women is significant, it is quite small. It could also be that the disproportionate presence of women and men as employees in state corporations' establishment means that the operation is different in some fundamental way.

4.4.2.3 Distribution of Respondents by Age

The questionnaire also required respondents to indicate their age by ticking the appropriate range to which they belonged. Table 4.7 lays the age groupings of the respondents.

Table 4.7 Distribution of Respondents by Age

Respondent	Age Range	Frequency	Percent
Employee	less than 30	17	5.9
	31-40	159	55.9
	41-50	92	32.3
	51-above	16	5.6
	Total	284	100
Supervisor	31-40	5	6.2
	41-50	28	35
	51-above	47	58.7
	Total	80	100

A range of 35-40 was the age-range that recorded the highest frequency for employees constituting 55.9 percent, followed by age – group of 41-50 which recorded the second highest percentage of 32. Less than 30 and 51 and-above documented the least with a five percent. These statistics depict that most of the respondents who performed core functions in state corporations were quite youthful. These findings are in line with research from the CIPD (2009a), which concluded that organizations should increasingly be inclusive in their employment, offering both younger generation and older people an opportunity to contribute equally to economic development. On the other hand, the majority of supervisor’s age fell under 51 and above constituting 58.7 percent, and 41 percent fell between 31 to 50 years of age. The point that comes out of this is that most senior positions in state corporations are held by older people.

4.4.2.4 Distribution of Respondents by Level of Education

The study again solicited information on respondent’s level of education as indicated in table 4.8.

Table 4.8 Distribution of Respondents by Level of Education

Respondent	Educational level	Frequency	Percent
Employee	Certificate	21	7.3
	Diploma	52	18.3
	Advanced Diploma	2	0.07
	Bachelor's degree	143	50.3
	Masters degree	65	22.8
	Masters degree, Bachelor degree, Advanced Diploma, CPA(T)	1	0.03
	Total	284	100
Supervisor	Certificate	1	1.2
	Diploma	12	15
	Advanced Diploma	2	2.5
	Bachelor's degree	17	21.2
	Masters degree	34	42.5
	Masters degree, Bachelor degree, Advanced Diploma, CPA(T)	14	17.5
	Total	80	100

With respect to the attainment of education, about 73.11 percent of employees were identified to have attained tertiary educational level compared to about 18.37 percent of respondents (i.e. minority) who had obtained below tertiary education. Furthermore, 60 percent of supervisors were identified to have completed their postgraduate degrees while 36.23 percent of remaining respondents had completed their undergraduate and below. This result indicates that all respondents were literate and therefore deemed appropriate in providing information to the study.

4.4.2.5 Distribution of Respondents by Length of Service

As far as length of service is concerned, table 4.9 shows the distributions of respondents according to the number of years worked in the current organization.

Table 4.9 Distribution of Respondents by Length of Service

	Number of years	Frequency	Percent
Employee	1-3 years	31	10.9
	4-6 years	91	32
	7-10 years	95	33.4
	More than ten years	67	23.5
	Total	284	100.0
Supervisor	1-3 years	2	2.5
	4-6 years	21	26.2
	7-10 years	41	51.2
	More than ten years	16	20
	Total	80	100.0

Pertaining to the number of years respondents have been working with their current organizations, a vast majority of the respondents claimed that they have been with their respective company for 6 to 10 years which accounted for about 33.4 percent, whereas 23.5 percent of the respondents mentioned that they had been working with their company for more than 10 years. The least of this analysis is 49.2 percent which constituted those who had been working with the company for a period of less than 6 years. Similarly, the majority of supervisors have worked for between 6 to 10 years constituting 51.2 percent while 48.7 percent had worked for more than ten years and less than 3 years. This implies that respondents had clear understanding of their job and thus reliable in providing valid responses to the study objective.

4.4.3 Human Resource Attributes

The study also analyzed data demographically by human resource attributes namely, existence of HR document, time-frame of the HR strategy, recruitment and job screening methods.

4.4.3.1 Existence of HR Document/Strategy in State Corporations

Corporations were asked to rate if their organizations had HR strategic plans or any document that guides management of employees in their organizations. The respondents

were requested to tick ‘yes’ if they had HR strategy and ‘no’ if they had no HR strategic plan. Results are presented in table 4.10.

Table 4.10 Distribution of Sate Corporations by Presence of HR strategy

HR strategy	Frequency	Percent
State corporation with HR strategy	18	34.6
State corporation without HR strategy	34	65.4
Total	52	100

As indicated in table 4.10, majority of corporations (accounting to 65.4 percent) had no written HR strategy to guide management of HR in their organizations. This shows evidence that state corporations still have long way to go in terms of strategically managing employees with a clear guiding instruments and have formal mechanisms for tracking down HR developments.

4.4.3.2 HR Strategy Time-Frame of State Corporations

In a similar vein, respondents were asked to indicate the time frame of their HR strategy if any existed. Table 4.11 displays the results.

Table 4.11 Distribution of Sate Corporations by HR Strategy Time-Frame

Category	Frequency	Percent
One year	3	16.6
Two years	8	44.4
Three years	4	22.2
Four years	3	16.6
Total	18	100.0

There was very little variance in the time frames of the HR strategies as indicated in table 4.11 above. Majority of firms (44.4 percent) stated that their HR strategy was developed as a guiding document for HR activities for the following 2 years.

4.4.3.3 Recruitment Methods of State Corporations

In this study, responding state corporations were asked to indicate their methods used for recruitment. Results are displayed in the table 4.12.

Table 4.12 Distribution of State Corporations by Recruitment Methods

Recruitment Method(s)	Frequency	Percent
Advertise in news papers	26	49.0
Internet-based recruitment	1	1.9
Walk-ins	9	16.9
Employment agencies, referrals from training institution	1	1.9
Advertise in news papers, walk-ins	15	26.4
Advertise in news papers, Internet-based recruitment, walk-ins, employment agencies	2	3.8
Total	18	100.0

The majority (about 49.0) percent of the respondents indicated that their organization used news papers as the only method to recruit employees, followed by news papers plus direct walk-ins with 26.4 percent. Other methods like employment agencies, referrals from training institution and Internet-based recruitment got below 20 percent indicating that they are not frequently used for recruitment. This result indicates that a news paper is a trusted method used for getting employees who are able to perform their job. Another possible reason could be that they are widely circulated, with full national coverage and are likely to be read by people with the required qualification and skills. Walk-in lies in its ability to generate large pool of applicants and is the cheapest and the easiest method of recruitment. On the other side, it can be interpreted that since recruitment is expensive

and time consuming, organizations use news papers and direct walk-ins in order to monitor and control cost. For organizations that use more than three methods (which scored 3.8 percent), it can mean that single method is less adequate therefore being pushed to explore for multiple ways of attracting competent people. It is also clear from the study that public sector corporations don't prefer internet as recruitment tool.

4.4.3.4 Distribution of State Corporations by Job Screening Methods

Similarly, responding state corporations were asked to indicate their methods used for selection of employees. Results are displayed in the table 4.13

Table 4.13 Distribution of State Corporations by Job Screening Methods

Screening Method(s)	Frequency	Percent
interview scores	19	35.8
Work simulation test/situational judgment test	1	1.9
References	1	1.9
Interview score, work simulation, Ability/IQ test	12	22.6
Bio data, personality assessment and references	3	5.6
Interview, Ability/IQ test, bio Data and personality	11	20.7
Interview, Ability/IQ test, bio Data and personality, Reference, Work simulation test/situational judgment test	7	13.2
Total	18	100.0

A cumulative majority of respondents comprising 35.8 percent indicated that they used interview scores to screen workers as it is depicted in table 4.13. Moreover, a combination of interview score, work simulation and ability/IQ test methods got 22.6 percent followed by interview, ability/IQ test, bio data and personality which scored 20.7 percent. The rest of the screening methods like work simulation test/situational judgment and reference got below 20 percent. This means that the most trusted method used to screen workers in Tanzania state corporations was interview scores.

4.5 Financial Performance

A total of 23 out of 53 state corporations that participated in the study provided their financial performance information representing 45.2 percent. The financial data was obtained for a period of two years (2012 and 2011) using three indicators (Return on Equity, Return on Asset and Return on Sales). By the time the researcher was conducting this survey, most of the parastatals had not published their financial data for the year 2013. Similar studies by Huselid et al., (1997) and Waweru (2007) used the same approach and provided useful findings that were generalized to the larger population. Therefore, the financial performance presented here are the average performance for the year 2012 and 2011 respectively with an average growth performance being the variance between the two years. Table 4.14 indicates financial performance.

Table 4.14 Distribution of State Corporations by Financial Performance (in Tsh)

	N	Minimum	Maximum	Mean	Std. Deviation
Return on Equity	17	250,102.000	70,984,305,370.000	4.925969	1.71089610
Return on Assets	23	341,230.450	1,187,741,144,773.500	8.872789	2.48446610
Return on Sales	18	84,620.000	22,194,525,611.000	2.278409	5.9752199

Data on ROE were received from 17 State Corporations as indicated in table 4.14 which had a mean score of Tsh 4.9 billion and a standard deviation of Tsh 1.71 billion. So these estimates indicate average increase in shareholders' value. Equally, data on ROA were received from 23 State Corporations with a mean score of Tsh. 8.87 billion and a standard deviation of Tsh 2.48 billion. These results indicate the average increase in earnings from Corporations' assets. On the other hand, ROS was received from 18 Parastatals with a mean score of Tsh. 2.27 billion and a standard deviation of Tsh 5.97 billion. This implies a diverse spread of profit among State Corporations.

Growth in Financial Performance

Analysis on growth in financial performance from collected data is presented in table 4.15.

Table 4.15 Distribution of Sate Corporation by Growth in Financial Performance

	N	Minimum	Maximum	Mean	Std. Deviation
ROE Growth	17	150,79.00	8,413,599,555.00	4.186659	2.03533610
ROA Growth	23	70,418.00	6,186,541,570.00	3.498259	1.68960910
ROS Growth	18	25,562.00	1,644,801,565.00	1.758628	1.4288429

As displayed in table 4.15, ROE had a mean growth of Tsh 4.18 billion and a standard deviation of 2.03. This implies a growth in shareholder's value in Tanzania's State Corporations. Similarly, ROA had a mean growth of Tsh 3.49 billion with a standard deviation of Tsh. 1.68 billion. This also implies a growth in earnings from assets in Tanzania State Corporations. Finally, ROS had a mean growth of Tsh1.75 billion with a standard deviation of 1.42. This translates to a growth in profit made by Tanzania's State Corporations.

4.6 Factor Analysis

The purpose of Factor Analysis (FA) is to describe how well the observed indicators/items serve measures instrument for the latent variables (Tanabachic and Fidell, 1996). FA was used in this study to help in the selection process of scale items. Prior to performing exploratory factor analysis, the suitability of the data for factor analysis was assessed using Kaiser-Meyer-Oklin and Bartlett test. Inspection of the correlation matrix revealed the presence of coefficients of .3 and above. As it is indicated in table 5.16 below, the Kaiser-Meyer-Oklin value was .746 exceeding the recommended value of .6 (Kaiser, 1970). The Bartlett Test of Sphericity (Bartlett, 1954) reached statistical significance supporting the factorability of the correlation matrix.

Table 4.16 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.746
Bartlett's Test of Sphericity	Approx. Chi- square
	2327.403
	df
	780
	Sig.
	.000

4.6.1 Exploratory Factor Analysis

Thereafter, exploratory factor analysis was conducted to uncover the underlying factor structure of the HR strategic orientation. As recommended by Tanabachic and Fidell (1996) the number of factors to be retained in both sets of analysis was determined by factors with eigen values greater than one and a scree plot. The application of principal component analysis led to 9 underlying factors on the basis of eigen values > 1.000. However, looking more closely at the percentage of variance explained by each component (or factor), it was realized that component one explains 13% of the variance, component 2 explains over 9% of the variance, and the rest of the components explain each less than 6% of the variance. These findings suggest a possible 2-factor-solution.

Table 4.17 Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.199	15.454	15.454	8.898	13.482	13.482
2	4.920	7.455	22.908	6.221	9.426	22.908
3	3.936	5.964	28.872			
4	3.645	5.523	34.396			
5	3.343	5.065	39.460			
6	3.170	4.803	44.263			
7	2.859	4.332	48.595			
8	2.589	3.923	52.518			
9	2.352	3.563	56.081			

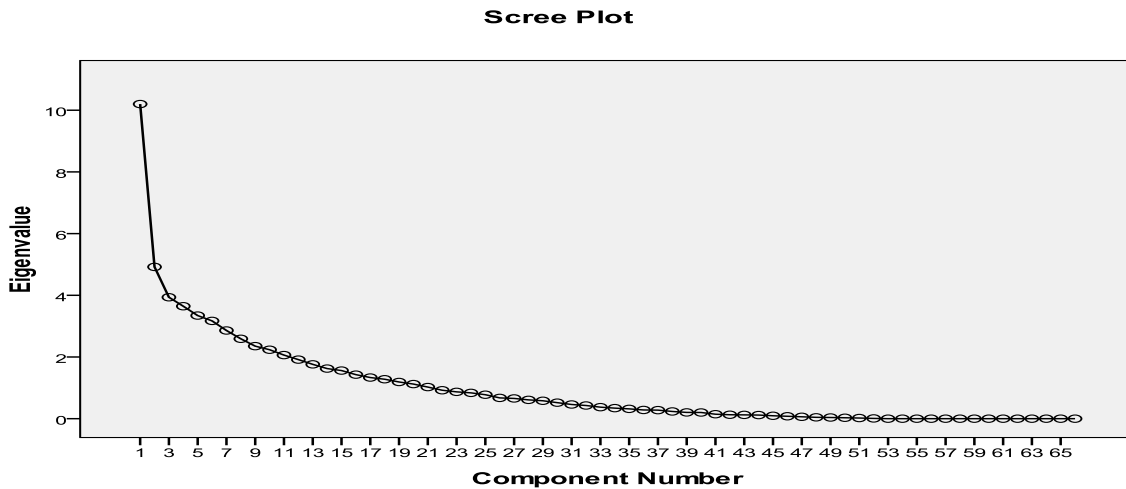


Figure 4.1 Scree Plot

Similar studies like that of Boselie et al (2002) are built on the two constructed factors labelled commitment-based HR systems (factor 1) and control-based HR systems (factor 2). This was further explored using a scree plot (Fig. 4.1) which revealed a clear break (debris development) after the second component hence retaining the two factors.

4.6.2 Confirmatory Factor Analysis

After extracting factors, HR strategy items were then subjected to confirmatory factor analysis. Principle component analysis with varimax rotation was used as a data reduction technique. As it is indicated in table 4.18, each item loaded significantly on its latent variable. To reduce the number of items, loadings below .40 or items that loaded on more than one factor (cross loadings) were deleted. The first factor was labeled control-based HR strategy and had 11 items while the second factor was labeled commitment-based HR strategy with 10 items. According to Arthur (1992, 1994) and Boselie (2002), it was expected that an organization with control-based HR strategy is likely to have simple recruitment and selection procedures, and fewer training programs. On the other hand, those organizations with commitment-based HR strategy are likely to have extensive recruitment and selection, training, performance appraisals, retention and alignment of HR and organizational strategy.

Table 4.18 Rotated Component Matrix

Variable	Component	
	1	2
HR decisions are made by few individuals	.483	-.079
Little money is placed on training and development activities	.561	.452
Employees work for a very long hours which is stressful	.763	.243
There is close monitoring of employee hours of work	.512	.424
Informal/unstructured training is provided to employees	.761	-.391
Pay is centralized and closely tied to individual job performance	.670	.048
The appraisal process is not participative, open and transparent	.650	.435
Hires casuals and non-permanent employees	.534	.146
Recruitment process is centralized	.711	.475
Work speed determines pay and job security	.507	.161
Employees have control over the quantity of work to produce	.605	-.404
Recruitment and selection are clear and transparent	.399	.654
Employees receive frequent and extensive training	.670	.846
Employees regularly receive a formal performance appraisal	.259	.640
Flexible work arrangements are available for workers	.174	.447
Jobs are designed to maximize skill, autonomy and career development	-.506	.599
Much money is set for recruitment and selection	.399	.423
Pay practices are based on ability and performance	.150	.780
Appraisal is used for training, feedback and identification of poor performers	.438	.581
Employees get benefits such as travel costs, profit sharing and paid holidays	-.313	.475

4.7 Test of Reliability

After conducting factor analysis, all measurement items were subjected to test a reliability test to check for internal consistency using Cronbach's (1951) alpha coefficient test. The results are presented in table 5.19.

Table 4.19 Variable Items with Alpha

Factor (Scale)	Number of Items	Cronbach Alpha
Control-based HR strategy	11	.837
Commitment-based HR strategy	10	.744
Employee Job Performance	11	.981
Organizational Factors	5	.769
Organizational Performance	5	.810

As it indicated in table 4.19 all the variables had acceptable alpha coefficient ranging from .74 to .83 with a total alpha .79 hence meeting acceptable thresholds proposed by Nunnally (1978). This compares well with other studies for example, Motowidlo and Van Scotter (1994), who reported alpha coefficient of .85 and Arthur (1994) who reported alpha coefficient of .91.

4.8 Correlation Analyses

A number of correlation analyses were performed on the research variables to examine the pattern of relationships among them. Pearson product moment correlation analysis (r) was used to measure the strength of association between these variables. In interpreting the correlations, the guidelines suggested by Cohen (1988) were followed whereby correlation coefficients of (r) of 0.10 and below show a small effect size, Correlations coefficient of 0.30 show a medium effect whilst those of 0.50 and above indicate a large effect. For the purpose of interpretation, p-values of < 0.01 and < 0.05 were considered statistically significant as suggested by Cohen and Cohen (1983). The outcomes of these analyses together with descriptive statistics are presented in table 4.20 followed by a discussion.

Table 4.20 Means, Standard Deviations, and Zero-Order Correlation Matrix of the Measurement Items

	Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Gender	3.47	1.36	1														
2	Age	3.11	1.62	.469**	1													
3	Tenure	4.71	1.37	.354**	.174	1												
4	Control-based HR strategy	2.96	1.19	-.042	.204	.356**	1											
5	Commitment-based HR strategy	3.54	1.35	.411**	.139	.354**	.243	1										
6	Task performance	4.62	.66	.627*	-.210	.312*	.667*	-.084**	1									
7	Contextual performance	4.56	.90	.271*	-.218	-.288*	.153	.101*	.438**	1								
8	Organizational Structure	4.22	1.04	-.261	-.199	-.360**	.294*	.112	.370**	.347*	1							
9	Organizational Culture	4.33	1.12	-.134	-.238*	-.196	-.061	.517**	.184	.357**	.259	1						
10	Organizational Politics	4.55	.12	.107*	.012	.063	.094	.312*	.086*	.426**	.130	.305*	1					
11	Return on Equity	4.59	.18	.419**	-.242	-.226	-.371**	.342*	-.250	.085*	.203	.010	.186*	1				
12	Return on Asset	4.68	2.48	-.307*	.165	.004	-.129	.086**	.306**	.216**	.214	-.095	.301*	-.245	1			
13	Return on Sales	4.77	1.45	-.299*	-.129	-.036	-.004	.208**	.426**	.610**	.280*	.299*	.258	.307*	-.004	1		
14	Non-financial Performance	3.83	1.65	.101	.202	.325*	.204	.129	-.168	.072	-.104	.052	.489*	.106	.151	.697**	1	
15	Overall organizational Performance	4.92	.20	-.313*	-.035	-.074	-.181	-.170	.633**	-.340*	-.185	-.292*	.102*	.039	.386**	.527**	.368**	1

Note: N=53 * P< 0.05 level, **P< 0.01 level (2-tailed)

Correlations among the perceived HR scales were generally modest and varied from .01 to .69. The highest was the correlation between Return on Sales and non financial performance, while lowest was the correlation between organizational politics and age. In particular, the result of simple correlation analysis in table 4.20 above shows that a significant positive correlation was found between task performance and gender ($r=.62$, $p<.05$), task performance and age had a negative and non significant correlation ($r=-.21$, $p>.05$), a strong significant correlation was found between task performance and tenure ($r=.31$, $p<.05$) and a strong correlation between task performance and control-based HR strategy ($r=.66$, $p<.05$). Similarly, commitment-based HR strategy was found to be negatively and significantly related to task performance ($r=-.08$, $p<.01$). On the other hand, the same variables were found to have a negative and non significant correlation with overall organizational performance. For instance, age and organizational performance had a low negative insignificant correlation ($r=-.03$, $p>.05$), tenure and organizational performance ($r=-.07$, $p>.05$), control-based HR strategy and organizational performance ($r=-.18$, $p>.05$) and commitment-based HR strategy and performance ($r=-.17$, $p>.05$). A negative and non significant correlation was also found between task performance and return on equity ($r= -.25$, $p>.05$), task performance was positively and significantly related to return on asset ($r=.30$, $p<.01$), Return on Sales was positively and significantly related to task performance ($r=.42$, $p<.05$) while non-financial performance was not significantly correlated with task performance ($r=-.16$, $p>.05$) and ($r=-.63$, $p<.01$) with overall organizational performance.

Some of the control-based HR strategy variables had positive correlation with contextual performance. A relationship was also found between contextual performance and gender ($r=.27$, $p<.01$), contextual performance and age had a negative and nonsignificant moderate correlation ($r=-.21$, $p<.01$) and contextual performance and tenure had a negative and significant correlation ($r=-.28$, $p<.05$). As expected, a positive and significant correlations were found between contextual performance and commitment-based HR strategy ($r=.10$, $p>.05$), contextual performance and task performance ($r=.43$, $p<.01$) and a positive and non significant correlation between contextual performance and control-based HR strategy ($r=.15$, $p>.05$). On the other hand, we found positive and non

significant correlation contextual performance and return on equity ($r=.08$, $P>.05$), positive and significant on return on asset had ($r=.21$, $p<.05$), positive and significant on Return on Sales having ($r=.61$, $p<.05$) while non financial performance had a positive and non significant correlation ($r=.07$, $p>.05$).

There were significant and positive correlations between organizational factors and control variables. Specifically, structure had a negative and non significant moderate correlation with gender ($r=-.26$, $p>.05$), a negative and non significant correlation with age ($r=-.19$, $p>.05$) and negative and significant correlation with tenure ($r=-.36$, $p<.01$). Control HR strategy was found to have positive and significant relations with structure ($r=.29$, $p<.05$), non significant and positive correlation with commitment-based HR strategy ($r=.11$, $p>.05$) and significant and positive correlation with task performance ($r=.37$, $p<.01$) and significant positive relationship with task performance ($r=.34$, $p<.01$). Organizational culture had a negative non significant correlation with gender ($r=-.13$, $p>.05$) and a negative and non significant relation with age ($r=-.23$, $p>.05$), a negative and non significant correlation with tenure ($r=-.19$, $p>.05$), control HR strategy ($r=-.06$, $p>.05$), commitment-based HR strategy ($r=.51$, $p<.01$). Task performance had a positive and non significant relationship with culture ($r=.18$, $p>.05$), contextual performance ($r=.35$, $p<.01$) and positive and non significant association with structure ($r=.25$, $p>.05$).

On the other hand, politics was found to have some correlation with organizational variables. Assessed individually, it was found to have a positive and significant relationship with gender ($r=.10$, $p<.05$), positive and non significant correlation with age ($r=.01$, $p>.05$), with tenure ($r=.06$, $p>.05$), with control-based HR strategy ($r=.09$, $p>.05$), structure ($r=.13$, $p>.05$). Commitment-based HR strategy had a positive and significant relation with politics ($r=.31$, $p<.05$), task performance ($r=.08$, $p<.05$) and a moderate significant positive correlation with contextual performance ($r=.42$, $p<.01$). Lastly, with culture ($r=.30$, $p<.05$).

There were significant and positive correlations between organizational factors and organizational performance variables. Specifically, structure had a positive and non

significant moderate correlation with return on equity ($r=.20$, $p>.05$), with return on asset ($r=.21$, $p>.05$) and positive and significant correlation with Return on Sales ($r=.29$, $p<.01$), positive and non significant relations with non-financial performance ($r=.05$, $p<.05$), and with overall organizational ($r=-.18$, $p>.05$). Similarly, organizational culture had a positive non significant correlation with return on equity ($r=.01$, $p>.05$) and a negative and non significant correlation with return on asset ($r=-.09$, $p>.05$), a positive and significant correlation with Return on Sales ($r=.29$, $p<.05$), non financial performance ($r=.05$, $p>.05$), and overall organizational performance ($r=.29$, $p<.01$). On the other hand, politics was found to have some correlation with return on equity ($r=.18$, $p<.05$), positive and significant correlation with return on asset ($r=.30$, $p<.05$), profit ($r=.25$, $p<.05$), with non financial performance ($r=.09$, $p>.05$), and lastly, overall organizational performance ($r=.13$, $p>.05$).

4.9 Results of Tests of Hypotheses

This section presents the results of statistical analyses used to test study hypotheses. Both hierarchical and multiple linear regression analyses were used to test the hypothesized relationship between independent and dependent variables as well as moderating and intervening variables. From the test of each hypothesis, the standardized beta coefficients and associated significance tests are presented. Given the non-directional hypotheses, we used a two-tailed test to increase explanatory power. Furthermore, in order to facilitate data analysis, the absolute financial performance were reduced into performance bands which then fitted into likert type scale ranging from 1 to 5 representing the relative ascending order of magnitude of performance measures. All estimates reported in this study are standardized beta coefficient value (β). This is because the **standardized beta** measures standard deviation of each unit. For instance, a change of one standard deviation in the predictor variable will result in a change of (indicted β value) standard deviations in the criterion variable.

Control Variables

In this study, age, gender and tenure were used as covariates to control for their influence on the relationships between variables. Specifically, controls serve to isolate the effect of

independent variable on dependent variable. Age, gender and tenure has been reported in previous studies to have a significant effect on the relationship between HRM and organizational performance (Huselid, 1995; Gerhart, 2004), performance management and organizational Justice (Gachonga, 2010), and HRM and business strategy (Gratton and Truss, 2003). Therefore, it was deemed proper to incorporate them as covariates so as to avoid reporting results that might not explain exactly the influence of independent variable on dependent variable because of these factors.

4.10 The Effect of HR Strategic Orientation on Organizational Performance

The first objective of this study was to determine the effect of HR strategic orientation on organizational performance. Based on the literature review done in chapter three, it was predicted that HR strategic orientation (bundles from control and commitment-based HR strategies) would jointly have significant effect on organizational performance. It was therefore, hypothesized that;

H1₀: HR strategic orientation has no significant effect on organizational Performance

Hierarchical linear regression analysis was used to test this hypothesis. As recommended by Aiken and West (1991), in the first step, control variables were entered to control for possible confounding effects. In the second step, an aggregate mean score of HR strategic orientation was also entered in the regression model. Table 4.21 indicates regression results of HR strategic orientation on overall organizational performance.

Table 4.21 Regression Results for the Effect of HR Strategic Orientation on Overall Organizational Performance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.313	.426		10.117	.000
Gender	.099	.214	.068	.463	.645
Age	.091	.236	.068	.388	.700
Tenure	.000	.141	.009	-.005	.006
	R² =.040 Adjusted R² =-.035 F =.328 (3, 343)				
2 Overall HR Strategic Orientation	-.409	.340	-.175	-1.204	.234
	R² Change=.029 F Change =.545 (4,482)				

- a. Predictors: Gender, Age, tenure
- b. Predictor: HR strategic Orientation
- c. Dependent Variable: Organizational Performance
- d. * P < .05 (2-tailed)

The results shown in table 4.21 indicate that control variables (demographic characteristics) which were entered in the first step accounted for 04 percent of the variation in organizational performance leaving 96 percent explained by other factors ($R^2=.040$, Adj. $R^2 =.035$, $F =.328$ (3, 343), $P<.05$). The results also indicate that all coefficients of demographic variables were not significant except for tenure. Gender and age makes an equal contribution to the dependent variable with ($\beta=0.68$, $t=.463$, $P>.05$) and ($\beta=0.68$, $t=.388$, $P>.05$) each, followed by tenure with ($\beta=.009$, $t=-.005$, $p<.05$). HR strategic orientation was entered in the second step and the result indicates that HR strategic orientation explains almost no additional variance in firm performance (R^2 change=.029, F Change =.545 (4,482), $P>.05$) as indicated by the value of $P>.05$. The beta coefficient is not statistically significant ($\beta= -.175$, $t=-1.204$, $P>.05$) implying that HR strategic orientation has no direct significant effect on performance of State Corporations

in Tanzania. However, despite having a marginal contribution to the dependent variable, the relationship of tenure was significant ($\beta = .009$, $t = -.005$, $p < .05$), therefore it was used as a covariate in all subsequent analyses while the other two control (gender and age) were left out. To further confirm the results, the contribution of individual variables of HR strategic orientation and Organizational Performance was examined. This result is indicated in table 4.22.

Table 4.22 Regression Results for the Effect of Individual Variables of HR Strategic Orientation on Individual Variables of Organizational Performance

Predictor	Financial Performance									Non-Financial Performance		
	ROE			ROA			ROS			B	SE	β (t)
	B	SE	β (t)	B	SE	β (t)	B	SE	β (t)			
1 Constant	.199	1.05	(.341)	.234	1.34	(.739)	.124	.158	(2.023)	.488	.107	(6.776)
Gender	.036	.020	-.003 (.999)	.150	-.007	-.046 (.471)	.027	.007	.032 (.927)	.010	.209	-.004 (.057)
Age	-.308	.322	.347 (.970)	-.005	.009	.026 (.879)	.012	.281	-.100 (.774)	.008	.114	-.002 (.482)
Tenure	-.411	4.60	.437* (1.447)	-.289	5.89	-.240 (-1.147)	-.235	1.56	.235* (1.579)	.042	.003	.010* (.734)
	R² =.040 Adj. R² =.034 F = .428 (3, 434)			R² =.066 Adj. R² =-.081 F = .403 (3,303)			R² =.149 Adj. R² =.121 F =1.167 (3,195)			R² =.018 Adj. R² =-.042 F = .328 (3, 597)		
2 Control-based HR strategy	-.330	1.35	.325 (.096)	-.263	1.69	-.204 (-.193)	-.359	1.41	-.419 (-.815)	-.110	1.098	-.012 (-.138)
Commitment-based HR strategy	.113	.116	-.142 (.143)	.390	.533	.315 (.237)	.056	.201	.132 (.619)	.045	4.448	.017 (-.732)
	R² Change=.002 F Change=.403 (3,131) N= 17(ROE)			R² Change=.005 F Change=.351 (3,192) N= 23 (ROA)			R² Change=.071 F Change=1.123 (3,141) N= 18 (ROS)			R² Change=.011 F Change =.307 (3,495)		

a. Predictors: Gender, Age, tenure

b. Predictors: HR strategic Orientation

c. Dependent Variable: Return on Equity, Return on Asset Return on Sales, Non-Financial

d. *P < .05 (2-tailed)

4.10.1 HR Strategic Orientation and Return on Equity

HR strategic orientation variables namely control and commitment oriented variables were regressed with ROE. In this analysis the control variables (gender, age and tenure) were entered in the first step of regression model and results indicate that they accounted for .04 percent of variation in ROE ($R^2 = .04$, Adj. $R^2 = -.059$, $F = .428$ (3,434), $P < .05$). The beta coefficient indicates a non significant relationship with gender ($\beta = -.003$, $t = .999$, $P > .05$), age ($\beta = .347$, $t = .970$, $P > .05$) and marginally significant relationship with tenure ($\beta = .437$, $t = 1.447$, $P < .05$). In the second step, control and commitment-based HR strategy variables were entered in the model and results show that they accounted for additional non significant variation in ROE (R^2 change = .02, F Change = .403 (3,131), $P > .05$). The beta coefficient for control HR strategy was ($\beta = .325$, $t = .096$, $P > .05$) and commitment-based HR strategy was ($\beta = -.142$, $t = .143$, $P > .05$) indicating that the relationship was not statistically significant. With the exception of tenure, the other two control variables were equally statistically non significant.

4.10.2 HR Strategic Orientation and Return on Asset

HR strategic orientation variables namely control and commitment-based HR strategies were also regressed with ROA. Control variables (gender, age and tenure) were entered in the first step of regression equation and results on table 4.22 indicate that they accounted for 06 percent of variation in ROA ($R^2 = .06$, Adj. $R^2 = .081$, $F = .403$ (3,303), $P < .05$). The beta coefficient indicates a non significant relationship with gender ($\beta = -.046$, $t = .471$, $P > .05$), age ($\beta = .026$, $t = .879$, $P > .05$) and tenure ($\beta = -.240$, $t = -.147$, $P > .05$). In the second step, control and commitment-based HR strategy variables were entered in the model and results shows that they accounted for additional non significant variation in ROA (R^2 change = .005, F Change = .451(3,192), $P > .05$). The beta coefficient for control HR strategy was ($\beta = -.204$, $t = -.193$, $P > .05$) and commitment strategy was ($\beta = .315$, $t = .237$, $P > .05$) indicating that the relationship was not statistically significant.

These results mean that control and commitment-based HR strategies individually do not have direct effect on estimated increase in cash flow, therefore suggesting the extent to

which HRM activities are still inadequate as a direct means of differentiating variation in financial performance in Tanzania's state corporations

4.10.3 HR Strategic Orientation and Return on Sales

The analysis of regression results in table 4.22 indicates that control variables (gender, age and tenure) which were entered in the first step of regression equation accounted for 14 percent of variation in ROS ($R^2 = .149$, Adj. $R^2 = .121$, $F = 1.167$ (3,195), $P > .05$). The beta coefficient indicates a non significant relationship with gender ($\beta = -.032$, $t = .927$, $P > .05$), age ($\beta = .100$, $t = .774$, $P > .05$) and tenure ($\beta = .235$, $t = 1.579$, $P > .05$). When entered in the second step, control and commitment HR strategy variables accounted for .07 percent of variation in ROS (R^2 change = .071, F Change = 1.123 (3,141), $P > .05$) non significant suggesting that both strategies individually have no direct influence on perceived increase in profits. This result calls for more research to prove the assertion that these two strategies separately have a direct effect on sales growth. More importantly, this result may imply that productivity levels of individual State Corporations over the period are attributable to other factors such as capital and technical change.

4.10.4 HR Strategic Orientation and Non-Financial Performance

It was assumed that HR strategic orientation would have a significant effect on non-financial performance. Regression results in table 4.22 indicate that control variables (gender, age and tenure) which were entered in the first step in the regression model accounted for .01 percent of variation in non-financial performance. ($R^2 = .018$, Adj. $R^2 = -.042$, $F = .328$ (3,597), $P > .05$). The beta coefficient indicates that gender had a non significant relationship with non financial performance ($\beta = -.004$, $t = .057$, $P > .05$), age ($\beta = .002$, $t = .482$, $P > .05$) and tenure ($\beta = .010$, $t = .734$, $P > .05$). In the second step, control and commitment-based HR strategy variables accounted for .01 percent of variation in non-financial performance. (R^2 change = .011, F Change = .307 (3,495), $P > .05$). These results suggest that both control and commitment-based HR strategies individually have no direct influence on non-financial performance. Taken as a whole, these results indicate

that individual HR strategies have no direct influence on non financial performance in Tanzania State Corporations.

From the above analysis, it can be conclude beyond reasonable doubts that HR strategic orientation does not account for any direct variation in overall organizational performance, and even when each of the individual variables making up HR strategic orientation was entered in the regression equation, it still did not explain any variation in organizational performance. Therefore, *the null hypothesis is not rejected.*

4.11 The Effect of Control HR Strategy on Employee Job Performance

The second objective of this study sought to examine the effect of control-based HR strategy on employee job performance. It was predicted that organizations using control-based HR practices will be associated with employee job performance. The literature posits that the goal of control-based HR system is to reduce direct labor costs or improve efficiency by enforcing employee compliance with specified rules and procedures and providing employees' with rewards based on some measurable output criteria (Eisenhardt, 1985; Walton, 1985), hence affecting job performance. Therefore, it was hypothesized that;

H₂₀: Control-based HR strategy has no significant effect on employee job
Performance

In order to examine how control-based HR strategy contributes to explaining the variance in employee job performance, a regression analysis was performed. In this analysis the control variable (tenure) and the aggregate mean score of control-based HR strategy together were entered in the regression equation. The results of this analysis are presented in table 4.23.

Table 4.23 Regression Results for the Effect of Control-based HR strategy on Overall Employee Job Performance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.190	.452		.584	.000
Tenure	307	.102	-1.033	-.160	.016
Control-based HR strategy	.063	.048	-.043*	.163	.008
	R² =.027 Adjusted R²=.025 F =.367 (3,474)				

a. Predictors: Tenure, Control-based HR strategy

b. Dependent Variable: Overall Employee Job Performance

c. * P<.05 (2-tailed)

As shown in table 4.23 control-based HR strategy explained 2.7 percent of the variance in organizational performance ($R^2 = .027$, adjusted $R^2 = .025$, $F = .367 (3,474)$, $p < .05$) leaving 97.3 percent explained by other factors. The regression coefficient for control-based HR strategy was only marginally significant ($\beta = -.043$, $t = .163$ $p < .05$) indicating that for a one standard change in the control-based HR strategy index is associated with a $-.043$ change in employee job performance. The t value indicates that the results are statistically significant and the F ration indicates the fit of the model to the data estimates. Overall, these results may imply that there is some evidence that control-based HR system affect employee job performance. That is, as the work context becomes more dynamic, centralized with maximum surveillance, employees do not depart from the prescribed job tasks and altering work routines hence fulfilling basic job requirements leading to job performance. On the other hand, confirming these findings, we conducted a detailed examination of each of individual practices of control-based HR (from broad centralized recruitment to long working hours). This result is displayed in table 4.24.

Table 4.24 Regression Results for the Effect of Individual Variables of Control-based HR Strategy on Employee Job Performance Variables

Control -based HR Strategy items	Employee Job Performance Variables							
	Task Performance				Contextual Performance			
	B	SE	β	t	B	SE	β	t
(Constant)	.511	.191	.269	2.658	4.397	.192	.011	2.854
Tenure	.033	.014	.001*	1.443	.014	.126	.015*	2.846
Centralized recruitment	-.008	.012	.084*	-0.908	-.001	.014	-.014	-.094
Informal/unstructured training	-.008	.012	.104*	-1.696	-.009	.012	-.109*	-.734
Non-transparent Appraisal	.026	.029	.133	.880	.023	.029	.174	1.151
Centralized pay	-.013	.026	-.074	-.511	.012	.026	.063	.440
Long working hours	.011	.014	-.122*	1.805	.006	.014	.060	.395
	$R^2 = .042$ Adj. $R^2 = -.030$ R^2 change = .042 F = .412 (5,475)				$R^2 = .052$ Adj. $R^2 = -.049$ R^2 change = .052 F = .512 (5,475)			

a. Predictors: Tenure, Control HR strategy items

b. Dependent Variable: Task Performance, Contextual Performance

c. *P<.05 (2-tailed)

4.11.1 Control-based HR Strategy and Task performance

Control-based HR variables namely, centralized recruitment, informal/unstructured training, non-transparent appraisal, centralized pay and long working hours were regressed with employee job performance variables namely task and contextual performance. As indicated in table 4.24, individual variables of control-based HR explained 4.2 percent of the variation in task performance ($R^2 = .042$, Adj. $R^2 = -.030$, R^2 change = .042) leaving 95.8 per cent of the variance explained by other unknown factors. The F value was (5,475) = .412, $p > .05$ revealing a good fit of the data estimates.

Specifically, long working hours had a significant negative effect on task performance with beta coefficient of ($\beta = -.122$, $t = 1.805$, $p < .05$) indicating that for every one unit increase in long working hours there is $-.122$ decrease in task performance. The t values indicate that the results are statistically significant. This implies that when employees work for very long hours they become exhausted and this, in turn, negatively affects their task performance. Informal training had a significant positive beta coefficient of ($\beta = .104$, $t = -1.696$, $p < .05$). One possible explanation for this is that informal/unstructured training facilitates the flow of tacit knowledge among employees who share ideas on how to carry out tasks leading to achievement of task performance. Centralized recruitment had a significant positive beta coefficient of ($\beta = .084$, $t = -.908$, $p < .05$). This also implies that tight controls in the recruitment process ensure that state corporations produce individuals who have higher perceived productivity. On the other hand, centralized pay and non transparent appraisal had no significant effect on task performance.

The lack of a significant correlation between non-transparent appraisals on task performance may indicate a nonlinear relationship between these two variables. In other words, state corporations with control-based HR systems may benefit from high non-transparent appraisal up to some point, but after that point is reached, it begins to have a detrimental effect on job performance particularly on how they carry out their work. However, the relatively moderate effect sizes of centralized recruitment, long working hours and informal training observed here are due to the nature of these job performance outcomes resulting in the lowering of operating expenses such as lowering workers' compensation thus increasing higher profitability for Tanzania's State Corporations.

4.11.2 Control-based HR Strategy and Contextual Performance

The individual variables of control-based HR strategy were entered in the regression model and regressed with the aggregate mean score of contextual performance. Regression result in table 4.24 reveal that control-based HR strategy variables explained 5.2 percent of the variation in contextual performance ($R^2 = .052$, Adj. $R^2 = -.049$, R^2 change = .052) leaving 94.8 per cent explained by other factors which were not captured in the model. The F value was $=.512$ (5,475), $P > .05$ revealing a good fit of the model. In

particular, informal training had statistically significant negative effect on contextual performance ($\beta = -.109$, $t = -.734$, $p < .05$) indicating that for every one unit increase in informal training there is .109 decrease in contextual performance. This could be interpreted that unstructured training may include dysfunctional behaviors, with potential negative consequences for job performance, such as helping co-workers to achieve personal goals inconsistent with organizational objectives. However, this finding partly is similar to that obtained by Schmidt and Hunter (1992) who found that training was associated with both task and contextual performance.

On the other hand, centralized recruitment had a lower and non significant beta coefficient of ($\beta = -.014$, $t = -.094$, $p > .05$) and non-transparent appraisal exhibited non significant effect with contextual performance ($\beta = .133$, $t = 1.151$, $p > .05$). This may imply that employees in Tanzania's State Corporations who believe that their organization is not committed to providing them with developmental activities may not feel an obligation to repay the organization through cooperating with coworkers and following rules and procedures hence affecting contextual performance. Therefore, although the hypothesis was partially supported *the null hypothesis was rejected*.

4.12 The Effect of Commitment-based HR Strategy on Employee Job Performance

The third objective of the study was to determine the effect of commitment-based HR strategy on employee job performance. It was anticipated that commitment-based HR system shape desired employee behaviors and attitudes by forging psychological links between organizational and employee goals hence affecting their job performance. Therefore, it was hypothesized that;

H3₀: Commitment-based HR strategy has no significant effect on employee job performance

In order to examine how commitment-based HR strategy contributes to explaining the variance in employee job performance, regression analysis was performed whereby control variable (tenure) and the aggregate mean score of commitment-based HR strategy together were entered in the regression equation. The results are indicated in table 5.25.

Table 4.25 Regression Results for the Effect of Commitment-based HR strategy on Employee Job Performance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.017	.211	.017	.395	.000
Tenure	.151	.051	.042	.058	.038
Commitment-based HR strategy	.109	.49	.003*	1.168	.002
	R² =.006 Adjusted R²=.022 F =.157 (1,272)				

a. Predictors: Tenure, Commitment-based HR strategy

c. Dependent Variable: Overall Employee Job Performance

c. * P<.05 (2-tailed)

Tables 4.25 shows a very low adjusted R² of .06 implying that commitment-based HR strategy explains only .06 of the variation in employee job performance, although the overall equation is statistically significant. Particularly noteworthy, the beta coefficient is very close to zero ($\beta=.03$, $t=1.168$, $p<.05$) lower than that of control-based HR strategy. This result is surprising given the prediction from the literature that commitment-based HR practices are strongly associated with high organizational performance. Substantiating the results, a regression analysis was conducted on each of commitment-based HR practices on two variables of job performance namely task and contextual performance. This is indicated in the table 4.26.

Table 4.26 Regression Results for the Effect of individual variables of Commitment-based HR strategy and Employee Job Performance variables

Commitment-based HR Variables	Employee Job Performance Variables							
	Task Performance				Contextual Performance			
	B	SE	β	t	B	SE	β	t
(Constant)	4.587	.139		2.943	4.596	.140		2.890
Tenure	.187		.116		.190		.173	
Clear and transparent recruitment and selection	-.006	.020	-.041	-.284	-.008	.020	.020	-.402
Frequent and extensive training	-.018	.021	.130*	-1.856	-.020	.021	.139*	-.921
Regularly and formal performance appraisal	.004	.019	.037	.232	.013	.019	.108	.681
Ability-based Pay and	.014	.017	.126	.818	.017	.017	.149	.979
	R² =.031 Adj. R² =-.030 R² change=.031 F =.385 (3,485)				R² =.028 Adj. R² =-.021 R² change=.020 F =.247(2,485)			

a. Predictors: Tenure, Commitment-based HR strategy

b. Dependent Variable: Task Performance, Contextual Performance

c. *P<.05 (2-tailed)

4.12.1 Commitment-based HR Strategy and Task performance

Commitment-based HR strategy variables namely, clear and transparent recruitment, frequent and extensive training, regularly and formal appraisal and ability-based pay were jointly regressed with task performance. The regression results indicated in table 5.26 shows that commitment-based HR strategy explained 3.1 percent of the variation in task performance ($R^2 = .031$, $Adj. R^2 = -.030$, $R^2 \text{ change} = .031$) leaving 96.9 per cent explained by other unknown factors which were not captured in the model. The F Change was $(3,485) = .385$, $P > .05$ indicating a good fit of the data to the parameter estimates. Specifically, extensive training was having a positive and significant unique effect on task performance with beta coefficient of ($\beta = .130$, $t = -1.856$, $p < .05$) indicating that for

every one unit change in extensive training there is .130 increase in task performance. This implies that training enhances Tanzania's public sector employee's skills which enable them to carry out their work leading to task performance.

Unfortunately, other variables had non-significant effect on task performance. For instance, formal performance appraisal scored a non significant effect on task performance ($\beta=.037$, $t=.232$, $p>.05$). This may imply a lack of success of performance appraisal system as a mechanism for performance assessment in Tanzania's State Corporations. Similarly, ability-based pay ($\beta=.126$, $t=.818$, $p>.05$) may mean that monetary rewards were not a motivating factor for employees to perform their tasks in Tanzania State Corporation.

4.12.2 Commitment-based HR Strategy and Contextual Performance

Further analysis was carried out to determine the influence of individual parameters of commitment-based HR strategy on contextual performance. The regression result in table 4.26 indicate that individual variables making up commitment-based HR strategy explained 2.8 percent of the variation in contextual performance ($R^2 =.028$, Adj. $R^2=-.021$, R^2 change=.020) leaving 97.2 per cent explained by other factors which were not captured in the model. The F value was .247(2,485), $P>.05$) revealing a good fit of the data in the model. Individually, extensive training scored a positive and significant unique effect on contextual performance with beta coefficient of ($\beta=.139$, $t=-.921$, $p<.05$) indicating that for every one unit change in extensive training, there is .139 increase in contextual performance. The t value indicates that the results are statistically significant. This implies that extensive training creates opportunity for collaboration and interaction among employees, which in turn leads to greater cohesion and therefore achieving contextual performance. The other three parameters namely clear and transparent recruitment, regular and formal appraisal and ability-based pay had non-significant effect on contextual performance. The respective beta coefficient showed that ability-based pay was much stronger ($\beta=-.149$, $t=979$, $p>.05$) while clear and transparent recruitment and selection had low coefficient of ($\beta=-.057$, $t=-.402$, $P>.05$) but non significant. These

results imply that training is not a substitute for recruitment, wages or performance appraisal in Tanzania State Corporations.

Overall results indicate a weak association of commitment-based HR strategy on task and contextual performance in Tanzania's State Corporations. This weak score of the model indicates a reasonably low ability of commitment-based HR strategy to account for variation in employee job performance in the public sector. However, the current study provides partial evidence for acceptance of the hypothesis concerned. Despite the partial support for commitment-based HR strategy on employee job performance, *the null hypothesis is hereby rejected.*

4.13 The Effect of HR Strategic Orientation on Employee Job Performance

The fourth objective of this study was to examine the effect of HR Strategic Orientation on employee job performance. It was predicted that, HR strategic orientation which consists of practices from both control and commitment-based HR strategies will enable a firm to ensure that its people add value to its production processes and that its pool of human capital is a unique resource, both difficult to replicate to substitute for. Therefore, it was hypothesized that;

H4₀: HR strategic orientation has no significant effect on employee job Performance

To test this hypothesis the aggregate mean score of HR strategic orientation was regressed with the aggregate mean score of employee job performance and the results are shown in table 4.27.

Table 4.27 Regression Results for the Effect of HR Strategic Orientation and Overall Employee Job Performance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.712	.200		3.518	.000
Tenure	.014	.019	.015*	-.149	.046
2 Overall HR Strategic Orientation	.476	.055	.463*	2.654	.006
$R^2 = .294$ Adjusted $R^2 = -.231$ R^2 Change = .218 F = .224 (2,505)					

a. Predictors: Tenure, Overall HR Strategic Orientation

b. Dependent Variable: Overall Employee Job Performance

c. * P<.05 (2-tailed)

The linear regression analysis of results displayed in table 4.27 indicates that HR strategic orientation as a whole explains 29.4 percent of the variation in employee job performance ($R^2 = .294$, adjusted $R^2 = -.231$, R^2 Change = .218) while 70.6 percent is explained by other unknown factors. The F Change was (2,505) = .224, $P > .05$ indicating a better fit of the data to the population. The result also indicates a positive significant beta coefficient of ($\beta = .463$, $p < .05$), with $t = 2.654$ indicating that the results are statistically significant. This implies that HR strategic practices in the Tanzania's State Corporations may influence individual behaviors to alter the way work is done at least by making work more meaningful and with interaction with others may find superior ways to perform the tasks thus establishing superior work performance.

To further investigate these relationships between these variables, a single model in which all the items of HR strategic orientation (control and commitment-based HR strategies) are included was formulated. The procedures used by MacDuffie (1995), Osterman (1994), and Arthur (1992, 1994) to combine the HR practices into interactive indices reflecting the HR - enhancing system were followed. A two-way and a three-way bundles of HR practices were proposed. Such a multiplicative approach to combining HR

practices into an interactive bundles suggests that firms can improve performance either by increasing the number of practices they employ within the system or by using the practices in an HR system in a more comprehensive and widespread manner. This approach is conceptually and empirically better because it does not reduce the index value to zero if a single HR practice is absent from a system. By including the configurations as interrelated factors that affect employee job performance the relative importance of each component in promoting employee job performance can be analyzed. To interpret the interactions, procedure suggested by Peters et al. (1984), was used and conducted a separate regression analysis for individual variables. The interactions effect at one-standard-deviation increase on employee task and contextual performance was estimated while holding control variable at its mean.

The hierarchical regression analysis was used to examine the interactive effect. In the first step, the control variables (tenure) together with the two-way configurations were entered in the regression model. Their main effects were examined. In the second step, the three way interactions were entered and their effect were examined respectively. The results are presented in table 4.28.

Table 4.28 Regression Results for the Effect of Individual Variables of HR Strategic Orientation on Individual Employee Job Performance Variables

	Employee Job Performance Variables							
	Task Performance				Contextual Performance			
	B	SE	β	t	B	SE	β	t
(Constant)	.544	.216		1.031	.438	.215		.678
Tenure	.486	.297	.523*	.397	.455	.464	.497*	.609
Two-Way Interaction Effects								
Central. recruitment x extensive training	.012	.016	.472*	.730	.008	.016	.085*	.515
Informal training x Clear recruitment	.012	.020	.409*	.627	.013	.019	.317*	.686
Non-trans. Appraisal x Ability-based Pay	-.017	.023	.124*	-.737	-.024	.023	-.174*	-1.055
Central. pay x Regular appraisal	-.006	.015	.565*	-.388	.002	.015	.107*	.102
	R² = .128				R² = -.082			
	F = .347 (9,435)				F = .564 (9,335)			
Three-Way Interaction Effects								
Central. recruitment x extens. training x Ability-based Pay	.023	.035	.621*	.658	.026	.035	.335*	.753
Informal training x Non-trans. Appraisal x Clear recruitment	-.007	.022	.550*	-.323	-.015	.022	-.370*	-.703
Centralized pay x Regular appraisal x Long working hours	-.009	.029	.500*	-.310	.021	.029	.316*	.739
	R² Change = .276				R² Change = .194			
	F Change = .619 (4,541)				F Change = .457 (3,551)			

a. Predictors: Tenure, Individual HR Strategic Orientation Variables

b. Dependent Variable: Individual Employee Job Performance Variables

c. * P < .05 (2-tailed)

The contributions of the various interaction terms vary somewhat across the two employee job performance indicators. As table 4.28 shows, both the two- way and three- way interaction terms contribute significantly to the employee job performance. Specifically, for the two way interaction, the results show that interactions of HR configuration account for 12 percent of the variation in task performance ($R^2 = .128$, $F=.347$ (9,435)) and -.08 percent of the variation in contextual performance ($R^2 = -.082$, $F=.564$ (9,335)). Assessment of individual interactions show that centralized recruitment-by-extensive training had a statistically significant beta coefficient of ($\beta=.472$, $t=.730$, $P<.05$) on task performance and ($\beta=.085$, $t=515$, $P<.05$) on contextual performance increasing from ($\beta=-.084$, $P>.05$ task performance) when centralized recruitment was standing alone. This implies that tight controls of recruitment minimize selection of non performers, coupled with extensive training improves employee skills, hence output per person increases. It is also observed that unstructured training-by-clear recruitment interactively scored a statistically positive significant beta coefficient of ($\beta=.409$, $t=1.627$, $P<.05$) on task performance and ($\beta=.317$, $t=2.686$, $P<.05$) on contextual performance increasing from ($\beta=.104$, $P>.05$ task performance) when informal/unstructured training was standing alone. This implies that when State Corporations recruit employees using different selection methods predict job performance ability, at the same time, when informal training is done leads to skill acquisition, which in turn leads to proficiency in carrying out tasks.

Accordingly, the interaction of non-transparent appraisal-by- ability-based pay scored a beta coefficient of ($\beta=.124$, $t=-.737$, $P<.05$) on task performance and ($\beta=.174$, $t=-1.055$, $P<.05$) on contextual performance, from ($\beta=.133$, $P>.05$ task performance) when non-transparent appraisal was standing alone. This means that rewarding public sector employees as per their contributions is likely to foster needed employee role behaviors necessary for job performance and if the procedures for determining rewards are clear and absent from bias, in most cases, may reduce the negative impacts of non-performance appraisal. Finally, centralized pay-by-regular appraisal interaction scored a beta coefficient of ($\beta=.565$, $t=-.388$, $P<.05$) and ($\beta=.107$, $t=1.102$, $P<.05$) on contextual performance of ahead from ($\beta=-.074$, $P>.05$ task performance) when centralized pay was

standing alone. This implies that since all State Corporations employees are mainly rewarded through payroll, this has made it harder to give them incentive compensation. However, when this is conducted in tandem with performance appraisal, conducted regularly and is perceived to be fair can enhance employee's chances for promotions which increases pay grades, and also provide training opportunities leading to motivation, new skills and therefore reinforcing reliable and predictable behavior.

Equally, the results show that three-way interaction has increased explanatory power ahead from the results of the two-way interactions. For the three-way interactions, the results show that interactions of HR configuration account for 27 percent of the variation in task performance ($R^2 = .276$, $F = .619$ (4,541) and 19 percent of the variation in contextual performance ($R^2 = .194$, $F = .457$ (3,551)). The beta coefficients indicates that interactions of centralized recruitment-extensive training-ability-based pay scored a beta coefficient of ($\beta = .621$, $t = 2.658$, $P < .05$) on task performance and ($\beta = .335$, $t = 1.753$, $P < .05$), on contextual performance; informal training-non-transparency appraisal-clear recruitment ($\beta = .550$, $t = -2.323$, $P < .05$ on task performance and ($\beta = .370$, $t = -1.703$, $P < .05$) on contextual performance; and centralized pay-regular appraisal-long working hours got ($\beta = .500$, $t = -1.310$, $P < .05$ on task performance and ($\beta = .316$, $t = 2.739$, $P < .05$) on contextual performance effectively. Adjusted R^2 improved from .128 for a two-way interaction to .276 for three-way interaction compared to $R^2 = .056$ for control and $R^2 = -.030$ for commitment both standing individually. Therefore, according to these configurations, the more consistent HR strategies are working in bundles the stronger their effect on employee job performance as observed in Tanzania state corporations. Working interactively between HR dimensions increases understanding of changes in the workforce performance.

The overall model is statistically significant. The regression results suggest some support for the hypothesis that overall HR strategic orientation would affect employee job performance in Tanzania's state corporations. The F test and the corresponding t-test indicate that HR strategic orientation explains a significant amount of the variance in perceived employee job performance; therefore, the *null hypothesis is rejected*.

4.14 Test of Moderating Effect of Organizational Factors

The fifth objective of this study was to assess the moderating effect of organizational factors on the relationship between HR strategic orientation and employee job performance. A moderator is a variable that specifies conditions under which a given predictor is related to an outcome. The moderator explains ‘when’ a DV and IV (in this case HR strategic orientation and employee job performance) are related. Moderation implies an interaction effect, where introducing a moderating variable changes the direction or magnitude of the relationship between the two variables. As Hayes (2009) posits, a moderation effect could be; (a) Enhancing, where increasing the moderator would increase the effect of the predictor (IV) on the outcome (DV), (b) Buffering, where increasing the moderator would decrease the effect of the predictor on the outcome or (c) Antagonistic, where increasing the moderator would reverse the effect of the predictor on the outcome. On the other hand, interaction effects represent the combined effects of two forces or variables (IV and the Moderator) on the criterion (DV). Hayes (2009) noted that the idea that multiple effects should be studied in research rather than the isolated effects of single variables is one of the important contributions of Sir Ronald Fisher (Hayes, 2009). Therefore, it was hypothesized that;

H5₀: Organizational factors have no significant moderating effect on the relationship between HR strategic orientation and employee job performance.

In order to test this hypothesis, moderated hierarchical regression analysis was used to test the extent to which organizational factors (structure, culture, and politics) moderate the relationship between HR strategic orientation and employee job performance. In order to confirm this relationship we must show that the nature of this relationship changes as the values of the moderating variable change. It was expected that the interaction effect or cross-product terms of the predictors will indicate whether the moderation is present or not. This was in turn done by including an interaction effect in the model and checking to see if indeed such an interaction was significant and helps explain the variation in the

response variable better than before. If the interaction term explains significant variance after the individual predictors are entered, then the moderation was to be present.

First, all variables were standardized or mean adjusted to make the interpretations easier and to avoid multicollinearity. Thereafter, linear-by-linear interaction terms were created by multiplying the proposed moderators and the independent variables. In the first step, the control variable (tenure) was entered (model 1), followed by independent variable (HR strategic orientation) in the model 2, and the moderator (organizational factors-structure, culture, and politics) were also entered into the equation in the model 3, to test for their proposed main effect. In the second step, the two-way interaction or the multiplicative terms were added. The regression weights for the multiplicative terms were then examined for significance. The regression analyses results are discussed in the following subset.

4.14.1 The Effect of Organizational Structure on the Relationship between HR Strategic Orientation and Employee Job Performance

It was predicted that organizational structure would interact with HR strategic orientation in predicting employee job performance. Hierarchical moderated regression analysis was performed to assess the significance of this assertion. In the first step, the control variable (tenure) was entered (model 1), followed by independent variable (HR strategic orientation) in the model 2 and the moderator (organizational structure) was also entered into the equation (in the model 3) to test for their proposed main effect and get the amount of variance accounted for by the predictors with and without the interaction. In the second step, the two-way interaction or the multiplicative terms were added. The regression weights for the multiplicative terms were then examined for significance as recommended by Aiken and West (1991). Result of the regression analysis is displayed in table 4.29. Each equation did not reach significance conventional levels.

Table 4.29 Results for the Effect of Organizational Structure on the relationship between HR Strategic Orientation and Overall Employee Job Performance

Step 1 Main Effect		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		4.584	.043		6.692	.000
1	Tenure	.008	.020	.062*	.425	.032
2	HR Strategic orientation	-.036	.055	-.093	-.654	.016
		R²=.009 F =.224 (2,505), P>.05				
Moderator						
3	Organizational structure	.050	.037	.200	1.343	.186
		R² Change =.035 F Change =.453 (4,495), P>.05				
Step 2 Interaction Effect						
4	HR Strategic orientation X Organizational structure	-.013	.017	-.021	-.758	.452
		R² Change =.011 F Change =.403 (3,485), P>.05				

- a. Predictors: Tenure, HR Strategic Orientation
- b. Moderator: Organizational Structure
- c. Dependent Variable: Overall Employee Job Performance
- d. * P<.05 (2-tailed)

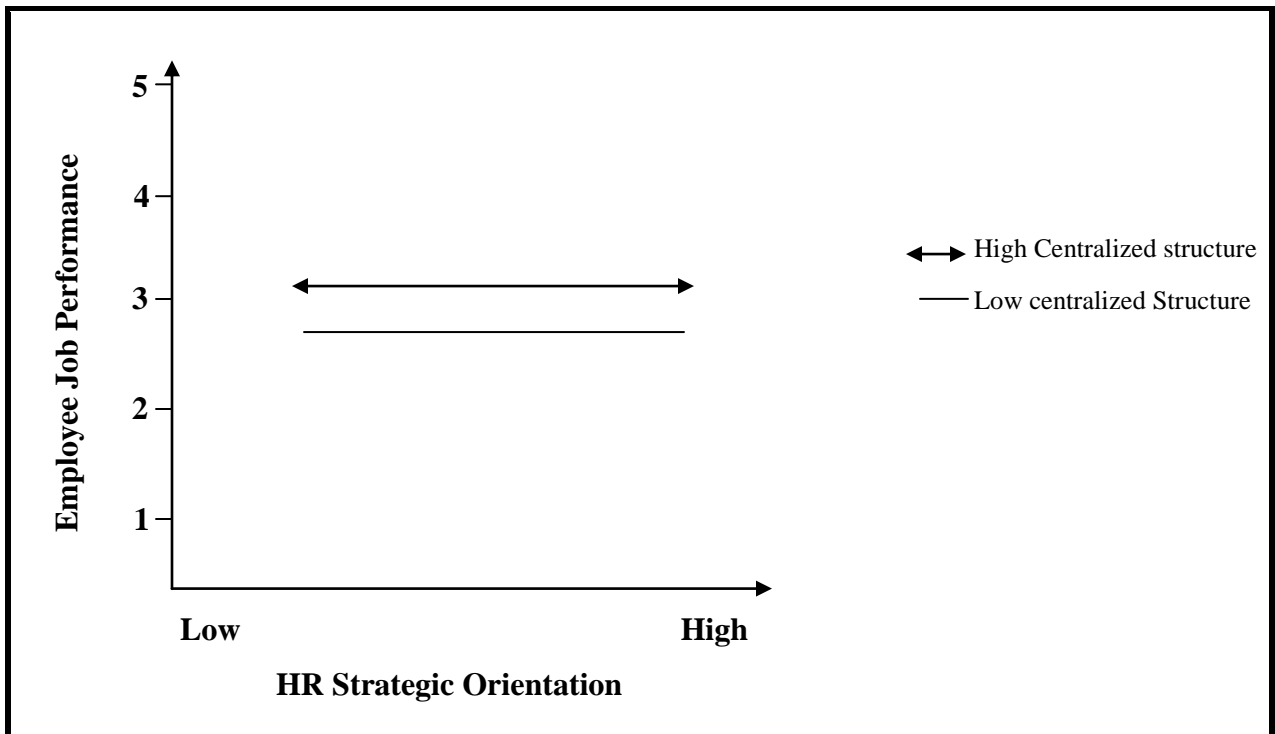
The results from table 4.29 show that HR strategic orientation as it was entered in the second step, accounted for .09 percent of the variation in employee job performance ($R^2=.009$ and $F =.224 (2,505), p>.05$). However, this relationship was not significant. When organizational structure was added to the equation in the third step, the variance increased to 3 (R^2 Change =.035, F Change =.453 (4,495), $P>.05$) with a beta coefficient of ($\beta=.200$) which was also non significant. Furthermore, when the cross product term was added to the equation, the variance decreased from 3 to 1 percent which was also not significant at $<.05$ (R^2 Change =.011, F Change =.403 (3,485), $P>.05$) hence failed to support the prediction that a significant interaction existed between HR strategic

orientation and organizational structure to affect employee job performance in Tanzania's State Corporations. This finding is similar to that of Howard (1995) that structure had no significant influence in performance.

4.14.1.1 Interaction Plot Analysis

In order to confirm the results of moderating effect of structure obtained above interaction plot analysis was performed. The interaction term was tested depicting one standard deviation above the mean for high and one standard deviation below the mean. The interactions were plotted as per guidelines provided by Dawson and Richter (2006). This interaction is shown in figure 4.2.

Figure 4.2 Interaction Plot for the Effect of Structure and HR strategic orientation on Employee Job Performance



The interaction slopes plotted in figure 4.2 confirms the results reported in table 4.26 which showed the interaction terms not reaching significant levels. This indicates that the interaction effect are not significant different from zero. Therefore, it can be interpreted that the interaction captured by beta coefficient reported in table 4.26 is likely to be tightly concentrated around the mean contrary to our prediction. The result shows that there is no difference in performance under conditions of centralized and decentralized structure in Tanzania's State Corporations even with the use of bundles of HR practices.

4.14.2 The Effect of Organizational Culture on the Relationship between HR Strategic Orientation and Employee Job Performance

The relationship of this hypothesis was tested through their isolated effect and then their interaction term. Through hierarchical moderated regression analysis, in the first step, the control variable (tenure) was entered (model 1), followed by independent variable (HR strategic orientation) in the model 2 and the moderator (organizational culture) was also entered into the equation in the model 3. This was done in order to test their proposed main effect and get the amount of variance accounted for by the predictors with and without the interaction. In the second step, the two-way interaction or the multiplicative terms were added. The regression weights for the multiplicative terms were then examined for significance following suggestion by Aiken and West (1991). Result of the regression analysis is displayed in table 4.30 whereby each equation reached significance at conventional levels.

Table 4.30 Results for the Effect of Organizational Culture on the Relationship between HR Strategic Orientation and Overall Employee Performance

Step 1 Main Effect Predictors	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.584	.043		6.692	.000
1 Tenure	.008	.020	.062	.425	.032
2 HR Strategic orientation	-.036	.055	-.093*	-.654	.016
	R ² =.009 F =.224 (2,505), P<.05				
Moderator 3 Organizational culture	.072	.043	.269*	1.669	.001
	R ² Change =.053 F Change = .695 (3,495), p<.05				
Step 2 Interaction Effect					
4 HR Strategic Orientation x Organizational culture	-.011	.018	.299*	-2.609	.046
	R ² Change =.067 F Change =.884 (4,485), P<.05				

a. Predictors: Tenure, HR Strategic Orientation

b. Moderator: Organizational Culture

c. Dependent Variable: Overall Employee Job Performance

d. * P<.05 (2-tailed)

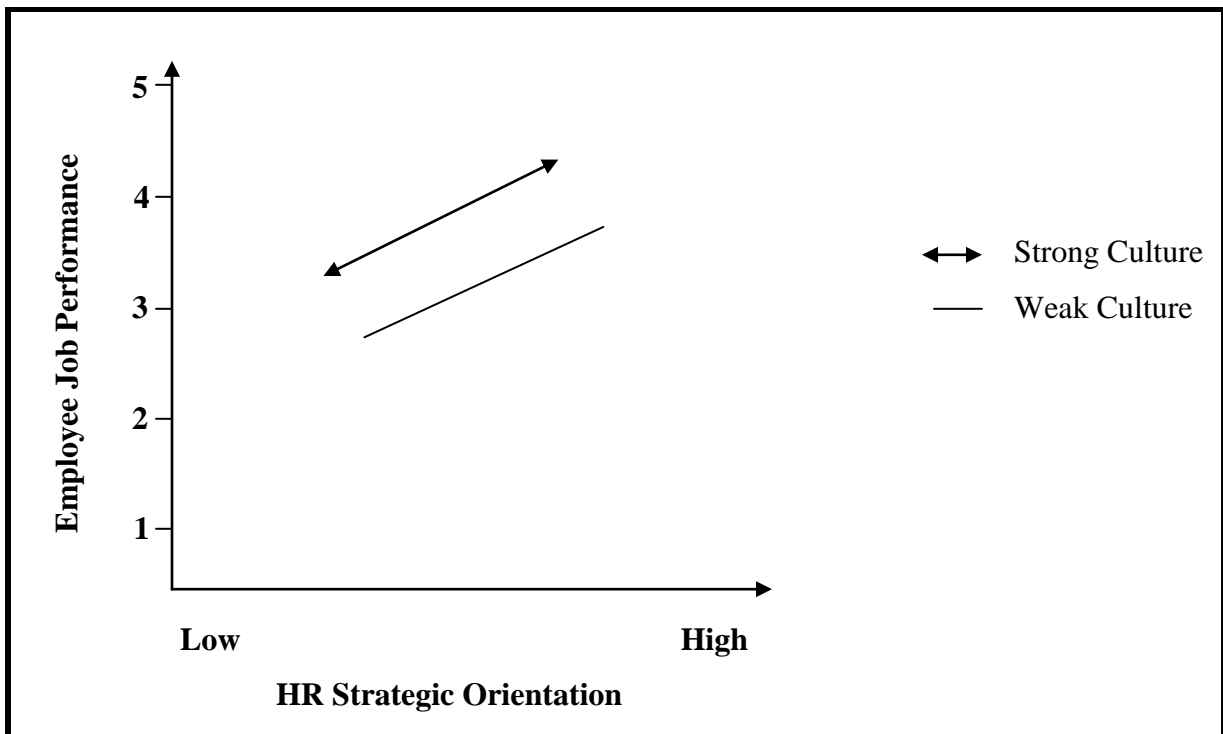
Results from table 4.30 indicate that HR strategic orientation significantly predicted employee job performance in the second step of regression analysis and accounted for 0.9 percent ($R^2=.009$, $F =.224$ (2,505), $p < .05$) of the variation in employee job performance, with a beta coefficient of ($\beta = -.093$, $t = -.654$, $p < .05$). When organizational culture was added to the equation in the third step, the R^2 increased to 5 percent of the variation in job performance (R^2 Change =.053, F Change =.695 (3,495), $p<.05$) with the beta coefficient ($\beta =.269$, $t = -.654$, $p < .05$). In the fourth step, when the interaction term of HR strategic orientation and organizational culture was entered in the regression model, the R^2 increased to 6 percent of the variance in job performance ($R^2=.067$, F change = .884 (4,485) , $p<.05$) with beta coefficients increasing to ($\beta =.299$, $t =-2.609$, $p < .05$),

although the contribution was relatively moderate. Thus, it appears that organizational norms that tend to encourage results-oriented culture influence the degree to which HR strategies are accepted and used in practice by employees in Tanzania's State Corporations, making them to comply with the requirements for accomplishing particular tasks hence achieving job performance. This finding is similar to that of (Lepak and Snell, 1999) who established that culture was associated with employee attitudes at work.

4.14.2.1 Interaction Plot Analysis

With the guidelines provided by Dawson and Richter (2006), interaction plot for the association between culture and HR strategic orientation on employee job performance was tested for low (-1 SD below the mean) and high (+1 SD above the mean) for levels of organizational culture. The following graph of simple slopes highlights the consistent patterns evident in the data for moderating effect as is depicted in figure 4.3.

Figure 4.3 Interaction Plot for the Effect of Culture and HR strategic orientation on Employee Job Performance



The interaction plot test on figure 4.3 revealed that when State Corporations have strong culture that are highly consistent, well coordinated and well integrated, it makes employees feel that they have input into decisions making hence become more committed and effective on their job resulting in work performance. However, when HR strategic orientation is not people oriented, it usually results into deterioration in morale leading to lower commitment and less willingness among employees to do their jobs correctly and pay attention to details, hence poor work performance.

4.14.3 The Effect of Organizational Politics on the Relationship between HR Strategic Orientation and Employee Job Performance

Moderated hierarchical regression analysis was done to test this prediction. In the first step, the control variable (tenure) was entered (model 1), followed by independent variable (HR strategic orientation) in the model 2 and the moderator (organizational politics) was also entered into the equation in the model 3 to test for their proposed main effect and get the amount of variance accounted for by the predictors with and without the interaction. In the second step, the two-way interaction or the multiplicative terms were added as recommended by Aiken and West (1991). The regression weights for the multiplicative terms were then examined for significance. Result of the regression analysis is displayed in table 4.31. Each equation reached significance at conventional levels.

Table 4.31 Results of Moderation of Organizational Politics on the relationship between HR Strategic Orientation and Overall Employee Performance

Step 1 Main Effect Predictors		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		4.584	.043		6.692	.000
1	Tenure	.008	.020	.062*	.425	.032
2	HR Strategic orientation	-.036	.055	.093*	-.654	.016
		R²=.009 F =.224 (2,505), P<.05				
Moderator						
3	Organizational politics	.032	.031	-.143*	1.016	.031
		R² Change =.020 F Change =.494 (3,495),p<.05				
Step 2						
Interaction Effect						
4	HR Strategic orientation x Organizational politics	.026	.019	.221*	2.353	.018
		R²=-.036 F Change =.834 (4,485), p<.05				

a. Predictors: Tenure, HR Strategic Orientation

b. Moderator: Organizational Culture

c. Dependent Variable: Overall Employee Job Performance

d. * P<.05 (2-tailed)

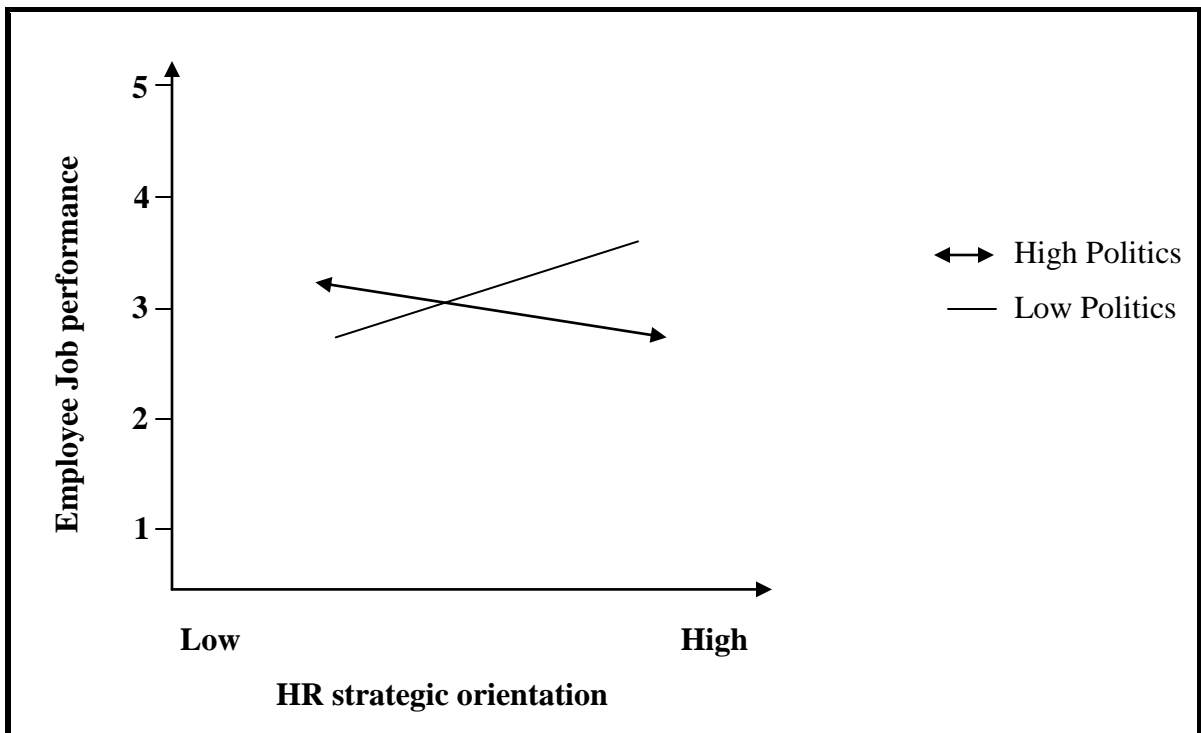
As anticipated, results from table 4.33 above show a significant, negative beta coefficient of ($\beta=-.143$, $t=1.016$, $p<.05$) for organizational politics. The R^2 change did not decline significantly over Model 2 (R^2 Change =.020, $F=.494$ (3,495), $p<.05$) from ($R^2=.009$, $F=.224$ (2,505), $P<.05$) which uses the original indices ($\beta=.093$, $t=-.654$, $p<.05$) for HR strategic orientation and as opposed to ($\beta=.062$, $t=.425$, $p<.05$) for tenure. A similar pattern of results can be seen when an interaction term ($\beta=.221$, $t=2.353$, $p<.05$) (created by multiplying the value for the HR strategic orientation index by the organizational politics measure) was incorporated in step 4. The R^2 increased significantly from the third

model (R^2 Change = .020, $p < .05$) to ($R^2 = -.036$, $p < .05$), and the fit of the data improved from ($F = 4.24$ (2,505), $p < .05$) to (F Change = .834 (4,485), $p < .05$) revealing a good fit of the model. Therefore, HR strategic orientation and organizational politics together with the interaction term are significantly different from zero. This implies that the widespread political behavior in Tanzania's State Corporations has effect on employee's job performance as it is meant to manipulate HR decision-making for various outcomes.

4.14.3.1 Interaction Plot Analysis

Specifically, the relationship between HR strategic orientation and employee job performance was examined at a high level of organizational politics (one standard deviation above the mean) and at a lower level of organizational politics (one standard deviation below the mean). With the guidelines provided by Dawson and Richter (2006), the following graph of simple slopes in figure 5.4 highlights the two-way interaction for moderating effect of organizational politics.

Figure 4.4 Interaction plot for Effect of Politics and HR strategic orientation on Employee Job Performance



From the interaction plot in figure 4.4 above it may be surmised that under low organizational politics and low application of fair HR practices, employees experience low job performance. Likewise, under low organizational politics and high application of fair HR practices, employees experience high job performance. On the other hand, under high organizational politics and whether HR practices are fair or not, employees achieve low job performance. This implies that employees might engage in political behavior as a mechanism of influencing HR practices such as getting training opportunities and promotions, consequently, this may have far reaching impact by prohibiting fair procedures from being followed. Some employees may feel frustrated and dissatisfied, resulting to inability to carry out their jobs and poor cooperation among them therefore, leading to poor job performance. On the other hand, under low political environment, employees might not choose to engage in political behaviors as responses to perceived fair HR practices and therefore do not opt to withdrawal behaviors such as absenteeism or shirking hence positively increasing their job performance.

Therefore, the overall model indicates that where a structure has no statistical moderating influence on the relationship between HR strategic orientations and employee job performance; culture and politics significantly moderate the relationship between HR strategic orientations and employee job performance in Tanzania's State Corporations. This finding provides support for hypothesis five that organizational factors have a significant moderating effect on the relationship between HR strategic orientation and employee job performance, therefore, *the null hypothesis is hereby rejected*.

4.15 The Effect of Employee Job Performance on Organizational Performance

The sixth objective of this study sought to establish the effect of employee job performance on organizational performance. It was assumed that employee job performance describes specific individual behaviors (Borman and Motowildo, 1997) that impacts on organizational performance. Therefore, it was hypothesized that;

H₆₀: Employee job performance has no significant effect on organizational Performance

In order to establish the strength and significance of the relationship between employee job performance and organizational performance regression analysis was performed to ascertain the relationship and the results are shown in table 4.32 below.

Table 4.32 Regression Results for the Effect of Employee Job Performance on Overall Organizational Performance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.459	.260		1.183	.000
Tenure	.042	.113	.054*	.367	.002
Employee Job Performance	.743	.244	.356*	2.117	.009
R² =.274 Adjusted R²=-.221 R² Change=.240 F =.392 (2,505)					

- a. Predictors: Tenure, Employee Job Performance
- b. Dependent Variable: Organizational Performance
- c. *P<.05 (2-tailed)

From table 4.32 it was deduced that there was a general positive and statistically significant relationship between employee job and firm performance. The result shows that employee job performance as a whole explains 27.4 percent of the variation in organizational performance ($R^2 = .274$, F Change = .392 (2,505), $P < .05$) leaving 72.6 percent explained by other factors. The adjusted $R^2 = -.221$ indicates a better estimate of the population. The result also indicates a moderate and positive beta coefficient of ($\beta = .356$, $t = 2.117$, $p < .05$) implying a significant contribution of employee job performance to performance of State Corporations in Tanzania.

These results provide evidence that employee job performance successfully contributes to organizational performance in Tanzania's State Corporations. This study opines that finding such links between predictors (employee job performance) and criterion

(organizational performance) elements significantly advances the science of SHRM research.

To confirm the results the contribution of individual variables of employee job performance and organizational performance was examined and the results are presented in table 4.33.

Table 4.33 Regression Results for the Effect of Individual Variables of Employee Job performance on Organizational Performance

Predictor	Financial Performance									Non-Financial Performance		
	ROE			ROA			ROS			B	SE	β (t)
	B	SE	β (t)	B	SE	β (t)	B	SE	β (t)			
Constant	.995	.051	(1.898)	.343	.347	(.739)	.249	.584	(2.023)	.886	.073	(6.776)
Tenure	.111	.603	.370* (-.713)	.890	5.893	.247* (1.197)	.352	.569	-.351* (1.487)	.020	.032	.088* (.609)
Task performance	.694	.607	.487* (1.453)	.054	.362	.353* (1.109)	.069	.809	.431* (1.144)	.345	.364	.210* (.947)
Contextual Performance	.171	.433	.547* (2.139)	.156	.120	.460* (2.189)	-.384	.740	-.300* (1.095)	.299	.350	-.126* (.568)
	R ² =.311 Adj. R ² =.276 R ² change=.274 F =2.029 (5,131) N= 17 (ROE),			R ² =.222 Adj. R ² =.200 R ² Change=.161 F =1.810 (3,192) N= 17 23 (ROA),			R ² =.199 Adj. R ² =.127 R ² Change=.076 F =1.160 (3,141) N= 17 18 (ROS)			R ² =.027 Adj. R ² =-.023 R ² Change=.019 F Change =.450 (1,495)		

a. Predictors: Task Performance, Contextual Performance

b. Dependent Variable: Return on Equity, Return on Asset Return on Sales, Non-Financial Performance

c. *P<.05 (2-tailed)

4.15.1 Employee Job Performance and Return on Equity

Regression results displayed in table 4.33 show that, variables that form employee job performance namely task and contextual performance jointly and significantly accounted

for 31 percent of the variation in ROE ($R^2 = .411$, Adj. $R^2 = .276$, R^2 change = .274, and $F = 2.029$, (5,131), $P < .05$). Examining corresponding beta coefficient, task performance had a significant positive beta coefficient of ($\beta = .487$, $t = 1.453$, $p < .05$) and contextual performance had a significant positive beta coefficient of ($\beta = .547$, $t = 2.139$, $p < .05$). This implies that managements were generally working towards increasing the interest of the shareholders in Tanzania State Corporations. This result significantly confirms findings reported by previous studies. For example, Borman and Motowidlo (1997) reported that contextual performance predicted unit level of share holders' value.

4.15.2 Employee Job Performance and Return on Asset

The results on table 4.36 also indicates that variables that form employee job performance namely task and contextual performance accounted for 22.2 percent significant variation in ROA ($R^2 = .222$, Adj. $R^2 = .200$, R^2 Change = .161 and $F = 1.810$, (3,192), $P < .05$). The variation was positive and significant at $p < .05$. Assessing the respective standardized beta coefficients, the results indicates that task performance had a significant and much stronger beta coefficient of ($\beta = .353$, $t = 1.109$, $p < .05$) and contextual performance attained a moderate strong positive and significant beta coefficient of ($\beta = .460$, $t = 2.189$, $p < .05$). This finding provides evidence for the contribution of employee task performance to ROA whereby in the previous research (Ehrhart et al., 2006; Koys, 2001) the relationship was consistently found to be non-existence.

4.15.3 Employee Job Performance and Return on Sales

The result of test of hypothesis displayed in table 4.36 shows that employee job performance has an effect on ROS. The R^2 show that 19.9 percent of the variation in ROS is explained jointly by task and contextual ($R^2 = .199$, Adj. $R^2 = .127$, R^2 Change = .076 and the $F = 1.160$ (3,141), $P < .05$). Assessment of individual beta coefficients shows that task performance contributes a significant and positive coefficient of ($\beta = .431$, $t = 1.144$, $p < .05$) and contextual performance had a negative and significant beta coefficient of ($\beta = -.300$, $t = 1.095$, $p < .05$). The implication of this is that task and contextual performance increases profit of State Corporations in Tanzania.

4.15.4 Employee Job Performance and Non-Financial Performance

Variables that make up employee job performance namely task and contextual performance were regressed with Non-Financial Performance variable. The results in table 4.36 indicate that 2 percent of the variation in Non-Financial Performance is explained by task and contextual performance, ($R^2 = .027$, Adj. $R^2 = -.023$, R^2 Change = .019 and the $F = .450$ (3,495), $P < .05$). The result also shows that the corresponding beta coefficient ranges from negative and significant ($\beta = -.126$, $t = .568$, $P < .05$) for contextual performance to positive and significant of ($\beta = .210$, $t = .947$, $P < .05$) for task performance. These results illustrate the significant effect of employee job performance on the apparent widely measures of non-financial performance in Tanzania State Corporations.

Following the regression analysis conducted above, this study have been able to substantiate beyond reasonable doubts that employee job performance in Tanzania State Corporations account for a significant effect in organizational performance with 42.7 percent of the variation as indicated in table 5.36. Since the corresponding beta coefficient for all individual variables is significant at $P < .05$ level. Therefore, *the null hypothesis is hereby rejected.*

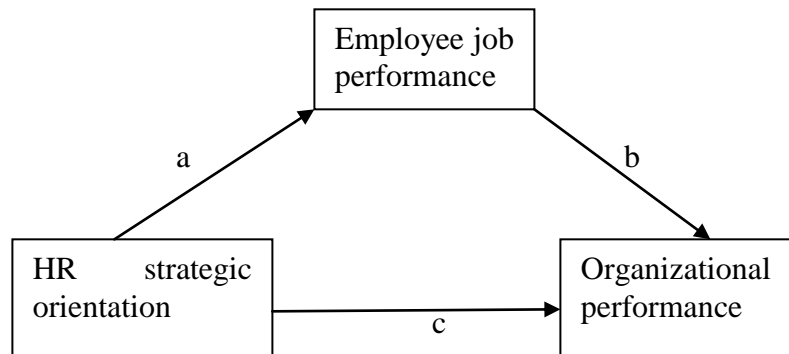
4.16 Test of Mediating Effect of Employee Job Performance

The seventh objective of this study was to assess the mediating effect of employee job performance on the relationship between HR strategic orientation and organizational performance. Employee job performance was hypothesized to mediate the effects of HR strategic orientation on organizational performance. Under the guidelines provided by Baron and Kenny (1986), mediation is indicated if the effect of the independent variable (HR strategic orientation) on the outcome variable (organizational performance) substantially decreases upon the addition of the mediator (employee job performance) to the model, while the mediator has a significant unique effect on the outcome variable. Therefore, it was hypothesized that;

H7₀: Employee job performance has no significant mediating effect on the relationship between HR strategic orientation and Organizational performance

Baron and Kenny (1986) laid out several requirements that must be met before confirming existence of a mediating relationship. This is indicated in the figure 4.5.

Figure 4.5 Illustrations of Three Steps of Path for Test of mediation



Baron and Kenny argued that for us to claim a mediating relationship, there is a need to first show that there is a significant relationship between independent variable and the mediator (Path *a*). The next step is to show that there is a significant relationship between the mediator and the dependent variable (Path *b*). Then, there is also a need to show that there is a significant relationship between the independent and dependent variable (path *c*). The final step needs to demonstrate that when the mediator and the independent variable are used simultaneously to predict the dependent variable, the previously significant path between the independent and dependent variables (*c*) is now greatly reduced, if not non significant. Essentially, *a* is the coefficient of *X* in a model predicting *M* from *X*, and *b* and *c* are the coefficients in a model predicting *Y* from both *M* and *X*, respectively. Maximum evidence for mediation would occur if path *c* drops to 0 or significantly reduced. These three conditions require that the three paths (*a*, *b*, and *c*) are all individually significant. The literature posits that what is most likely to happen is that *c* becomes weaker. To test this mediation effect three separate linear regression analyses were conducted. In the first step, a direct path from the independent variable to the dependent variable was constructed. In the second step, a path from the independent to the mediator was performed. Finally, a path from mediator to the dependent variable was indicated. Table 4.34 illustrates the three steps of the regression analysis.

Table 4.34 Summary of Three Steps Regression Path of Mediation

Significant Path	Path Coefficient	Significant Path
Path c	<u>Independent variable to dependent variable</u> HR strategic orientation → Organizational Performance	$\beta = -.175$, $t = -1.204$, $P > .05$
Path a	<u>Independent Variable to Mediator</u> HR strategic orientation → Employee Job Performance	$\beta = .263$, $t = .752$, $P < .05$
Path b	<u>Mediator to Dependent variable</u> Employee Job Performance → Organizational Performance	$\beta = .155$, $t = .960$, $P < .05$

In step one, a regression analysis was run to predict independent variable (HR strategic orientation) from dependent variable (organizational performance). This step provided information that can help evaluate how much controlling for the mediating variable reduces the strength of association between independent and dependent variable (Baron and Kenny, 1986). Results from table 5.34 shows that path *c* scored ($\beta = -.175$, $t = -1.204$, $P > .05$) which is statistically nonsignificant. Thus, the overall effect of HR strategic orientation on organizational performance is statistically non significant in Tanzania State Corporations.

In the step two, a regression was performed to predict the mediating variable (employee job performance) from the predictor variable (HR strategic orientation). The results of this regression provided the path coefficient for the path denoted as *a*. The coefficient table for this regression appears in table 5.37. The standardized regression coefficient was ($\beta = .263$, $t = .752$, $P < .05$) which was statistically significant. Similarly, the results of regression coefficient for path *b* was statistically significant ($\beta = .155$, $t = .960$, $P < .05$). Therefore, the overall effect of HR strategic orientation on employee job performance and employee job performance on organizational performance are statistically significant.

Finally, together with path *c*, a regression was suppose to be performed to predict the outcome variable (organizational performance) from both HR strategic orientation and employee job performance. This regression was supposed to provide estimates of the standardized coefficients for both path *b* and path *c* (effect of independent on dependent variable when the mediating variable has been included in the analysis).

However, Baron and Kenny (1986) suggested that a mediation model should not be tested unless there is a significant relationship between independent and dependent variable. As indicated in table 4.37, HR strategic orientation demonstrated significant path to employee job performance, and also employee job performance demonstrated significant path to organizational performance. However, even where there are significant indirect paths from HR strategic orientation to organizational performance, these are not supported by a direct path from HR strategic orientation to organizational performance. From that angle, findings from this analysis fail to support the hypothesis that employee job performance mediates the relationship between HR strategic orientations on organizational performance in Tanzania State Corporations since this relationship does not fully meet the three conditions required for mediation. Therefore, *the null hypothesis is hereby confirmed.*

4.17 The Joint Effects of HR Strategic Orientation, Employee Job Performance and Organizational Factors on Organizational Performance

The final objective of this study was to examine the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance in Tanzania State Corporations. To further investigate this relationship the current study tested the following hypothesis.

H₈₀: The joint effect of HR strategic orientations, employee job performance and organizational factors on organizational performance is not greater than the sum total of the independent effects of the same variables on organizational performance.

To statistically determine the joint influence of HR strategic orientation, employee job performance and organizational factors on organizational performance the study employed hierarchical multivariate regression analysis by estimating the three parameters of independent, moderating and intervening variables on dependent variable. The aggregate composite index of HR strategic orientation, employee job performance, organizational factors and organizational performance was used. To show the joint effect, in the first step all the variables were entered in the regression equation and were simultaneously regressed with dependent variable and their results examined accordingly. Furthermore, to test for the interactive effect of moderating variables on the joint effect of these variables, a composite mean of moderating variables was first centered and entered into the regressing equation in the second step of the regression analysis. Regression result showing the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance are presented in the table 4.35. Each equation reached significance at conventional levels.

Table 4.35 Regression Results for Joint Effect of HR Strategic orientation, Employee Job Performance, Organizational Factors and Overall Organizational Performance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.943	4.172		.466	.644
1 Tenure	.053	.115	.066	.464	.645
2 Predictors (HR strategic orientation, Employee job performance, Organizational Factors)	.541	.233	.542*	4.016	.015
R² =.651 Adj. R² =-.615 R² change =.613 F =2.583 (5,495), P<.05					
Step 2					
Interaction Effect					
3 Predictors (HR Strategic orientation, Employee Job performance) x Organizational Factors	.478	.112	.583*	4.698	.009
R² =.745 Adj. R² =-.713 R² change =.695 F Change =2.839 (4,484), P<.05					

a. Predictors: Tenure, Organizational Configurations Jointly

b. Dependent Variable: organizational Performance

c. * P<.05 (2-tailed)

Results from step one of the analysis displayed in table 4.35 show that independent variables (HR strategic orientation, Employee job performance) along with moderating variables (Organizational Factors) explain 65.1 percent of the variation in State Corporations performance ($R^2 = .651$, $\text{Adj. } R^2 = -.615$, $F \text{ Change} = .583 (3,495)$, $P < .05$) leaving 34.9 per cent unexplained. These variables jointly scored a positive and significant beta coefficient ($\beta = .542$, $t = 4.016$, $P < .05$) indicating that for every unit increase in the predictor variables there is a .542 increase in organizational performance. This is a clear evidence that the joint effect of the predictor variables is greater than the

individual effect of the same variables acting alone. For example, the effect of HR strategic orientation on organizational performance was ($R^2 = .029$, $\beta = -.175$, $t = -1.204$, $P > .05$) much less than the joint effect of HR strategic orientation, Employee job performance and Organizational Factors on organizational performance ($R^2 = .745$, $\beta = .583$, $t = 4.698$, $P < .05$). This is the same for other predictors

To further prove the explanatory power of organizational factors on the joint effect, a test of interaction was performed in the step two of the regression analysis. The interaction terms were mean adjusted before being incorporated in the analysis. As before, the R^2 increased significantly to ($R^2 = .745$, $p < .05$) from ($R^2 = .651$, $p < .05$) hence increasing explanatory power of dependent variables. The fit of the data improved from ($F = .583$ (3,495), $P < .05$), $p < .05$) to (F Change = .834 (4,485), $p < .05$) revealing a good fit of the model. In both cases the results confirm that joint effect of the predictor variables is greater than independent effect of the same variables in Tanzania's state corporations. The interaction of predictors and dependent variables showed a significant positive correlation coefficient of ($\beta = .583$, $t = 4.698$, $P < .05$) which provides support for H8. This follows the recommendation by Becker and Huselid (1998) who argued that to test for complementarities and fit of HR systems with organizational performance is to test for significant of interaction terms among the variety of HR policies with the expectation that terms will reflect synergies among such policies. One possible reason for the superior validities of the joint effect over the other established predictors is that the joint effect of all predictor variables is probably multidimensional rather than unitary in nature.

Table 4.36 presents results of statistical test of joint effect of all the predictor variables on individual performance indicators.

Table 4.36 Regression Results for Joint Effect of Individual Variables-HR Strategic Orientation, Employee Job Performance and Organizational Factors on Overall Organizational Performance

Predictor	Financial Performance									Non-Financial Performance		
	ROE			ROA			ROS			B	SE	β (t)
	B	SE	β (t)	B	SE	β (t)	B	SE	β (t)			
Constant	.323	.158	(-.461)	-.363	2.15	(-.518)	.263	.354	(-.115)	.584	.190	(.781)
Tenure	-.038	.438	.385* (1.537)	-.692	.595	-.249* (1.177)	-.238	1.75	-.355* (1.467)	.028	.033	.124* (.613)
Predictors (HR strategic orientation, Employee job performance Organizational Factors)	.149	.220	.466* (1.679)	.081	-.162	.385* (1.320)	.637	.133	.217* (.742)	.106	.090	.180* (.516)
	R² =.396 Adj. R²=.351 R² change=.366 F =1.971 (4,121) N= 17 (ROE)			R² =.210 Adj. R²=.184 R² Change=.190 F =1.193 (4,182) N= 23 (ROA)			R² =.142 Adj. R²=-.122 R² Change=.132 F =.537 (4,131) N= 18 (ROS)			R² =.048 Adj. R²=-.031 R² Change=.043 F =.606 (4,485)		

a. Predictors: Organizational Configurations Jointly

b. Dependent Variable: Return on Equity, Return on Asset Return on Sales, Non-Financial Performance

c. *P<.05

4.17.1 The Joint Effect of HR Strategic Orientation, Employee Job Performance and Organizational Factors on Return on Equity

The regression results displayed on table 4.36 shows that the organizational configurations jointly explain 39.6 percent of variation in ROE ($R^2 = .396$), $Adj. R^2 = .351$ $F = 1.971$ (4,121), $P < .05$) leaving 60.4 explained by other factors. These results also indicate a positive and significant beta coefficient of ($\beta = .466$, $t = 1.679$, $P < .05$) implying that for a unit increase in organizational configurations there is .466 increase in ROE. The standard error was .220 representing the actual variations in the real units for each

variable. This shows that the joint effect of predictors is greater than the individual effect in performance of Tanzania state corporations. For instance, when HR strategic orientation was regressed with ROE in H1, it had a negative and non-significant beta coefficient of ($\beta=.305$, $P>.05$). Therefore, the current result translates to the statistically significance of joint effect of overall predictors on share holders' value in State Corporations. This implies that shareholder's value grow when organization applies strategic HR orientation that impacts positively on employee job performance.

4.17.2 The Joint Effect of HR Strategic Orientation, Employee Job Performance and Organizational Factors on Return on Asset

The result also reports a positive and significant effect of joint effect of predictors on ROA with a beta of ($\beta=.466$, $t=1.320$, $P<.05$) as indicated on table 4.39. This lead to 21 percent of the variation in ROA being explained jointly by predictors ($R^2 =.210$) leaving 79.0 percent being explained by other factors. The Adj. R^2 was .184 and the F was 1.193 (4,182), $P<.05$ implying a good estimate of the model to the data. Unlike the H1 which showed a non-significant direct effect of HR strategic orientation on ROA. This finding further proves that the joint affect of predictors is greater than the individual effect on the same variable in Tanzania State Corporations.

4.17.3 The Joint Effect of HR Strategic Orientation, Employee Job Performance and Organizational Factors on Return on Sales

A relatively moderate positive impact is reported for joint effect of predictors on ROS. The analysis of regression results in table 4.39 indicates that predictors jointly explained 14.2 percent of the variation in ROS ($R^2 =.142$) with Adj. $R^2=-.122$ and the F =.537 (4,131), $P<.05$). The joint effect had a significant beta coefficient of ($\beta=.217$, $t=.742$, $P<.05$) showing that for a one unit increase in joint predictors effect, there is .217 increase in ROS. This also provides evidence that the joint affect of predictors is greater than the individual effect on the same variable in Tanzania's State Corporations.

4.17.4 The Joint Effect of HR Strategic Orientation, Employee Job Performance and Organizational Factors on Non-Financial Performance

Finally, the results displayed on table 4.39 also show that variables that make up organizational configuration had a statistically significant effect on non-financial performance. Jointly, the predictor variables were able to score a 4.8 percent of the variation in non-financial performance ($R^2 = .048$) with Adj. $R^2 = -.031$ and the $F = .606$ (4,485), $P < .05$) leaving 56.2 percent accounted for by other factors. Results also report a moderately weak positive association between the predictors and non-financial performance with a beta coefficient of ($\beta = .180$, $t = .516$, $P < .05$). Thus, the joint effect of predictors on non-financial performance of Tanzania's State Corporations is hereby confirmed as statistically significant.

Overall, these statistics confirm our earlier prediction that the maximum amount of variance in overall organizational performance in Tanzania's State Corporations is explained positively and significantly by joint effect of HR strategic orientation, employee job performance together with moderating variables (organizational factors). Therefore, on a statistical ground the *null hypothesis* for the relationship between joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance is *hereby rejected*.

4.18 Discussion of Research Findings

The following discussion relates to the findings of the current study and reports whether the results conformed to other related empirical studies. The discussion is based on eight hypotheses which were developed earlier in the previous chapters and later on empirically tested.

4.18.1 HR Strategic Orientation and Organizational Performance

The first objective of this study sought to establish the effect of HR strategic orientation on organizational performance. It was hypothesized that HR strategic orientation had a significant effect on organizational performance. The findings of this study do not support this assertion. The findings show that HR strategic orientation accounted for 2 percent ($R^2 = .029$, $P > .05$) of the variation in overall organizational performance which was insignificant. Indeed, the correlation coefficient also shows a weak and non significant association between HR strategic orientation and overall organizational performance ($\beta = -.175$, $t = 1.204$, $P > .05$). A review of individual attributes also indicates a low explanatory power whereby HR strategic orientation insignificantly accounted for 02 percent of variation in ROE ($R^2 = .002$), 05 percent in ROA ($R^2 = .005$, $P > .05$), 7 percent in ROS ($R^2 = .071$, $P > .05$) and 1 percent in non financial performance ($R^2 = .011$, $P > .05$). Indeed, these results explain why previous studies have reported mixed empirical findings on the relationship between HR strategic orientation and organizational performance.

HRM scholars have argued for some time that HR strategies have effects on organizational performance. As noted previously, these scholars have reported mixed findings with some establishing direct relationship and others indirect relationship between these variables. Much of this research has demonstrated statistically significant relationships between HR strategic orientation and firm performance. The current empirical finding departs from those of previous studies particularly that of Kidombo (2007) which found a positive relationship between HR strategic orientation and firm performance in large manufacturing firms in Kenya. In explaining the findings, Kidombo argued that when two independent variables are included in the same model, they have a

strong positive effect on firm performance. Delaney and Huselid (1996) also found that HR strategic orientation had a direct effect on ROE. Furthermore, the work of Sherer (1995) and Pennings and colleagues (1998) also provided a more direct and stronger support for the effect of HRM on organizational performance. The findings of the current study implies that despite the literature suggesting that HR practices can indeed directly influence organizational performance (e.g., Arthur, 1994; Huselid, 1995; Osterman, 1994), this argument notwithstanding, HR strategic orientation has no direct effect on organizational performance in Tanzania's state corporations. A possible reason could be that HR strategies can have an effect on organizational performance through some mediating variables rather than the direct effect

As noted above, the findings of this study agree with other empirical studies that have reported indirect relationship between HR strategic orientation and organizational performance. A comprehensive work by Huselid (1995) on 968 in U.S firms for example, established that High Performance Work Practices (HPWP) have an economically and statistically significant impact on both intermediate employee outcomes (turn turnover and productivity) and short- and long-term measures of Corporate financial performance. For example, Huselid found that a one-standard-deviation increase in HPWP is associated with a relative 7.05 percent decrease in employee turnover, \$27,044 increase in sales per employee and \$18,641 and \$3,814 more in market value and profits respectively. Similarly, Becker et al (1997) proposed a seven stage model which analyzed the relationship between HR strategy and market share value. They observed that HR strategy affects workers' capacities and motivation, and organizational structure leading to workers productivity, creativity and effort, higher profit and growth levels which imply an increase in the company's market value. These findings of the above two studies indicate that there are some variables that were in the study that intervened in the relationship between HR strategic orientation and organizational performance.

The findings of this study to some extent contradict past studies which reported a direct relationship between HR strategies and firm performance. The lack of a direct relationship found in this study raises doubts over the past studies that have established

the direct causal relationship (Huselid, 1995; Purcell et al., 2003). Alternatively, lack of statistical significance was probably due to conceptual difficulties, definition, methodological and even measurement issues prevalent in social science studies. For instance, Truss (2009) found that no two studies measure HRM practices in the same way. The absence of a widely accepted measure of the HRM practices makes it difficult to compare findings across studies (Delaney and Huselid, 1996). On the other hand, this finding is consistent with that of Schneider et al. (2003), who found no consistent patterns linking market and financial outcomes with employees' satisfaction. These inconsistencies create a difficulty in confirming the effect of HR systems at both individual and organizational level.

4.18.2 Control-based HR Strategy and Employee Job Performance

The second objective of this study sought to examine the effect of control-based HR strategy on employee job performance. It was hypothesized that organizations using control-based HR practices will be associated with higher employee job performance. The results of the regression analysis in this study show that control-based HR strategy accounted for only 2 percent of the variation in employee job performance which was significant. The study also analyzed factors making up control-based HR strategy on each of the two dimensions of employee job performance namely task and contextual performance. Findings indicate that control-based HR practices explained 4.2 percent of the variance in task performance and 5.2 percent of the variance in contextual performance. In particular, centralized recruitment had a significant relationship with task performance ($\beta = -.084$, $t = -.908$, $p < .05$) and not with contextual performance. Informal training had a significant relationship with task performance ($\beta = -.104$, $t = -1.696$, $p < .05$,) and contextual performance ($\beta = .908$, $t = -.734$, $p < .05$) while long working hours had a significant relationship with task performance ($\beta = -.122$, $t = 1.805$, $p < .05$) but not with contextual performance. Furthermore, centralized pay and non transparent appraisal failed to add significantly to the prediction of both task and contextual performance. These results provided partial support for the effect of control-based HR practices on task and contextual performance.

Past studies noted mixed empirical findings on the relationship between control-based HR strategy and some organizational factors. For instance, Eisenhardt, (1995) established that control -based HR strategy had a significant positive effect on sales representatives. Similarly, Snell (1992) found that control-based HR had a significant positive effect on ROA. Cyr and Melbourne (1997) also found that control-based HR practices affect employee job performance in initial public offering firms. However, contrary to the expectations, the findings of the current study show a weak relationship between control-based HR strategy and employee job performance. The results indicate that of the five attributes making up control-based HR practices, three of them namely centralized recruitment, unstructured/informal training and long working hours significantly related to employee job performance.

The findings discussed here indicate that centralized recruitment has a significant relationship with task performance. This implies that when recruitment is done through thorough screening and effective selection technique such as interviews and SJTs, it identifies individuals with high cognitive ability and procedural knowledge which enables them to carry out their work. With respect to unstructured/informal training, this study has found that it has a negative and significant relationship with both task and contextual performance. With task performance, the implication of this finding is that training in the Tanzania's state corporations was not for the development of employees as an end in itself but ensuring that employees acquired necessary skills to enable them to carry out their jobs. On the other hand, the significant negative relationship between informal/unstructured training and contextual performance found in this study would mean that during such training sessions, many public sector employees spend more time engaging with fellow co-workers than concentrating in learning activities. Similar finding were obtained by Sun, et al. (2007).

Along with these findings, there were some expected findings. It was expected that job performance would decrease with the increase in long working hours. This prediction has been supported. The findings of this study indicate that increase in long working hours was statistically significant and negatively related to task performance. This result seems

to agree with that of Gaillard (1986) and Hockey (1997) who found that one quarter of core employee's worked for very long hours which were perceived to be stressful hence diminishing their work performance. The most stressful condition at work identified was increased workload and insufficient rest breaks. The literature review done in chapter four explains this results clearly that feelings of physical and cognitive exhaustion triggers reaction in terms of an emotional and behavioral rejection of the job hence affecting performance on the task (Kuvaas, (2008).

The negative relationship between other attributes of control-based HR practices namely centralized recruitment, non transparent performance appraisal and centralized pay in Tanzania State Corporations appear to derive some support from the study done by Legge (1995) who established a negative and non significant relationship between hard model HR practices and employee outcomes in the UK public sector organizations. However, these results may be interpreted that employees in Tanzania State Corporations were dissatisfied with their HR practices. With respect to non-transparent performance appraisal for example, these results are similar to that of Murphy et al. (1995) who found that supervisors often applied different standards during performance appraisal process which resulted into inconsistencies, unreliable, and invalid evaluations of employees and therefore perceived unfair hence affecting their task performance. The findings of this study imply that State Corporations still use HR practices for salary administration and promotions and not for developmental purposes such as providing training needs, duty assignments, and identifying individual strengths and weaknesses on the job. Similarly, the findings of this study are consistent with the findings of Ostroff (1993) and Holzer (1996) who found that centralized pay was not statistically significant with individual task and contextual performance. Therefore, it stands to reason that Tanzania State Corporation's workers are low paid and hence suffer from a greater inability to carry out their work.

A major contribution of the present study in analyzing the effect of individual variables making up control-based HR strategy on employee job performance is that the relationship may best be assessed at the individual level and the failure to do so may

explain the wide range of effect sizes reported in the literature (Legge, 1995). Second, there are compelling theoretical arguments for differential relationships between control-based HR strategy and employee job performance at the individual level. As findings of this study suggest, certain individual variables of control HR strategy may be more related to task performance than contextual performance which may in turn affect the level of performance. The weak support for the relationship between control HR strategy and job performance in the current study could be interpreted that respondents had little or no control on their job outcomes, a practice that is prevalent in the public sector. This may be translated into lower job performance. The working environment in many State Corporations in Tanzania remains strictly regulated with workers adhering to an excessive rules and regulations.

4.18.3 Commitment-based HR Strategy and Employee Job Performance

The third objective of this study was to determine the effect of commitment-based HR strategy on employee job performance. It was hypothesized that there is a significant effect of commitment-based HR strategy on employee job performance. Regression results showed that commitment-based HR strategy accounted for 06 percent of the variation in employee job performance. A review of individual constructs making up commitment-based HR model indicates that only frequent and extensive training was positively and significantly related to task performance ($\beta = .130$, $t = -1.856$, $p < .05$) and ($\beta = .139$, $t = -.921$, $p < .05$) on contextual performance. Other attributes had a non significant relationship with both task and contextual performance. Indeed, these findings from the test of hypothesis three provides partial support for the view that commitment-based HR practices greatly affect how employees act and behave towards their work in the Tanzania State Corporations.

Arguably, the results of this study are in sharp contrast with the findings of Arthur (1992) who investigated and compared steel mini-mills with commitment-based HR strategy and those with control-based HR strategy. He found that steel mini-mills with commitment-based HR strategy had both significantly higher level of productivity (i.e. fewer labor hours per ton of steel produced) and higher levels of quality (i.e. lower scrap rates) than

steel mini-mills with control-based HR strategy. More specifically, these results do not support findings obtained by Khatri et al. (2007) who reported that commitment-based approach (fair management practices and employee participation) was negatively associated with culture of blame and positively with learning from mistakes. Likewise, the findings of this study, to some extent, do not support the findings of Boselie et al. (2002) who investigated the effectiveness of HRM in the Netherlands using control versus commitment HR practices based on new institutionalism theory. Their empirical results suggested that the effect of HRM is lower in highly institutionalized (control HR practices) sectors (hospitals and local governments) than in a less institutionalised (commitment HR practices) sector like hotels.

The finding of this study is similar to that of Roche (1999) who established low incidences of commitment-oriented HR practice in Ireland organizations, though his findings did not specifically examine employee task and contextual performance. Roche suggested that the adoption of commitment-oriented HR practices would partly depend on management and organizational designs. The finding of this study also agrees with the findings of Truss (1999) who investigated six matched pair of public sector organizations in the UK to assess whether HR functional roles had changed or not. Her findings indicated that new or strategic roles had not replaced traditional approaches in UK public sector, but rather, there were a variety of hybrid forms adopted. Likewise, Wood (1996) also found that only 11 percent of organizations had adopted HR practices referred to as 'high' commitment HR practices. Therefore, the findings of this study are in line with HRM literature that has indicated low overall incidence of commitment-oriented HR practices.

In particular, the findings of this study confirm that extensive and frequent training construct had a significant effect on employee task and contextual performance. This implies that Tanzania's State Corporations at least train their workers to enable them to perform their tasks effectively. Similarly, training is likely to encourage cooperative behavior among State Corporations' employees hence affecting their contextual performance. The results agree with that of Wright et al. (2001) who investigated 50

autonomous business units using a predictive design and established that organizations that invest more in training had significantly higher task and contextual performance. Furthermore, given that all the respondents of this study were those who performed core functions; functions that required higher level of knowledge, their training scores expected to correlate significantly with task performance.

The findings of this study did not observe much significant effects of individual attributes making up commitment-based HR practices on employee job performance. This may be interpreted that commitment-based HRM practices may not be properly implemented in the Tanzania State Corporations, even though more investigation is needed in this area in order to confirm this speculation.

The findings presented here appear to suggest that commitment-based HR strategy was only a rhetoric perspective with a fine statement about people as an asset and a source of competitive advantage in Tanzania's state corporations. The partial support for this hypothesis, with only training variable being significant indicates that State Corporations did not consistently and practically espouse policies and practices that treated employees as valued assets practically (e.g. better pay). This supports Legge's (1995) proposition that while management may claim the rhetoric of a new approach and a new concern for workers, the reality on the ground is harsher. Furthermore, this implies that commitment-based HR strategy in itself really does not work very well on the ground particularly in the public sector.

4.18.4 HR Strategic Orientation and Employee Job Performance

Hypothesis four reviewed the relationship between HR strategic orientation and employee job performance. HR strategic orientation was conceptualized as a combination of control and commitment-based HR practices. The results of the regression analysis indicate that HR strategic orientation accounted for 29 percent of the variation in employee job performance, with a statistically significant positive beta coefficient of ($\beta=.463$, $t=2.654$, $P<.05$). A review of individual attributes forming HR strategic orientation reveals a that two-way interactions of HR practices which were entered in

first step of the regression model accounted for 12 percent of the variation in task performance and 8 percent of the variation in contextual performance. Likewise, when the three-way interactions were performed in the second step, the employee job performance variation increased significantly up to 27 percent of the variation in task performance and 19 percent of the variation in contextual performance respectively. These findings offer credence to the arguments often made in the SHRM literature that bundles of HR practices rather than isolated practices have a significant effect on employee outcomes.

Much of the earlier studies provided mixed findings for the notion of “bundling” or “fit” of HR practices on performance outcomes. For instance, McDuffie (1995) reported a significant three-way interaction term among his three bundles of practices that constituted the ‘organizational logic’ of flexible manufacturing systems in auto plants. Likewise, Snape and Rednam (2010) in their study of employees in North-East England investigated the two-way and three-way interaction of HR practices, social exchange and job influence/employee discretion on organizational citizenship behaviour. Their findings provided support for impact of three-way interaction of HRM practices on organizational citizenship behaviour, through an effect on perceived job influence/discretion. Gooderham et al (2008) also categorized 15 bundles of HRM practices which were then further categorized as being either “calculative” or “collaborative”. They used those bundles to investigate the relationship between HRM practices and perceived firm performance in 3,281 firms located in European Union countries. The findings indicated that five of the six calculative practices, and two of the three intermediary practices had a significant impact on performance, while none of the six collaborative practices had any significant effect on performance.

The findings of the current study agree with the above mentioned studies that HR strategic orientation has a significant effect on employee job performance. Surprisingly, this relationship has received little theoretical attention in the literature. The findings of this study as indicated by the beta coefficients (β) in table 4.28 implies that bundles of HR practices guide the selection of employees, provide knowledge, skills and motivation

to employees, which is translated through cognitive ability, and in turn affect their ability to carry out and complete their work, hence affecting their job performance. This positive and significant relationship appears to get strong support from theory of individual differences in job performance as advanced by Campell (1983) and later by Borman and Motowildo (1993, 1997). These scholars posited that cognitive ability and personality are variables that account for variability of individuals on task and contextual performance. In light of evidence presented from this study, employee job performance is enhanced with the application of coherent and synergistic bundles of HR practices. The current findings also confirm findings reported by Truss et al. (1997) who investigated eight UK organizations and reported that no single organization adopted either a pure soft or hard approach to HRM. The study revealed that although most organizations embraced the tenets of the soft version, the underlying principle was the improvement of the bottom line performance.

These findings provide empirical support for the bundling or systems view of HR practices. At a minimum, it has been found that bundles produces greater performance effects than individual HR strategies. The results strongly support the two-way and three-way interaction effects on employee job performance. The two bundles (two-way and three-way) established in this study are complementary in that they affect separate aspects of employee job performance and yet mutually reinforcing each other. But, unlike expected, not all bundles had equal effects. That is, some types produced greater performance effects than others. For instance, the results show that a two-way interaction of centralized recruitment-by-extensive training on task performance had a statistically significant beta coefficient of ($\beta=.472$, $P<.05$) compared to the interaction of non-transparent appraisal-by- ability-based pay which had a negative beta coefficient of ($\beta=-.124$, $P<.05$). Similarly, the three-way interaction of centralized recruitment-by- extensive training-by- ability-based pay had a statistically significant beta coefficient of ($\beta=.621$, $P<.05$) compared to the interaction of centralized pay-regular appraisal-long working hours which had a positive beta coefficient of ($\beta=.500$, $P<.05$).

At the outset in the literature review, it was stated theoretically and empirically that the two approaches (control and commitment-based) in and of themselves—are not necessarily incompatible. The current findings from this study lend support to this assertion. The two results presented in hypothesis two and three offset each other when they are combined in a single variable (HR strategic Orientation), after explaining the lack of significant relationship of some of their items in the separate analysis. Therefore, this finding provides theoretical support for the notion that HR practices should operate more effectively when combined together, despite the fact that the exact combination of practices is uncertain and may be organizational-specific.

Indeed, the findings of this study also contradict past findings which had established the effect of single HR strategy on employee outcomes. In particular, the findings contradict findings of Athur (1994) who established that commitment HR systems outperformed control HR systems in USA steel mills. Also the current findings contradict the finding of Cyr and Melbourne (1997) who attempted to validate control HR typology in a sample of initial public offering firms (IPO). These scholars found that bureaucratic control had an effect on employee performance than outcome control which was correlated significantly with competitiveness of labor market.

Therefore, the current findings substantiate Bratton and Golds (2003) and Bamberger and Meshoulam (2000) arguments that control and commitment span from a continuum of two extremes and that the most effective strategy is seen as existing somewhere between the two extremes. These findings implies that, to some extent State Corporations have changed their HR practices from high control to low commitment or are in transition to high commitment and vice versa. Furthermore, as expected, it was observed that the productivity at individual employee level has increased with the change of the HR strategy. These findings therefore, validates the assertion from researchers that human resources can be a source of competitive advantage should they be managed strategically.

4.18.5 Organizational Factors, HR Strategic Orientation, Employee Job

Performance

Hypothesis five predicted that the effect of HR strategic orientation on employee job performance would be moderated by three organizational factors namely structure, culture and politics. Regression results of this study indicate that while structure did not account for the influence of HR strategic orientation on employee job performance ($R^2=.035$, $P>.05$) with a non significant beta coefficient ($\beta=.200$, $t=1.343$, $P>.05$); culture and politics had significant influence on the relationship between HR strategic orientation and employee job performance ($\beta=.269$, $t=1.669$, $P<.05$); and politics scoring ($\beta=.143$, $t=1.016$, $P<.05$) respectively. When the interaction term of HR strategic orientation and culture under two levels of culture (one standard deviation below the mean and one standard deviation above the mean); and the interaction HR strategic orientation and politics under two levels of politics (one standard deviation below the mean and one standard deviation above the mean) were added to the regression model, the influence of both culture and politics on the relationship between HR strategic orientation and employee job performance increased significantly.

Indeed, the findings of this study agree with other empirical studies that have investigated the influence of structure on the relationship between HRM and employee outcomes. For instance, this finding is consistent with that of Kiggundu (1983) who found no support for the influence of structure on the relationship between task interdependence and work outcomes. The non statistically significant influence of structure found in the current study implies that HR and other organizational activities in Tanzania State Corporations are still centralized and formalized, a feature likely to reduce the positive effects of HR practices on employee work performance. On the other hand, this finding sharply contradicts the findings of Markides and Williamson (1996) who established that structure had a statistically significant influence on the relationship between diversification and performance. However, these scholars cautioned that organizational structure should allow firm's sharing of strategic assets and transfer of competence in order to achieve performance.

The findings of this study show that culture moderates the relationship between HR strategic orientation and employee job performance in Tanzania State Corporations. A broader implication of this finding is that under strong cultural values, HR practices emphasize values of teamwork, job security, and respect for individual members. Consequently, these values foster loyalty and long-term commitment of employees to the organization hence affecting their job performance. Furthermore, when employees perceive that they have influence over important aspects of their work, such as the range of tasks undertaken, the pace of work and how the job is done, they become more effective on their job resulting in work performance. However, under weak cultural values, HR practices emphasize individual rewards for accomplishing specific work objectives, does not offer long-term job security and therefore employees do not promise loyalty to the organization usually resulting into deterioration in morale leading to lower commitment and less willingness to do their jobs correctly hence poor work performance.

The above findings compare well with other empirical studies which have established the influence of culture on the relationship between HRM and employee outcomes. Indeed, the results confirm the findings reported by Sheridan (1992) who investigated the retention rates of 904 college graduates hired in six public accounting firms over a six-year period. Sheridan found that organizational culture values significantly moderated the relationship between the employees' job performance and their retention. Similarly, the findings significantly agree with that of Chatman and Jehn (1994) who investigated the relationship between two industry characteristics; technology and growth, and organizational culture in 15 firms. Their findings indicated that cultural values were positively and significantly associated with levels of industry technology and growth.

With respect to politics, this study found that politics moderated the relationship between HR strategic orientation and employee job performance. However, some interesting findings emerged from this analysis. When politics was entered in the second step, the result of the test was negative and significant ($\beta = -.143$, $p < .05$). However, when the interaction term of politics and HR strategic orientation was entered in the model, politics positively and significantly moderated the relationship ($\beta = .221$, $p < .05$). Indeed, these

findings explain why previous studies have reported mixed findings on the influence of politics on various organizational outcomes. Some of the plausible findings point to the positive effects (Harrell-Cook et al., 1999) and other studies indicate negative effects of politics (Bozeman et al. (1996). Arguably, deeper interpretation of these findings which show changes from one direction to the other implies that political behavior has differential effects which are contingent on the type of behavior exercised and the type of outcomes anticipated.

The findings explained above suggest that political skill is a better predictor of job performance under situations of low politics than under conditions of high politics in the Tanzania State Corporations. The implication of this is that when politics is high, conditions that define fairness in work environment become low hence produces lowest levels of job satisfaction. That is to say, political actions prohibit fair procedures of HR practices from being followed and thus, employees may feel frustrated and dissatisfied with their jobs as they have little hope that things will improve leading to poor work performance. These results also suggest that public servants are more satisfied and more willing to remain in the public sector that has a political environment as long as they receive their rewards equitably even when the process by which rewards are determined are unfair.

On the other hand, a positive moderating effect of politics on the relationship between HR strategic orientation and employee job performance found in Tanzania's state corporations is somewhat consistent with previous empirical findings. The findings to some extent agree with the findings done by Harrell-Cook et al. (1999) who investigated the effect of political behaviors as moderators of the perceptions of organizational politics and work outcomes relationships. Their findings indicated that self- promotion and ingratiation behaviors mitigated the negative effects of perceptions of organizational politics on those specific outcomes. This is further confirmed by the findings of Ferris et al. (1993) who explored the effect of political skill on job performance for different job demands. The findings of their study showed that Holland's enterprising category (i.e. because of its job demands and requisite job competencies to be effective) moderated the

relationship between political skill and job performance, demonstrating stronger predictability under high enterprising job demands.

On the other hand, the current findings to the large extent are in opposite to the findings of Drory and Romm (1988) and Drory (1990) who found that politics had a more deleterious impact on the attitudes of low status employees and a less deleterious impact on the attitudes of high status individuals. Drory (1990) posited that this was because the higher status individuals were in a better position to shape and benefit from political decision making than lower status employees. Similarly, McKenna, et al. (1981) reported dysfunctional effects of politics on individual outcomes such as turnover, absenteeism, and shirking leading to huge cost on the part of the organizations. However, definitional issues regarding politics may be responsible for this inconsistency.

From theoretical reasoning, these results imply that political behavior in the public sector is a deliberate attempt by individuals to enhance or protect their self-interests when conflicting courses of action are possible. Political action therefore represents a source of bias or inaccuracy in HR management. This translates to the fact that political considerations are always part of the recruitment, training or even appraisal processes. As noted by Ferris and Kacmar (1992) the issue of money was continually cited as a major cause of intentional distortions in performance ratings. On the other end, these behaviors can be interpreted as not errors but, rather, discretionary actions that help managers to manage people more effectively for instance avoid unnecessary conflict.

Taken together, the present findings indicate that politics is associated with what State Corporation's employees in Tanzania think about their work (i.e. job satisfaction, turnover intentions, and commitment) and also how they behave on their jobs (task performance and contextual performance). These two constructs predict a variety of outcomes that are important to both workers and to their employers.

4.18.6 Employee Job Performance and Organizational Performance

The sixth objective of this study was to determine the effect of employee job performance on organizational performance. It was hypothesized that employee job performance would correlate significantly with organizational performance. The findings of this study provide support for the hypothesis that both task and contextual performance positively influence overall organizational performance in Tanzania's State Corporations. Approximately 27.4 percent of the variance in organizational performance was explained by employee job performance. In particular, the results indicate that task performance ratings have significant influence on ROE ($\beta=.487$, $t=1.455$, $P<.05$), ROA ($\beta=.353$, $t=1.109$, $P<.05$) ROS ($\beta=.431$, $t=1.144$, $P<.05$) and non-financial performance ($\beta=.210$, $t=.947$, $P<.05$). Equally, perceptions of contextual performance predicted ROE ($\beta=.547$, $t=2.139$, $P<.05$), ROA ($\beta=.460$, $t=2.189$, $P<.05$), ROS ($\beta=-.300$, $t=1.095$, $P<.05$) and non-financial performance ($\beta=-.126$, $t=.568$, $P<.05$).

The findings of this study indicate that job performance exhibited positive influence on performance of State Corporations in Tanzania as measured by ROE. This implies that constant monitoring of the firms' performance ensures that there is high level of individual employees output, leading to higher profitability hence, increasing share holders' earnings. Likewise, findings show that employee job performance accounted for significant variation in ROA and ROS. One possible explanation for this is that employee performance (labour productivity) accounts for variation in total assets earnings and therefore increasing State Corporations' profit. These findings further confirm that employee job performance accounted for variation in non financial performance. The implication of this could be that proper employee behaviors as evidenced by high scores on contextual behaviors while on the job, lowered production cost and thus increased State Corporations profit growth.

Indeed, the current findings also confirm the report of other studies which established a positive relationship between employee job performance and organizational performance. For example, a meta-analysis study by Barrick and Mount's (1991) identified significant positive relations between personality constructs such as conscientiousness and

extraversion and sales performance. Similarly, a meta-analysis study by Churchill et al. (1985) reported that task-specific skills and accurate role perceptions among sales workers positively predicted organizational performance. These results also agree with that of Batt (2002) with a sample of 23 persons selling financial services, reported a strong correlation between ambition and total yearly volume of sales. These findings are also in line with meta-analytic findings done by Podsakoff and MacKenzie (1997) in military settings which established that employee job performance correlated moderately with overall organizational performance. Similarly, Organ (1988) found that both task and contextual performance were linked to organizational performance. Organ, using a sample of 18 work units from white-collar professions found that high performing work units were more likely to have members who displayed task and contextual behaviors than low performing units.

Contrary to our expectations, the findings of the current study did not strongly support the notion that there would be a stronger relationship between contextual performance and non-financial Performance. The findings indicate a weak effect of contextual performance on non-financial Performance ($\beta = -.126$, $t = .568$, $P < .05$). This finding is like that of Holmes (1995) who reported no difference in the relationship between contextual performances with non-financial performance. The relationships between these variables in the present study were lower than those reported in meta-analyses of these two variables whereby a beta coefficient of ($\beta = .30$) was reported by (Barrick and Mounts, 1991) and ($\beta = .28$) was reported by (Hogan, 1996). The overall strong and significant relationships observed between employee job performance and organizational non-financial performance testify to the importance of non-financial indicators of performance and thus the need for researchers to balance between financial and non-financial indicators of performance.

4.18.7 Employee Job Performance, HR Strategic Orientation and Organizational Performance

Employee job performance was hypothesized to mediate the effects of HR strategic orientation on organizational performance. Under the guidelines provided by Baron and

Kenny (1986), mediation is indicated if the effect of the independent variable (HR strategic orientation) on the outcome variable (organizational performance) substantially decreases upon the addition of the mediator (employee job performance) to the model, while the mediator has a significant unique effect on the outcome variable. More importantly, Baron and Kenny (1986) suggested that a mediation model should not proceed unless there is a significant relationship between independent and dependent variable tested in step one.

Four steps of the mediation analysis as directed by Baron and Kenny (1986) were followed. In steps one, the predictor variable (HR strategic orientation) did not account for a significant variability in organizational performance. Therefore, following Baron and Kenny (1986) guidelines that a mediation model should not be tested unless there is a significant relationship between independent and dependent variable performed in step one of the analyses, this study did not perform the remaining subsequent steps of path analysis. Thus, hypothesis six was not supported.

Notably, there has been a little consensus in the literature regarding the treatments of mediation in social science studies. Critical writers such as Hayes (2009) argue that a statistically significant direct relationship in the first step is not a requirement before going on to subsequent steps. That is, if X 's effect on Y is carried in part indirectly through intervening variable M , then, the causal steps approach is least likely of the many methods available to actually detect that effect. Hayes claims that it is possible for an indirect effect to be detectably different from zero even though one of its constituent paths is not. He continues to argue that hypothesis tests are fallible. Each carries with it a possibility of a decision error. The more nulls that must be rejected in order to claim an indirect effect, the more likely the analyst will go away empty handed. It makes more sense to minimize the number of tests one must conduct to support a claim.

However, since the most common way to obtain estimates of the path coefficients used in the social science research is that recommended by Baron and Kenny (1986), this analysis was guided by that thinking. On the other hand, lack of support of mediating

relationship also could be explained by other theoretical and empirical issues. Arguably, HR researchers have been facing difficulties in establishing a direct relationship between HRM and organizational performance partly because of conceptual difficulties, methodological problems and measurement issues (Wright et al., 2001). These inconsistencies have been creating difficulties in confirming the direct impact of HRM on organizational performance. However, the lack of this direct relationship between HR strategic orientation and organization performance in Tanzania State Corporations confirms the view that there are other factors that influences the relationship.

4.18.8 HR Strategic Orientation, Employee Job Performance, Organizational Factors and Organizational Performance

The final objective of this study sought to establish the joint effect HR strategic, employee job performance and organizational factors on organizational performance. It was hypothesized that the joint effect of HR strategic orientations, employee job performance and organizational factors on organizational performance is greater than the sum total of the independent effects of the same variables on organizational performance. The findings of this study indicate that HR strategic, employee job performance and organizational factors jointly accounted for 65.1 percent of variation in organizational performance. The Joint t tests was ($t=4.016$) indicating that predictors jointly explained a significant amount of the variance in perceived organizational performance. The overall model was statistically significant, and the joint F-tests indicated that the organizational configurations jointly explained a significant amount of variance in perceived organizational performance. A review of individual attributes indicate that predictors jointly scored ($\beta=.466$, $t=1.679$, $p<05$) in ROE, ($\beta=.385$, $t=1.320$, $p<05$) on ROA, ($\beta=.217$, $t=.742$, $p<05$) on ROS and ($\beta=.180$, $t=.516$, $p<05$) on non-financial performance.

The current results suggest a stronger joint effect of bundles of HR practices, employee job performance and organizational factors on indicators of financial performance in Tanzania State Corporations. It is the combination of practices in a bundle, rather than individual practices that have a significant effect on organizational performance. This

implies that, a bundle of interrelated and overlapping HR practices provide several opportunities for workers to acquire skills (informal and unstructured training, job rotation, problem-solving groups) and multiple incentives (performance-based pay and intrinsic rewards such as participating in decision-making and good job design) to boost motivation. When these are interacted with culture and politics, results into higher task and contextual performance, which in turn leads to positive organizational performance. However, as noted by Guthrie (2001), the size and significance of the effect – will vary according to a range of factors included in the model.

Overall, the finding of this study compare well with those of other studies which established the joint effect of HR strategic orientation and employee outcomes on organizational performance. The work of Delery and Doty (1996) for instance, explored the effect of seven key strategic HR practices and three strategy variables namely universalistic, contingency, and configurational perspectives on two financial measures of organizational performance namely, ROA and ROE. With a sample of 1,050 banks, Delery and Doty found strong support for a universalistic perspective and partial support for joint effect of contingency and configurational perspectives on organizational performance. They concluded that differences in HR practices are associated with rather large differences in financial performance.

The current findings appear to slightly contradict findings reported by Gooderham et al (2008) who investigated the relationship between 15 bundles of HRM practices and perceived firm performance in 3,281 firms located in European Union countries. The findings indicated that five of the six calculative HR practices and two of the three intermediary HR practices had a significant impact on performance, while none of the six collaborative HR practices had any significant effect on performance. It was further noted in the said Delery and Doty study that the joint effect of all bundles of HRM on performance was relatively weak. The current study on the other hand, strongly support for the effect of predictor variables on performance.

From theoretical reasoning, these statistical findings reject the idea of the existence of single dimension of control or commitment-based HR strategy as propagated by Walton (1985) and Arthur (1994). Low statistical scores on commitment-based HR practices such as open recruitment, regular performance appraisal and ability-based payments, as well as moderate scores on control-based HR practices such unstructured training and centralized recruitment obtained in this study, simply implies that, at the level of the individual company, the possibilities for achieving a competitive advantage using these HR strategies individually is not feasible, or will only have a marginal effect. In this respect, it is important to take into account the idea of bundles, built on the two constructed HR strategies.

The interpretation of these findings is well explained by Simon (1995) in his article titled '*Control in an Age of Empowerment*'. Through this piece of work, Simon opined that, work systems aimed at strengthening commitment and empowerment, need at the same time to be embedded in a control systems. Simon continued to argue that, in the current dynamic and high competitive markets, managers cannot spend all their time and effort making sure that everyone is doing what is expected. Nor, it is realistic to think that managers can achieve control by simply hiring good people, aligning incentives and hopping for the best. Instead, managers must encourage employees to initiate process, improve new ways of responding to customers' needs, but, in a controlled way. In this respect, Simon demonstrated the necessity to link commitment or belief systems (made up of key performance indicators) and diagnostic control systems (through direct supervision, feedback/evaluation and rules and procedures).

The current findings suggest that State Corporations in Tanzania, to some extent, organize HR practices into systems of bundles that are consistent with their culture, and therefore explaining a significant amount of variance in employee job performance. Therefore, result into perceived organizational performance. This orientation, contradicts past studies that reported slight numbers of firms which were practically managing their HR strategically. For instance, data from previous studies show that, between 10 percent of firms studied by Ichniowski (1990), 50 percent by MacDuffie (1994) and 27 percent

by Arthur (1992) followed a 'traditional', 'control' or 'mass production' HR strategy. Figures for the 'Innovative', 'commitment' or 'flexible' HR strategy were between 10 percent (Ichniowski, 1990), 25 percent (MacDuffie, 1994) and 23 percent (Arthur, 1992). This means that between one-quarter and four-fifths of the firms studied had HR practices which were not obviously bundled, hence not following the logic of HR strategic orientation. That is, they had HR strategies characterized as "transitional" or which could not be classified. This is to say, achieving synergy through bundling is easier said than done especially in the public sector. Furthermore, the current statistical findings suggest that control/commitment-based dichotomy may be too simplistic, as there are practices that cannot easily be categorized but have significant effect on organizational performance.

Previous studies had demonstrated statistically significant relationships between HR practices and firm performance (Arthur, 1994; Delery and Doty, 1996; MacDuffie, 1995). Whereas these studies have been useful for establishing such a relationship, the findings of this study provides another alternative regarding the processes through which this relationship is established. In essence, the findings of this study imply that employee job performance is the intervening variable linking HR strategic orientation and organizational performance as indicated in Tanzania State Corporations. The use of employee job performance together with organizational culture and politics in the current study has improved significantly the explanatory power of HR strategic orientation on organizational performance. This finding adds fairly to the growing empirical literature on HRM suggesting that employee job performance is the key resource to achieving and sustaining organizational performance.

4.19 Chapter Summary

This chapter was presented data analysis, finding and discussion. Several statistical analyses were performed in order to determine the relationship between variables in line with the objectives of the research. Finally, discussion on the relationship between variables as hypothesized in the research model was presented. This study has provided new insight to their relationship and has added significantly to the HRM literature

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The following discussion outlines the study's summary and conclusion. It also provides contribution to the knowledge gaps, implications for managerial policy and practice, its limitations, and recommendations for future research.

5.2 Summary of the Study

The basic premise of this study was to investigate the relationship among HR strategic orientation, employee job performance, organizational factors and performance of State Corporations in Tanzania. There is no study so far that has examined the relationship between these variables. Accordingly, a comprehensive conceptual framework was developed and empirically guided the following specific objectives: examine the relationship between HR strategic orientation and organizational performance, determine the relationship between control-based HR strategy and employee job performance, establish the relationship between commitment-based HR strategy and employee job performance, examine the relationship between HR strategic orientation and employee job performance, determine the moderating effect of organizational factors on the relationship HR strategic orientation and employee job performance, establish the relationship between employee job performance and organizational performance, and finally, examine the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance.

Hypotheses were formulated in line with the objectives. Of the 94 targeted State Corporations, 53 completed and returned the questionnaires representing 56 percent response rate. Likewise, of the 680 targeted employees, 284 completed and returned the questionnaires representing 41 percent response rate. Furthermore, 80 immediate supervisors assessed their subordinates. Data analysis techniques such as factor analysis, correlation analysis, linear, hierarchical and multiple regression analyses were used to test the hypothesized relationships.

The general findings indicate that HR strategic orientation had no direct and significant effect on organizational performance in Tanzania State Corporations. It is also worth noting that there was a partial support for control and commitment-based HR strategies on employee job performance. However, when combined together (control and commitment) to form HR strategic orientation, findings showed that their combinations positively and significantly accounted for variation in employee job performance.

Likewise, culture and politics appeared to have significant effect on the relationship between HR strategic orientation and employee job performance, while structure had no significant effect on the same. Similarly, the results from the cross-sectional analyses confirmed the significant effect of employee job performance on organizational performance. Furthermore, this study found that test of mediation of employee job performance on the relationship between HR strategies and organizational performance did not meet the requirements of path analysis as advocated by Baron and Kenny (1986). Lastly, as hypothesized, this study reports a positive and significant joint effect of HR strategic orientation, employee job performance and organizational factors on performance of State Corporations in Tanzania.

A comprehensive summary of the research objectives, hypotheses and findings from the statistical analysis of the study is presented in table 5.1.

Table 5.1 Summary of Objectives, Hypotheses and Research Findings

Objectives	Hypothesis	Results	Remarks
1.To establish the relationship between HR strategic orientation and organizational performance	H₁ .HR strategic orientation has a significant effect on organizational performance	R ² =.029 β=-.175,p>.05 t=-1.204 F=.545 (4,482)	Not Supported
2.To determine the relationship between control-based HR strategy and employee job performance	H₂ .Control-based HR strategy has a significant effect on employee job performance	R ² =.027 β=-.043,p<.05 t=.163 F=.367 (3,474)	Partially Supported
3.To establish the relationship between commitment-based HR strategy and employee job performance	H₃ .Commitment-based HR strategy has a significant effect on employee job performance	R ² =.006 β=.003, p<.05 t=1.168 F=.157 (1.272)	Partially Supported
4.To examine the relationship between HR strategic orientation and employee job performance	H₄ .HR strategic orientation has a significant effect on employee job performance	R ² =.294 β=.463, p<.05 t=2.654 F=.224 (2,505)	Supported
5.To determine the moderating effect of organizational factors on the relationship between HR strategic orientation and employee job performance	H₅ .Organizational factors have a significant moderating effect on the relationship between HR strategic orientation and employee job performance.	Structure R ² =.011, β=-.021, p>.05 t=-.758,F=.403	Not Supported
		Culture R ² =.067, β=-.299,p<.05 t=-2.609, F=.884	Supported
		Politics R ² =-.036, β=-.221,p<.05 t=2.353,F=.834	
6.To establish the relationship between employee job performance and organizational performance	H₆ .Employee job performance has a significant effect on organizational performance	R ² =.274 β=.356, p<.05 t=2.1117 F=.392 (2,505)	Supported
7.To assess the mediating effect of employee job performance on the relationship between HR strategic orientation and organizational performance	H₇ .Employee job performance has a significant mediating effect on the relationship between HR strategic orientation and Organizational performance	Not met Three Requirements of path analysis as provided by Baron and Kenny (1986)	Not Supported
8.To examine the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance	H₈ .The joint effect of HR strategic orientations, employee job performance and organizational factors on organizational performance is greater than the sum total of the independent effects of the same variables on organizational performance.	R ² =.745 β=.585, p<.05 t=.4698 F=2.839 (4,484)	Supported

The broad objective of the study was to establish the relationship among HR strategic orientation, employee job performance, organizational factors and performance of State Corporations in Tanzania. This was guided by eight specific objectives. These are summarized below.

5.2.1 The Effect of HR Strategic Orientation on Organizational Performance

The first objective of this study was to determine the effect of HR strategic orientation on organizational performance in Tanzania State Corporations. It was hypothesized that HR strategic orientation has a significant effect on organizational performance. Hierarchical regression analysis was used to test this hypothesis. Findings indicate that HR strategic orientation has no direct significant effect on organizational performance. Therefore, this hypothesis was not supported.

5.2.2 The Effect of Control-based HR Strategy on Employee Job Performance

The second objective of this study sought to examine the effect of control-based HR strategy on employee job performance. It was predicted that organizations using control-based HR practices will be associated with higher employee job performance. Linear regression analysis was used to test this hypothesis. Results show that control-based HR strategy significantly explained 2.7 percent of the variance in organizational performance. As such, this hypothesis was partially supported.

5.2.3 The Effect of Commitment-based HR Strategy on Employee Job Performance

The third objective of this study was to determine the effect of commitment-based HR strategy on employee job performance. It was hypothesized that commitment-based HR strategy has a significant effect on employee job performance. Linear regression analysis was used to test this hypothesis. Results indicate that commitment-based HR strategy significantly explained only .06 of the variation in employee job performance. This hypothesis was partially supported.

5.2.4 The Effect of HR Strategic Orientation on Employee Job Performance

The fourth objective of this study was to examine the effect of HR Strategic Orientation on employee job performance. It was hypothesized that HR strategic orientation has a significant effect on employee job Performance. To test this hypothesis, the aggregate mean score of HR strategic orientation was regressed with the aggregate mean score of employee job performance. Findings indicate that HR strategic orientation as a whole significantly accounted for 29.4 percent of the variation in employee job performance. This hypothesis was supported.

5.2.5 Moderating Effect of Organizational Factors on the Relationship between HR Strategic Orientation and Employee Job Performance

The fifth objective of this study was to assess the moderating effect of organizational factors on the relationship between HR strategic orientation and employee job performance. It was hypothesized that organizational factors (structure, culture and politics) have a significant moderating effect on the relationship between HR strategic orientation and employee job performance. Hierarchical linear regression analysis was used to test this hypothesis. Findings indicate that, whereas structure had no significant effect on the relationship between HR strategic orientation and employee job performance, culture and politics were found to have significant effect on the same. This hypothesis was also supported.

5.2.6 The Effect of Employee Job Performance on Organizational Performance

The six objective of this study sought to establish the effect of employee job performance on organizational performance. It was hypothesized that employee job performance has a significant effect on organizational performance. Linear regression analysis was used to test this hypothesis. Results indicate that employee job performance significantly accounted for 27.4 percent of the variation in organizational performance. Therefore, this hypothesis was supported.

5.2.7 Mediating Effect of Employee Job Performance on the Relationship between HR Strategic Orientation and Employee Job Performance

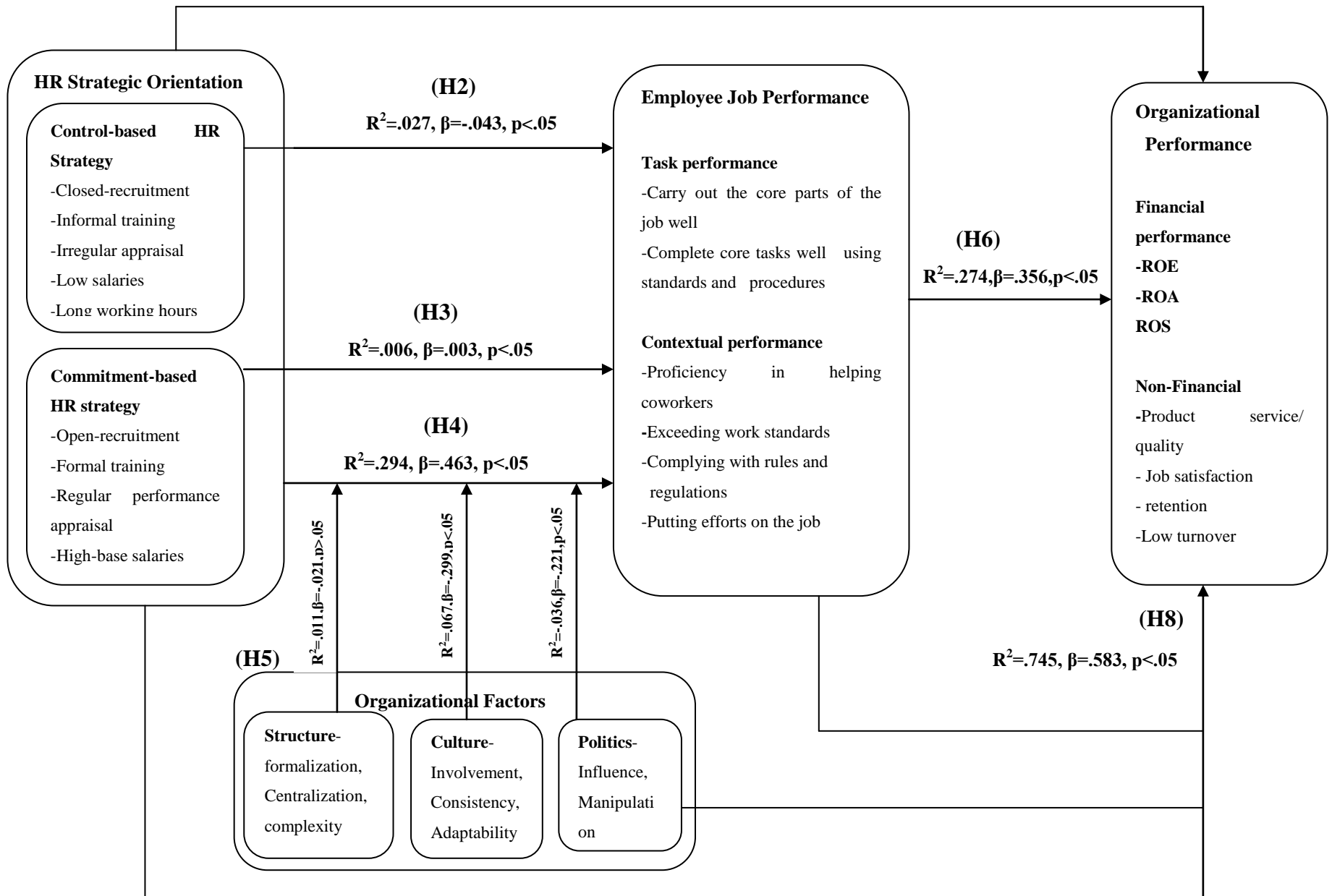
The seven objective of this study was to assess the mediating effect of employee job performance on the relationship between HR strategic orientation and organizational performance. Employee job performance was hypothesized to mediate the relationship between HR strategic orientation and organizational performance. Baron and Kenny (1986) path analysis was used to test this analysis. This analysis did not meet Baron and Kenny (1986) requirements for test of mediation, and therefore, this hypothesis was not supported.

5.2.8 The Joint Effects of HR Strategic Orientation, Employee Job Performance and Organizational Factors on Organizational Performance

The final objective of this study was to examine the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance in Tanzania State Corporations. It was hypothesized that the joint effect of HR strategic orientations, employee job performance and organizational factors on organizational performance is greater than the sum total of the independent effects of the same variables on organizational performance. Hierarchical linear regression analysis was used to test this hypothesis. Findings indicate that predictors jointly and significantly explained almost 74 percent of the variation in performance of Tanzania State Corporation. As such, the joint effect of HR strategic orientations, employee job performance and organizational factors on organizational performance is greater than the sum total of the independent effects of the same variables on organizational performance. Therefore, this hypothesis was strongly supported.

Figure 5.1 a revised Conceptual Framework

$R^2=.029, \beta=-.175, p>.05$ (H1)



5.3 Conclusion

The broad objective of this study was to establish the relationship among HR strategic orientation, employee job performance, organizational factors and performance of State Corporations in Tanzania. As such, the specific objectives were; to determine the effect of HR strategic orientation on organizational performance, examine the effect of control-based HR strategy on employee job performance, determine the effect of commitment-based HR strategy on employee job performance, examine the effect of HR Strategic Orientation on employee job performance, to assess the moderating effect of organizational factors on the relationship between HR strategic orientation and employee job performance, to establish the effect of employee job performance on organizational performance, assess the mediating effect of employee job performance on the relationship between HR strategic orientation and organizational performance, and finally, examine the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance in Tanzania State Corporations. The following conclusions are drawn from this study.

The first objective of this study sought to determine the effect of HR strategic orientation on organizational performance. Findings of this study indicate that HR strategic orientation had no statistical significant relationship with organizational performance. Thus, it is concluded that HR strategic orientation has no significant direct effect on organizational performance in Tanzania State corporations.

The second objective of this study was to examine the effect of control-based HR strategy on employee job performance. As per findings of this study, control-based HR strategy significantly accounted for low variation in employee job performance. Therefore, it is concluded that control-based HR strategy has a weak influence on employee job performance in Tanzania State corporations.

The third objective was to determine the effect of commitment-based HR strategy on employee job performance. Findings of this study indicated that commitment-based HR strategy accounted for low but statistically significant variation in employee job

performance. As such, the study concludes that commitment-based HR strategy has a weak influence on employee job performance in Tanzania State corporations.

The fourth objective of this study was to assess the effect of HR Strategic Orientation on employee job performance. Findings from statistical analysis indicate that HR Strategic Orientation had a positive and significant relationship with employee job performance. Therefore, this study concludes that HR Strategic Orientation has significant influence on employee job performance in Tanzania State Corporations.

The fifth objective of this study was to assess the moderating effect of organizational factors namely, structure, culture and politics on the relationship between HR strategic orientation and employee job performance. Study findings indicate that structure had no statistically significant influence on the relationship between HR strategic orientation and employee job performance, while culture and politics had statistically significant influence on the same. Therefore, it is concluded that structure has no influence on the relationship between HR strategic orientation and employee job performance, while culture and politics have a significant influence on the relationship between HR strategic orientation and employee job performance in Tanzania State Corporations.

Objective six of this study sought to examine the effect of employee job performance on organizational performance. This study found statistically significant relationship between employee job performance and organizational performance. Therefore, it is concluded that employee job performance has significant effect on organizational performance in Tanzania State Corporations.

Objective seven sought to assess the mediating effect of employee job performance on the relationship between HR strategic orientation and organizational performance. Unfortunately, test of this hypothesis did not meet Barony and Kenny (1986) requirements for path analysis. Therefore, it is concluded that employee job performance has no mediating influence on the relationship between HR strategic orientation and organizational performance in Tanzania State Corporations.

The final objective of this study was to examine the joint effect of HR strategic orientation, employee job performance and organizational factors on organizational performance in Tanzania State Corporations. The findings of this study indicate that all predictor variables had a positive and statistically significant influence on organizational performance in Tanzania State Corporations. It is therefore concluded that, HR strategic orientation, employee job performance and organizational factors jointly have a significant effect on performance of State Corporations in Tanzania.

In conclusion, consistent with the model hypothesized by Walton (1985) and Arthur's (1994) it seems that, when employees are managed with progressive HR practices they become more committed while performing their task leading them to exhibit proper behavior while carrying out their tasks (Campbell, 1993; Borman and Motowildo, 1993, 1997) and thus, increasing quality and productivity.

5.4 Implications of the Study

The study on the relationship among HR strategic orientation, employee job performance, organizational factors and performance of State Corporations in Tanzania suggests the following important implications for the HRM industry namely; theoretical, methodological, policy and practical implications.

5.4.1 Theoretical Implications

The field of HRM has been criticized for lacking solid theoretical foundation. However, this study was guided by the following theories; theory of individual differences in job performance, goal achievement theory, job characteristics theory, control theory and RBV. Therefore, the findings of this study have the following implications to these theories.

The first objective of this study sought to determine the effect of HR strategic orientation on organizational performance. This objective was guided by RBV. The theory focuses on internal analysis of the firms and argues that human resources constitute a source of sustained competitive advantage (Schuler and Jackson, 1987). However, according to the

findings of this study HR strategic orientation had no direct statistical significant relationship with organizational performance. This finding has an important implication for RBV whereby researchers need to examine the ways that firms develop human resources as a source of competitive advantage. Likewise, RBV also guided objective three and eight of this study. The findings found significant relationship between the hypothesized relationships. The implications of these findings to RBV are that they support the perspective that a firm's competitive advantage is a function of scarce, valuable and inimitable resources which are embedded within human resources. Therefore, HR strategic orientation, employee job performance and organizational factors are resources which are valuable, rare, inimitable, and non substitutable.

The second objective of this study was to examine the effect of control-based HR strategy on employee job performance. This objective was guided by control theory as advanced by Ouchi (1979) followed by Eisenhardt (1985) and later Snell (1992). The theory suggests that performance is achieved through effective control over employees. Contrary to the expectations, findings of this study indicate that control-based HR strategy has low variation in employee job performance. The implication of this finding to control theory is that performance can not only be achieved through tight control of employees but also from better investment in employees. Furthermore, control theory does not seem to adequately explain changes in employee or organizational performance

The fourth objective of this study was to assess the effect of HR Strategic Orientation on employee job performance. This objective was guided by theory of individual differences in job performance, goal achievement theory, job characteristics theory and RBV. These theories also guided objective five, six and seven of this study. These theories suggest that individual employee characteristics, their goal and, job characteristics determine employee's job performance and consequently, they become resources which are valuable, rare, inimitable, and non substitutable. Findings of this study indicate that HR strategic orientation have a positive and significant relationship with employee job performance, while culture and politics have influence on the relationship between HR strategic orientation and employee job performance. The implication of these findings to

the above mentioned theories is that employee characteristics, job characteristics and employee goal orientation are important determinants of individual performance which is an important factor in achieving organizational performance. Furthermore, predictions of the theories should also include cultural values and perceptions of organizational politics to better predict employee and organizational outcomes.

5.4.2 Methodological Implications

This research examined the relationship between HR strategic orientation, employee job performance and organizational performance in Tanzania State Corporations. A remark is given relating to the research design and methods used in this study. This study used cross-sectional research design to examine the relationship among HR strategic orientation, employee job performance, organizational factors and organizational performance in Tanzania State Corporations. Cross-sectional design cannot lead to any conclusion on causal relationships among study variables. Although the relationships in our model were based on solid theories and related empirical studies, the results should be interpreted cautiously so that causal conclusions are avoided. Gaining a clearer understanding of the relationships will require longitudinal design and collect data at multiple points in time in order to draw causal conclusions

This study used performance ratings as a source of data collection on employee job performance variable. Researchers also have raised a concern over this method due to rating errors such as leniency, halo effects and self-deception. The implication of these findings to this method is that the use of objective measure of job performance (outputs per person or number of unit produced) would show consistency and clear picture of worker performance/productivity.

On the other hand, researchers have raised doubts about the methodological validity of short-term financial performance measures as credible indicators of organizational performance (Paauwe, 2009; Delery and Shaw, 2001) particularly in the public sector. This study overcame this methodological limitation by using both financial and non-financial performance, and therefore providing a mediating ‘bridge’ between the often

labeled long-term financial outcomes (ROE, ROA and ROS) and non- financial outcomes (employee satisfaction, commitment and trust) in state corporations. This is surely a valuable enough contribution to knowledge.

5.4.3 Policy Implications

This research investigated the relationship between HR strategic orientation, employee job performance and organizational performance in Tanzania State Corporations. The management of employees in Tanzania public sector is guided by Public Service Management and Employment Policy (1999). Section 5.2 states that;

“Every public service organization shall draw up a medium term (three-year forward) and annual human resource plan, based on its strategic objectives. An assessment of future human resource requirements shall be made on the basis of future tasks that the organization expects to perform, and the resource available to pay for them. Human resource planning shall cover recruitment, promotion, training and development, and retirement or resignation. The human resource plan shall then become an integral part of the organization’s medium term and expenditure framework” (URT, 1999).

In light with the above HR policy statement, the findings of this study is expected to support the formulation and implementation of HR strategies (plans) in Tanzania public sector and State Corporations in particular, to enhance employee job performance leading to organizational performance.

5.4.4 Implications for Practice

This research provides useful data to HRM practitioners as it measures the orientation of HRM function based on the notion of bundling in Tanzania State Corporations. The implication of this to practitioners is that it will help managers and HRM practitioners to develop an effective HR strategy bundles that will maximize the aspects of employee performance while carrying out their work leading to firm performance.

Furthermore, the practical implication of these findings to HR managers and Chief Executive Officers (CEOs) is that they will be able design HR practices and programs that offer employees prospects for advancing to higher position. In particular, they should look at inside employees as a source for filling vacancies in the organization before they go outside to search for candidates. This practice sends a strong message to the employees that organization values them and is ready to provide opportunities for advancement. Such a message strengthens the psychological contract and encourages employees to direct their efforts to improve their performance. Similarly, training employees and implementing various programs such as ISO 9000 will increase opportunity for achieving performance. Moreover, strengthening ties between pay and employee performance will provide an excellent opportunity to align employee efforts and organizational goals.

For employees who are direct beneficiaries of HR strategies, these findings will enable them to appreciate and understand their strategic role and the need to identify and exploit value adding HR practices that will enable them to carry out their tasks leading to organizational performance.

5.5 Limitations of the Study

Despite the significant correlation between HR strategic orientation, employee job performance, organizational factors and organizational performance, this research presents a number of limitations with respect to theoretical and methodological issues that need to be considered when interpreting the results. This entails the weaknesses encountered in the process of carrying out this study.

First, a survey questionnaire and quantitative research design was used to investigate the relationship between variables. The study findings implies that probably the level of knowledge generated would have been far greater if in-depth case-study using principles of theoretical sampling and grounded theory was to be used. In this way interview and document-analysis (for example minutes of the meetings of works) would have been used

to generate information. This would have provided ample means for analytical generalizations.

Second, the ratings of employee job performance variable were done by employees and their supervisors. It was assumed that they understood the questions the same way. However, to ascertain, it would have been necessary to determine interrater reliability. This however was not done and therefore constitute a weakness of the study.

Third, participants in the present study held a variety of jobs in the Tanzania's State Corporations (machine operator, cultural officer, park attendant, civil engineer). It is plausible that the magnitude of the HR strategies, job performance and organizational performance relationships may have differed across job titles. That is, some jobs (e.g. Statistician) may have been structured in a manner that provides fewer opportunities to exhibit contextual behaviors than others.

Lastly, this study used organizational culture as a monolithic, assuming that it was appropriate for all employees. Indeed, one of the inherent difficulties with general models of organizational culture such as that of Denison and Mishra (1995), Hofstede (1991), or Kotter and Heskett (1992) is that they tend to create impression that organization is having a unitary culture. However, it is believed that organizations do not manage all employees the same way and HR Strategies are rarely monolithic and uniformly applied. Researchers using such approaches need to be aware of their limitations in order to understand the dynamics of sub-cultures and their impacts on HRM and organizational performance.

5.6 Recommendations for Further Research

The study developed a conceptual model of HR strategic orientation-organizational performance relationship that takes into consideration of employee job performance as mediating variable and the influence of organizational factors (structural, culture and politics) as moderators of the relationship between HR strategic orientation and employee job performance. Previous studies have focused mostly on the individual effects of HR

practices such as training (Baird and Meshoulam, 1988) and information sharing (Ichniowski et al., 1994) on firm-level performance. Consistent with earlier research (Ichniowski et al., 1994), our results indicate that an evaluation of individual HR practices in isolation is likely to lead to biased estimates of their effects. When HR practice measures were entered together in our analyses, their estimated coefficients were always larger (often substantially larger) than their individual coefficients. Future studies that fail to address this issue should be interpreted cautiously.

The notions of internal and external fit suggest that there may be synergistic effects among and between both HR practices and strategy. In this study, we used bundles, or systems of HR practices that were, strictly speaking, combined in multiplicative manner. In the future, more detailed work is needed on external fit to ascertain how HR systems could interact with organizational strategy. Additional research that identifies configurations of HR practices and strategies is needed to reveal the potential synergistic effects among and between both HR practices and strategy.

It is critical that scholars begin to test the combined effect of organizational subcultures on the translations of HR strategy and associated employee behavior that leads to both task and contextual performance. It is believed that organizations do not manage all employee groups the same way and HR systems are rarely monolithic and uniformly applied. It is too simplistic to think that one type of culture will be appropriate for all employees. Future research should embark on this to allow for greater validity of the conclusions drawn from empirical work that attempts to measure the effective implementation and diffusion of HR strategies. HR practitioners and change specialists would also be able to better understand why certain strategic HR initiatives are supported and effectively enacted in organizations and why others are simply resisted.

Finally, this study only looked at the moderating effects of structure, culture and politics on the HR-employee job performance relationship. It is quite possible that other organizational characteristics such as technology and leader-member exchange affect this relationship as well. The value of contingency research is that it allows researchers to look deeper into the HR-performance relationship. Accordingly, future contingency

studies using other organizational characteristics as moderators are needed in order to gain further insights into the HR performance relationship. Future research investigating these potential organizational-level impacts of politics could contribute much needed knowledge regarding the effects of organizational politics on competitiveness.

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APPENDICES

Appendix I: Introductory letter



UNIVERSITY OF NAIROBI

Towards World Class Excellence

P.O. Box 30197 – 00100

NAIROBI

To Whom It May Concern

Dear Sir/Madam,

RE: PERMISSION TO UNDERTAKE DATA COLLECTION

The above named is a Ph.D candidate in the Department of Business Administration, School of Business, University of Nairobi and is collecting data for his doctoral dissertation titled: **The relationship among HR strategic Orientation, Employee Job performance and Performance of State Corporations in Tanzania.**

We would appreciate if you give him necessary assistance with the required data to enable him to complete the research project. The information given will be strictly confidential.

Yours faithfully

Sgd.

Dr. Martin Ogutu

Chairman, Department of Business Administration
and Manager Doctoral Programme,
School of Business

Appendix II: Questionnaires

QUESTIONNAIRE 1

HUMAN RESOURCE STRATEGIC ORIENTATION

This questionnaire is designed to collect data on the influence of Human resource strategic orientation on employee job performance, organizational factors and organizational performance in the Tanzanian public sector. The data shall be used for academic purposes only and will be treated with strict confidence. Your participation in facilitating the study is highly appreciated. The questionnaire is divided into five sections and each section covers various objectives of the study. Kindly answer the questions as precisely as possible. Where you do not understand ask for clarification from the researcher.

SECTION ONE: DEMOGRAPHIC DATA

Organization Information

1. Name of the organization
2. Total number of permanent employees (Please tick)
Below 100 []
Between 101-300 []
Between 301-500 []
Above 500 []
3. Please indicate which sector best describes your organization
Construction []
Executive agencies []
Authorities []
Banking Services []
Manufacturing []
Other (please specify)
4. Indicate your organization's average annual sales turnover in millions.....
Less than Tsh.100 []
Between Tsh.101-500 []
Between Tsh. 501-1000 []
Above Tsh. 1000 []
5. Percentage of total expenditure allocated to training and development
(%).....

SECTION TWO: ABOUT YOUR HR STRATEGIC ORIENTATION

6. In this section we seek information on HR strategic orientation practiced by your organization. Please indicate the extent to which you agree with the following statements by ticking (√) the most appropriate answer.

7. Does your firm have any document that guide the management of Human Resources?

Yes [] No []

8. If the answer for the above question is yes, what is the time frame of your strategy?

.....

9. Please indicate the extent to which you agree or disagree with the following statements concerning your **Recruitment and Selection** practiced in your organization.

1. Not at all 2. To a lesser all extent 3.To a moderate extent 4. To a larger extent 5. To a very large extent

	Recruitment and Selection	1	2	3	4	5
a	Hires casuals and non-permanent employees					
b	Recruitment process is centralized					
c	Recruitment of new employees occurs mainly at the job entry level					
d	Selection panel consist of few people					
e	Decisions and criteria on recruitment and selection are clear and transparent					
f	A great amount of money is set for recruitment and selection exercise					
g	We usually attract sufficient number of qualified candidates and only best people are selected for the job					
h	The selection /interviewing process requires candidates to demonstrate, justify or prove their abilities to perform the job well					
i	Opportunity-cost determine recruitment and selection					
j	Selected employees usually have enough knowledge about the job					
k	Realistic job preview is provided to employees.					

10. Which method among the following is commonly used by your organization to recruit workers?

Advertise in newspapers []

Direct “walk-ins” []

Employment agencies []

Referrals from training institutions (i.e. schools, colleges and universities) []

Internet-based recruitment []

11. Which method among the following is commonly used by your organization to screen job applicants?

Interview scores []

Work simulation test/situational judgment test []

Ability / IQ tests (aptitude, verbal, numerical and reasoning) []

Bio data []

Personality assessment []

References []

12. Please indicate the extent to which you agree or disagree with the following statements concerning your **Training and Development** practiced in your organization.

1. Not at all 2. To a lesser all extent 3.To a moderate extent 4. To a larger extent 5. To a very large extent

	Training and Development					
a	A moderate amount of money is placed on training and development activities					
b	Informal/unstructured training is provided to employees					
c	Employees have no opportunity to discuss the training that they should take					
d	Employees require little training in order to perform their job					
e	Training is linked to both individual and organizational needs					
f	Employees receives training that enable them to perform more than one job					
g	Training efforts are devoted to skill enhancement					
h	Training provided assist employees to perform their job					
i	Training offered improves understanding of the job functions					
j	Employees receive frequent and extensive training					

13. Please indicate the extent to which you agree or disagree with the following statements concerning your **Performance Appraisal System** practiced in your organization.

1. Not at all 2. To a lesser all extent 3.To a moderate extent 4. To a larger extent 5. To a very large extent

	Performance Appraisal System					
a	The performance appraisal is not practiced in this organization					
b	Performance appraisal is used for salary administration, promotion, layoff and transfers					
c	Performance discussions only focus on present job performance					
d	Employees regularly receive a formal performance appraisal					
e	The appraisal process is participative, open and transparent					

f	Employees contribute to the setting of their objectives”					
g	Performance appraisal is used for training needs, performance feedback, identification of individual strength and weaknesses, duty assignment and identification poor performers.					
h	All employees are appraised every year					
i	Both qualitative and quantitative criteria are used to determine performance					
j	A multi-source assessment method such as 360 degrees feedback system is used to appraise workers.					
k	Performance appraisal focus on employee job performance					

14. Please indicate the extent to which you agree or disagree with the following statements concerning your **Compensation Strategy** practiced in your organization.

1. Not at all 2. To a lesser all extent 3.To a moderate extent 4. To a larger extent 5. To a very large extent

	Compensation Strategy					
a	Pay is closely tied to individual job performance					
b	Pay grades and levels are centrally developed					
c	Employees have no opportunity to suggest the scale of their salary					
d	No salary inquiries					
e	Employees have no input in the pay decisions					
f	Little effort is placed in paying people well similar to other companies					
g	People join this organization because it pays well					
h	Pay practices are based on ability and performance					
i	A salary survey is used to determine pay levels					
j	Employees get incentives and other benefits such as travel costs, profit sharing and paid holidays					

15. To what extent do differences in pay among employees represent differences in their work contribution?

Very little []

A moderate amount []

A great deal []

16. Please indicate the extent to which you agree or disagree with the following statements concerning your **Job autonomy** practiced in your organization.

1. Not at all 2. To a lesser all extent 3.To a moderate extent 4. To a larger extent 5. To a very large extent

	Job autonomy					
a	Employees have control over the quantity of work to produce					
b	Employees have no discretion in choosing methods to use in carrying out their work					
c	Employees are required to work very fast and extra hard to finish their work					
d	Time, speed and ability to finish the workload determines pay and job security					
e	Employees usually have no job breaks					
f	There is close monitoring of worker hours of work					
g	Employees work for a very long hours which is stressful					

17. Please indicate the extent to which you agree or disagree with the following statements concerning your **Retention Strategy** practiced in your organization.

1. Not at all 2. To a lesser all extent 3.To a moderate extent 4. To a larger extent 5. To a very large extent

	Retention Strategy					
a	To remain in this organization employees must perform well					
b	Poor performers usually are weeded out					
c	Opportunities for growth and development exist					
d	Jobs are designed to maximize skill development, autonomy and career development					
e	working environment is pleasant					
f	Job security is ensured					
g	Flexible work arrangements are available for workers					

18. Please indicate the extent to which you agree or disagree with the following statements concerning your **HR strategic Alignment** practiced in your organization.

1. Not at all 2. To a lesser all extent 3.To a moderate extent 4. To a larger extent 5. To a very large extent

a	Efforts are made to align HR strategy and business strategy					
b	HR decisions are made by single actor of few individuals					

c	HR function is perceived as liability					
d	HR department is involved in the firm's business planning process					
e	HR director has a seat at top management with little or no influence on decision made					
f	Line managers influence HR issues					
g	HR director has a seat in the top management and is actively influencing HR decisions					
h	There is a mechanism for making sure that the employees inputs are taken on board					
i	Top management and HR director unanimously define all HR priorities					

SECTION THREE: ABOUT YOUR ORGANIZATION

19. This section seeks information about the structure, culture and politics in your organization. Please indicate the extent to which the following statements are true about your organization by ticking (√) along the given scale.

1. Not at all 2. To a lesser extent 3. To a moderate extent 4. To a large extent 5. To a very large extent

	Organizational structure	1	2	3	4	5
a.	Codified job descriptions are used by our organization.					
b.	There is a clear line of communication and responsibilities.					
c.	The use of written rules and procedures to govern decision and working relationship.					
d.	There is a hierarchical structure with a combination of functions / tasks.					
e.	Have centralized control					
f.	Have simple and inexpensive control					
	Organizational Culture					
a.	Most people understand and obey rules.					
b.	People are not criticized for their personal style.					
c.	Most people here are good team players.					
d.	Employees oppose initiatives enacted by top management					
f.	There is a strong emphasis on ethical and moral values.					
g.	Employees identify with organizational goals					

h.	Management readily accepts new ideas.					
	Employees have input into the decision-making process					
	Organizational Politics					
a.	Employees existence in this organization depend on the quality of being good at work					
b.	“...there are cliques here who look after themselves”					
c.	Employees ability to disagree with supervisors					
d.	Employees seek support for promotion, pay rise					
e.	Consensus is used to support HR decision outcome					
f.	People display a sense of power and confidence to influence HR decisions					
	“.....people here tend to manipulate situations for their own personal advantage”					
	People display a sense of power and confidence					

SECTION FOUR: ABOUT THE PERFORMANCE OF YOUR ORGANIZATION

20. The following statements provide various indicators of organizational performance. Please tick the appropriate responses.

1. Not at all 2. To a lesser extent 3. To a moderate extent 4. To a large extent 5. To a very large extent

	Organizational performance	1	2	3	4	5
a	We have an increase in growth of market					
b	Our products/services are of acceptable standards					
c	We frequently develop new products					
d	“..employees do not feel to leave our organization”					
e	“...it is hard to retain employees here”					

QUESTIONNAIRE 2
EMPLOYEE JOB PERFORMANCE
PART ONE: EMPLOYEE

This questionnaire is designed to collect data on employee job performance in the Tanzanian state corporations. The data shall be used for academic purposes only and will be treated with strict confidence. Your participation in facilitating the study is highly appreciated. The questionnaire is divided into two parts. Part ONE for employee and part TWO for supervisor. Kindly answer the questions provided in part ONE as precisely as possible, and thereafter, hand over this questionnaire to your supervisor for him/her to complete part TWO. Where you do not understand ask for clarification from the researcher.

SECTION ONE: DEMOGRAPHIC DATA

1. Please indicate your job title
2. Your gender
Male [] Female []
3. Indicate the age that you belong to:
Less than 30 years []
31-40 []
41-50 []
51-above []
4. Your highest level of education (please tick)
Diploma level []
Bachelors degree []
Masters degree []
PhD degree []
Other (please specify)
5. The number of years you have worked for the present organization. (Please tick).
1- 3 years []
3 – 6 years []
6 –10 years []
More than 10 years []

SECTION TWO: ABOUT YOUR JOB PERFORMANCE

6. The following statements provide various indicators of employee job performance. Please tick the appropriate responses.

1. Not at all 2. To a lesser extent 3. To a moderate extent 4. To a large extent 5. To a very large extent

	Task performance	1	2	3	4	5
a	“I usually carry out my work using prescribed standards and procedures”					
b	“I always get my work done effectively”					
c	“ my works always meets supervisors expectations”					
d	“I always completes the duties specified in my job description”					
e	“when given a chance of training, i always master knew knowledge and skills to improve my work”					
f	“I never neglects aspects of the job that i am obliged to perform”					
g	I always produce large amount of work					
h	I display a mastery of work					
i	I pay attention to detail and avoid making mistakes					
j	I produce a high quality standard of work					
k	I meet deadlines under any circumstances					
	Contextual performance					
a	“I usually volunteer to carry out tasks which are not part of my own job”					
b	“I always help and cooperate with my coworkers”					
c	“ I usually persist with extra efforts to complete my work”					
d	“ I always work to exceed customer expectations”					
e	“I usually follow orders and regulations”					
f	I display pROSer company appearance manner					
g	I exercise personal discipline and self-control					

PART TWO: SUPERVISORS

This questionnaire is designed to collect data on employee job performance in the Tanzanian state corporations. The data shall be used for academic purposes only and will be treated with strict confidence. Your participation in facilitating the study is highly appreciated. This part of the questionnaire is divided into two sections and each section covers various objectives of the study. Kindly answer the questions as precisely as possible. Where you do not understand ask for clarification from the researcher.

SECTION ONE: DEMOGRAPHIC DATA

1. Please indicate your job title
2. Your gender
Male Female
3. Indicate the age that you belong to:
Less than 30 years
31-40
41-50
51-above
4. Your highest level of education (please tick)
Diploma level
Bachelors degree
Masters degree
PhD degree
Other (please specify)
5. The number of years you have worked for the present organization. (Please tick).
1- 3 years
3 – 6 years
6 –10 years
More than 10 years
.....

SECTION TWO: ABOUT YOUR EMPLOYEE JOB PERFORMANCE

6. The following statements provide various indicators of employee job performance. Please tick the appropriate responses.

1. Not at all 2. To a lesser extent 3. To a moderate extent 4. To a large extent 5. To a very large extent

	Task performance	1	2	3	4	5
a	“..this employee always carries out his/her work using prescribed standards and procedures					
b	“..this employee gets his/her work done effectively”					
c	“..this employee always completes the duties specified in his/her job description					
d	“..when given a chance of training, this employee always master knew knowledge and skill to improve his/her work”					
e	“..this employee usually meets formal performance requirements of the job					
f	This worker never neglects aspects of the job that he/she is obligated to perform.					
g	always produce large amount of work					
h	“..this employee display a mastery of work					
i	“..this employee pays attention to detail and avoid making mistakes					
j	“..this employee produce a high quality standard of work					
k	“..this employee meets deadlines under any circumstances					
	Contextual performance					
a	“..this employee usually volunteers to carry out tasks which are not part of his/her own job”					
b	“..this employee always help and cooperate with coworkers”					
c	“..this employee always persist with extra efforts to complete his/her work”					
d	“..this employees usually work to exceed customer expectations”					
e	“..this employee always follow orders and regulations”					
f	“..this employee displays pROSer company appearance manner					
g	“..this employee exercises personal discipline and self-control					

Appendix III: List of State Corporations (that sale their products/services)

Commercial and Services

1. Muhimbili Orthopaedic Institute (MOI)
2. Tanzania Electric Supply Company
3. TAZAMA Pipeline Ltd
4. Tanzania Railways Ltd
5. Air Tanzania Company
6. National Museum of Tanzania
7. Arusha International Conference Centre (AICC)
8. Kilimanjaro Airport Development company Ltd
9. National Development Corporation
10. DAWASCO
11. Taasisi ya Sanaa na Utamaduni Bagamoyo

Energy, Electrical, Gas and Petroleum

1. Tanzania Petroleum Development Corporation (TPDC)
2. BP Tanzania Ltd
3. East African Cables
4. TOL Gas Ltd

Food Processing, Beverages and Tobacco

1. Kilombero Sugar Company
2. Tanzania Breweries Company

Pharmaceutical and medical Equipment

1. Keko Pharmaceuticals Ltd
2. Medical Store Department

Manufacturing

1. Small Industries Development Organization (SIDO)
2. Tanzania Industrial Research and Development Organization (TIRDO)
3. Mzinga Corporation
4. SUMA JKT Company
5. Aluminium AfricaLtd (ALAF)

Motor Vehicles and Accessories

1. Tanzania Automotive Technology Centre (Nyumbu)

Authorities

1. Ngorongoro Conservation Authority
2. Tanzania Revenue Authority (TRA)
3. Tanzania Airport Authority
4. Tanzania National Parks Authority (TANAPA)
5. Vocation Education and Training Authority (VETA)
6. Tanzania-Zambia Railway Authority
7. Tanzania Ports Authorities
8. Tanzania Insurance Regulatory Authority

Banking Services

1. Bank of Tanzania
2. Tanzania Investment Bank
3. National Microfinance Bank Ltd
4. Twiga Bancorp Ltd
5. Unit Trust of Tanzania
6. Tanzania Women's Bank
7. National Bank of Commerce
8. Tanzania Postal Bank

Telecommunication and Technology

- 1 Tanzania Broadcasting Corporation (TBC)
- 2 Tanzania Posts Corporation
- 3 Tanzania Standard News Paper
- 4 Tanzania Telecommunication Company Ltd (TTCL)

Funds

1. Rural Energy Fund
2. Local authorities pension Fund
3. Mfuko wa PPF

4. Government employee Provident Fund
5. National Health Insurance Fund
6. National Social Security Fund
7. Public Service Pension Fund

Education

1. Tanzania Public Service College (TPSC)

Total 53

Source: Tanzania Registrar of Treasury Directory 2012/2013

Appendix IV: Target Population and Number of Respondents

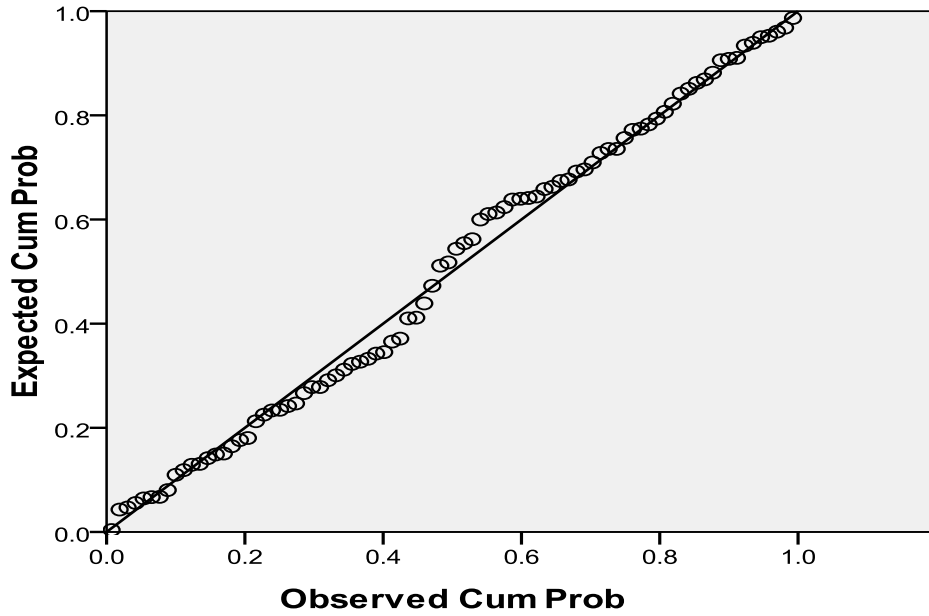
Company Name	Target Population	Respondents Percentage	Total Respondents
1=Muhimbili Orthopaedic Institute	100	20%	20
2=Tanzania Electric Supply Company	210	10%	21
3=TAZAMA Pipeline Ltd	35	20%	7
4=Tanzania Railways Ltd	200	10%	20
5=Air Tanzania Company	45	20%	9
6=National Museum of Tanzania	100	20%	20
7=Arusha International Conference Centre	65	20%	13
8=Kilimanjaro Airport Development company Ltd	57	20%	11
9=National Development Corporation	43	20%	8
10=DAWASCO	75	20%	15
11=Taasisi ya Sanaa na Utamaduni Bagamoyo	17	20%	3
12=Tanzania Petroleum Development Corporation	50	20%	10
13=BP Tanzania Ltd	60	20%	12
14=East African Cables	25	20%	5
15=TOL Gas Ltd	29	20%	5
16=Tanzania Breweries Company	79	20%	15
17=Kilombero Sugar Company	48	20%	9
18=Keko Pharmaceuticals Ltd	34	20%	6
19=Medical Store Department	26	20%	5
20=Small Industries Development Organization	46	20%	9
21=Tanzania Industrial Research and Development Organization	31	20%	6
22=Mzinga Corporation	20	20%	4
23=SUMA JKT Company	35	20%	7
24=Aluminium AfricaLtd	24	20%	5
25=Tanzania Automotive Technology Centre	26	20%	5
26=Ngorongoro Conservation Authority	205	10%	20
27=Tanzania Revenue Authority	215	10%	21

28=Tanzania Airport Authority	40	20%	8
29=Tanzania National Parks Authority	204	10%	20
30=Vocation Education and Training Authority	86	20%	17
31=Tanzania-Zambia Railway Authority	202	10%	20
32=Tanzania Ports Authorities	210	10%	21
33=Tanzania Insurance Regulatory Authority			
34=Bank of Tanzania	200	10%	20
35=Tanzania Postal Bank			
36=Tanzania Investment Bank	70	20%	14
37=National Microfinance Bank Ltd	209	10%	20
38=Twiga Bancorp Ltd	47	20%	9
39=Unit Trust of Tanzania	22	20%	4
40=Tanzania Women's Bank	28	20%	5
41=National Bank of Commerce	105	20%	21
42=Tanzania Broadcasting Corporation	150	20%	30.
43=Tanzania Posts Corporation	200	10%	20
44=Tanzania Standard News Paper	50	20%	10
45=Tanzania Telecommunication Company Ltd	173	20%	34
46=Rural Energy Fund	45	20%	9
47=Local authorities pension Fund	75	20%	15
48=Mfuko wa PPF	63	20%	12
49=Government Employees Provident Fund	46	20%	9
50=National Health Insurance Fund	110	20%	22
51=National Social Security Fund	205	10%	
52=Public Service Pension	95	20%	19
53=Tanzania Public Service College (TPSC)	40	20%	8

Appendix V: Tests of Heteroscedasticity and Linearity

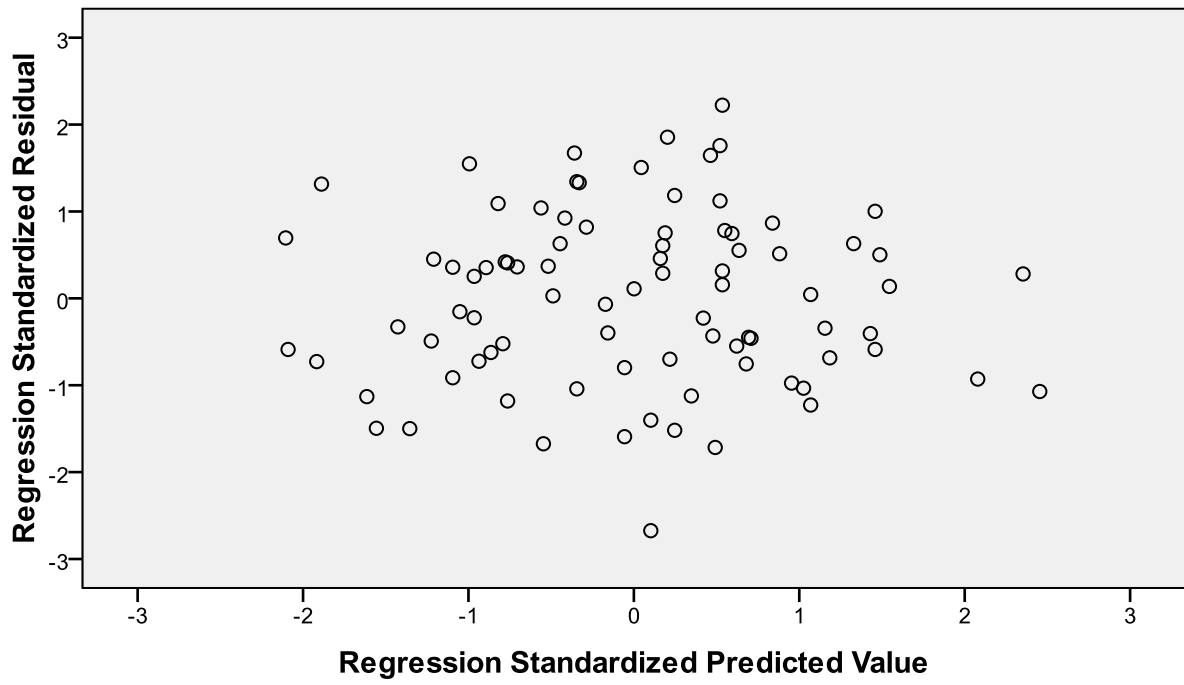
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: OrganazationalPerformance



Scatterplot

Dependent Variable: OrganizationalPerformance



Histogram

Dependent Variable: OrganizationalPerformance

