Human Resource Strategic Orientation, Employee Outcomes, Organizational Factors and Performance of State Corporations in Kenya

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A Thesis Submitted in Fulfillment of the Requirements for the Award of the Degree of Doctor of Philosophy in Business Administration, School of Business, University of Nairobi

NOVEMBER, 2013
DECLARATION

This thesis is my original work, and has not been submitted for the award of a degree in any other University.

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DEDICATION

I dedicate this work to my beloved late father Mathias Chamwada Mulabe,
My mother Teresinah Khavetsa Mulabe; my wife Nancy Musari Madegwa and children
Ian Kivuze Chamwada and Victor Madegwa Chamwada for propping major decisions in
my life, including my studies, and giving me the reason to forge forward and to work
very hard all the time, every time, every day.
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## Abbreviations and Acronyms

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BC</td>
<td>Bureaucratic Culture</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for East and Southern Africa</td>
</tr>
<tr>
<td>DV</td>
<td>Dependent Variable</td>
</tr>
<tr>
<td>EAC</td>
<td>East Africa Community</td>
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<tr>
<td>ERS</td>
<td>Economic Recovery Strategy</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GOK</td>
<td>Government of Kenya</td>
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<tr>
<td>HPHRP</td>
<td>High Performance Human Resource Practices</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resource</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>HRSO</td>
<td>Human Resource Strategic Orientation</td>
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<tr>
<td>IC</td>
<td>Innovative Culture</td>
</tr>
<tr>
<td>IGA</td>
<td>Income Generating Activities</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>IV</td>
<td>Independent Variable</td>
</tr>
<tr>
<td>IVV</td>
<td>Intervening Variable</td>
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<tr>
<td>JS</td>
<td>Job Satisfaction</td>
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<tr>
<td>LS</td>
<td>Leadership Style</td>
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<tr>
<td>MV</td>
<td>Moderating Variable</td>
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<tr>
<td>NARC</td>
<td>National Rainbow Coalition</td>
</tr>
<tr>
<td>OC</td>
<td>Organizational Culture</td>
</tr>
<tr>
<td>PPMCC</td>
<td>Pearson’s Product Moment Correlation Coefficient</td>
</tr>
<tr>
<td>SHRSO</td>
<td>Soft Human Resource Strategic Orientation</td>
</tr>
<tr>
<td>SC</td>
<td>Supportive Culture</td>
</tr>
<tr>
<td>SRA</td>
<td>Simple Regression Analysis</td>
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<tr>
<td>TFL</td>
<td>Transformational Leadership</td>
</tr>
<tr>
<td>TDA</td>
<td>Training and Development Activity</td>
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<tr>
<td>TNA</td>
<td>Training Needs Assessment</td>
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<td>TSL</td>
<td>Transactional Leadership</td>
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ABSTRACT

Most researches demonstrating the link between human resource strategic orientation and firm performance have focused on the private sector, yet understanding this relationship, in the public sector, in a developing world setting is equally important. Also, the role of employee outcomes and organizational factors on this relationship has not been established, yet theory has demonstrated that employee outcomes and organizational factors can affect this relationship, resulting in significant outcomes at employee and organizational levels. This study was motivated by the desire to fill these gaps in knowledge. The study objectives were: to establish the relationship between HR strategic orientation and corporate performance; HR strategic orientation and employee outcomes; employee outcomes and corporate performance; to determine the moderating effect of organizational factors on the relationship between HR strategic orientation and employee outcomes; and to establish the joint effect of HR strategic orientation, organizational factors and employee outcomes on corporate performance, vis-à-vis the independent effect of HR strategic orientation and employee outcomes on corporate performance. The research design was cross-sectional descriptive survey. Data was collected using structured self-administered survey questionnaires, from a sample of 123 state corporations, drawn from a population of 180 Kenyan state corporations. The response rate was 79.7 percent. Descriptive statistics, correlation and regression techniques were used to analyze data. The results of the study show a positive and statistically significant relationship between HR strategic orientation and corporate performance; HR strategic orientation and employee outcomes; and employee outcomes and corporate performance. The results also show that the link between HR strategic orientation and employee outcomes does not depend on organizational factors. However, the joint effect of HR strategic orientation, organizational factors and employee outcomes on corporate performance is statistically different from the independent effects of HR strategic orientation and employee outcomes on corporate performance. The results reiterate the value of the soft model of HRM strategy in enhancing organizational and employee outcomes, and the use of systems of HRM practices across sectors. There is need to redesign the HR policy framework to support the soft HRM strategy, which is key to performance and employee outcomes.