

**THE INFLUENCE OF EMPLOYEE CULTURAL
ORIENTATIONS ON THE RELATIONSHIP BETWEEN
STRATEGIC HUMAN RESOURCE MANAGEMENT
PRACTICES AND THE PERFORMANCE OF LARGE FOREIGN
MULTINATIONAL MANUFACTURING ORGANIZATIONS IN
KENYA**

Submitted by

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**To Strathmore University as a thesis for the degree of Doctor of Philosophy in
Management**

JUNE 2009

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..... (Signature of Researcher)

DECLARATION

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

Beatrice Akong'o Dimba

Date

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

Professor Peter K'Obonyo

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Dr Ruth Kiraka

Date

DEDICATION

To my family: David and Magdi, Caro and David, Chief, Nick and Lina, Nyabo, Joe, and my good friend Henry, my late father Shem Daniel Odhiambo, my mother Elizabeth Omore Odhiambo, Liz, Tony, Antonina, Caren, Sheunda, Akong'o, Omosh, Betty Akong'o, and Tina.

ACKNOWLEDGEMENTS

I acknowledge all the guidance and help my supervisors, Professor Peter K'Obonyo and Dr. Ruth Kiraka, accorded me throughout the study period. I am sincerely grateful for the many dedicated hours and tireless effort they spent helping me with the study and providing insightful comments and direction.

I am also very grateful to all my course instructors, particularly Professor Nzomo, Professor Ganesh Prasad Pokhariyal, Professor Meroka Mbeche, and Dr. Gituro Wainaina who inspired me to work towards achievement of my goal and Dr. Margaret Kobia who assisted me to reorganize my work and re-orientate my thinking during the presentation of the research proposal.

Similarly, my appreciation goes to Dr. Silas Onyango who ensured that the statistics and calculations in the study were right. I am also grateful to Hellen Otieno and Mary Omingo for their genuine critique of the literature review section. Mr. A.D. Bojana deserves gratitude for editing the final work.

I owe much gratitude to my consultants, Frederick Siwolo Fwaya, Caroline Ratemo, Rufina Kingori, and Stephen Mucheri who spent many hours, and sometimes working under pressure, coded the questionnaires and designed computer programs used to analyze the research data. I would also like to thank Sharon Akinyi Oyoyo for assisting me with data entry, and Sellah Shimwenyi, Elizabeth Kiarie, Rael Kimathi and Doris Muigai for assisting me with typing the manuscript.

It would be a dishonor if I did not recognize the help from the Strathmore fraternity, in particular, Professor John Odhiambo, Professor Vitalis Onyango-Otieno, Margaret Roche, and Dr. Florence Oloo for their moral support and encouragement. Thank you all.

I convey my special thanks to Strathmore University for the financial support and other necessary resources that made it possible for me to undertake this doctoral study.

Much appreciation goes to my special friends Christine Kioko, Theresa Muthui, Jane Murichu, Josephine Magari, F.T. Makoriwa, Bertha Obuon, and Serah Mwangi for their kind words and understanding.

To my mother Elizabeth and my late father, I cannot pay back all that they have given me to make life worth living. May they be rewarded.

Most importantly, I express my sincere appreciation to my husband Henry. Without his patience, understanding, and tireless support, this study would not have been possible.

To my children and their families for their moral and spiritual support and understanding throughout the trying periods of this study, I say, thank you very much.

ABSTRACT

The purpose of this study was to establish the relationship between strategic human resource management (SHRM) practices, cultural orientations, the age of the firm, employee motivation and firm performance in large foreign multinational manufacturing companies in Kenya. The following five specific objectives were addressed by the study: establish the relationship between SHRM practices and firm performance; determine the extent to which the relationship between SHRM practices and employees' motivation depends on employees' cultural orientations; determine if the relationship between SHRM practices and employees' motivation is dependent on the age of the firm; establish if the relationship between SHRM practices and firm performance is mediated by motivation; gauge the relationship between employees' motivation and firm performance. A conceptual framework was developed to link SHRM practices, cultural orientations, the age of the firm, employees' motivation and firm performance in large foreign multinational manufacturing companies in Kenya.

The respondents were HR managers, marketing managers and production managers, and non-management employees working in 50 foreign multinational companies (MNCs) which are members of the Kenya Association of Manufacturers (KAM). The data were collected using questionnaires developed by Hofstede (1980a) and Huselid (1995) and modified by the researcher. Hofstede's instrument contains measures of employee cultural values and cultural beliefs found in the workplace, whereas Huselid's instrument contains measures for SHRM practices, motivation and performance. The questions presented to the respondents captured all the study variables: SHRM practices, cultural orientations, firm age, motivation and performance. The interview method was used to contextualize research findings and to explore issues of interest in greater detail with a view to adding qualitative value to the data obtained using questionnaires.

The major findings of the study were: (1) all the variables of SHRM practices except recruitment and selection were positively and significantly correlated with performance (range $r = 0$ to $r = 0.4$); (2) the relationship between SHRM practices and motivation did not depend on employee cultural orientations in the case where

cultural beliefs ($R^2 = 40\%$) were considered, but depended on employee cultural orientations as measured by cultural values ($R^2 = 30\%$); (3) the relationship between SHRM practices and motivation depended on the age of a firm ($R^2 = 30\%$); (4_(i)) motivation mediated the relationship between SHRM practices and firm performance ($R^2 = 30\%$); and (4_(ii)) motivation had an effect on firm performance ($R^2 = 10\%$). The study concluded that the applicability of Western models of SHRM practices in MNCs in Kenya needs further investigation. It also supports the notion that cultural orientations affect the relationship between SHRM practices and employee motivation, and hence, firm performance. Consequently, the study recommends that: (1) further research be carried out to establish the applicability of models of SHRM practices formulated in the Western nations in developing countries; (2) future researchers use longitudinal research design to obtain more interesting and revealing results of cultural orientations.

Major findings and conclusions of the study are discussed in view of their implications for managerial policy and practices and future research.

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CHAPTER ONE

INTRODUCTION

1.1 General Background

The impact of strategic human resource management (SHRM) practices on firm-level outcomes has gained dominance as a research issue in the field of human resource management (HRM). Some of the studies done have shown positive results of the relationship between SHRM practices and firm performance (Singh, 2003; Liao, 2005; Katou & Budhwar, 2006). An increasing body of research work contains arguments that the universal use of a “best practice bundle” of human resource (HR) practices such as recruitment, training, staff appraisals, and compensation systems can directly and indirectly improve organizational performance (Brewster, 1999; Katou & Budhwar, 2006, 2007). The existing literature indicates that organizations on which studies were carried out were large manufacturing companies, particularly in the US and UK (Arthur, 1994). Recently, a few investigations have been initiated in other parts of the world, especially in developing countries such as China and Slovenia (Katou & Budhwar, 2007). Some of these studies have shown similar results.

Although it is well-accepted that SHRM practices are positively related to organizational performance, other studies point out the omission of the influence of contextual variables such as national culture on the relationship between SHRM and organizational performance (Aycaan et al., 2007; Markus & Kitayama, 1991; Hofstede, 1980, 1993; Mendonca & Kanungo, 1990; Jackson & Schuler, 1995; Nyambegera et al., 2000). National cultural values and beliefs influence employees’ preference for SHRM practices.

Even though a review of previous studies reveals that SHRM has gained popularity, with respect to the debate on HRM and performance, the focus has mainly been limited to the linkage between HR practices and organizational performance. The implication is that strategic management accepts the HR function as an important

strategic partner in the formulation of the company's strategies (through dominant coalition of top management – top management collaborates in formulation of company strategies) as well as in the implementation of those strategies through HR practices. However, there is need for additional robust and quantitative evidence to support the SHRM-performance link (Gerhart, 2005) and investigations from different contexts (Katou & Budhwar, 2007; and Aycan et al., 2000, 2007).

Though the most extensively used dependent variable in organizational research, organizational performance still remains vague and loosely defined (Rogers & Wright, 1998). Although performance has been traditionally conceptualized in terms of financial measures, some scholars have proposed a broader performance construct that incorporates non-financial measures including, among others, market share, product quality, and company image.

Even though most studies speak of SHRM practices leading to organizational performance, such a one-way line of causation is unsatisfactory (Edwards & Wright, 2001). The usual key criticism of SHRM practices and organizational performance is that, rather than SHRM practices leading to high performance, it is the high performing firms that can afford costly SHRM practices (Huselid, 1995). Even when using one-way line causation from SHRM practices to organizational performance, sound theoretical development that explains how such SHRM practices operate is rather absent (Becker & Gerhart, 1996). In an effort to address such theoretical developments in the area, scholars have proposed to consider intermediate linkages between SHRM practices and organizational performance (Ferris et al., 1998). This implicit model assumes that there are variables that mediate a link between SHRM practices and organizational performance; however, only a few researchers (Fey et al., 2000; Guest, 2001; Katou & Budhwar, 2007) have measured these mediators to address their importance.

Considering that SHRM practices are not standardized, Katou and Budhwar (2007) suggest use of a “mediating model” which adopts two systems of SHRM practices that are usually present in almost all works, namely, resourcing/development,

aiming at attracting and developing human resources, and rewards/relations, aiming at retaining and motivating human resources. Similarly, Gerhart (2005) suggests application of employee motivation as a mechanism by which SHRM practices impact organizational performance. However, the literature highlights that most studies examining the relationship between SHRM practices and organizational performance have been conducted in a few developed countries (the US and the UK), and that only a few researchers have measured the mediators and addressed their importance. The question still left unanswered is the influence of SHRM practices on human capital or specifically, employee motivation, and consequently on organizational performance in other contexts (Katou & Budhwar, 2007).

Furthermore, the majority of work in SHRM or the best practices approach (Paauwe & Boselie, 2002; Katou & Budhwar, 2007) generally adopt the resource-based view (RBV) theory of the firm and competitive advantage, which focuses on the role internal resources like employees play in developing and maintaining a firm's competitive capabilities (Wright et al., 1994; and Youndt et al., 1996). This implies that firms wishing to succeed in today's global business environment must make the appropriate HR investment to acquire and train employees who possess better skills and capabilities than the employees of their competitors. Therefore, the SHRM practices of the organization can lead to a competitive advantage through developing a unique and valuable human pool (Delery, 1998). Anthony et al. (2000) contend that the human resource strategy is based on overall corporate strategy and needs to be consistent with it. Organizations emphasizing quality goods, for instance, must hire, train and reward employees so that such goals are efficiently and effectively achieved.

Studies adopting the RBV theory tend to neglect the importance of contextual factors, an issue that is crucial from the SHRM point of view. Nyambegera et al. (2000) argue that contextual variables, particularly national culture or employee cultural orientations, have an influence on the choice of HRM strategies. As developing countries are adopting technologies and expertise similar to that of developed countries (Mamman & Adeoye, 2007), MNCs can transfer home-country

SHRM practices to some developing host-countries without changing the practices. By implication, the convergence of SHRM practices is towards that of developed countries. However, according to Horwitz et al. (2006), “cultural diversity in societies around the globe tends to retard and even reverse convergence”. For instance, Aycan et al. (2007) established that managerial beliefs and values affect managers’ attitudes towards SHRM practices. Similarly, employees’ perception of SHRM practices is important because employees’ attitudes influence their behavior or their motivation (Chian & Birtch, 2007). Employees’ attitudes are attributed to their cultural orientations.

1.1.1 Culture and Strategic Human Resource Management

The major differentiating factors between First and Third World countries which have an impact on HRM are contextual. They include economic, political, legal and historical environments, employee demographics and labor-market characteristics and socio-cultural characteristics of the workplace and society (Sundaram & Black, 1992; Laurent, 1986; Aycan et al., 2007). A number of studies on multinational companies have indicated that among these elements national culture has generated more interest in the field of comparative HRM because cultures are at the base of people’s behavior (Brewster & Hegewisch, 1996; Schuler et al., 1993; Hofstede, 2006). This contention is supported by Sondergaard (1994) who argues that national cultures is the most widely cited feature of countries that creates pressures for decentralization to operate effectively in a particular foreign country. Organizations must be sensitive to the prevailing values and attitudes in that country. Similarly, research using a variety of frameworks has shown that national cultural values are related to workplace behaviors, attitudes and other organizational outcomes (Kirkman et al., 2006).

Multinational companies offer an opportunity for people of different cultures to interact (Lane et al., 1997). MNCs are playing an increasing role in the global economy as firms continue to increase cross-border investments. These firms produce and sell goods and services on an international basis, often far from the country’s headquarters. This often calls for establishment of branches and

subsidiaries outside their national boundaries. However, as people from different cultures interact, difficulties may be experienced because behaviors are based on different expectations and are the result of different “mental programs” (Hofstede, 1984; Kirkman et al., 2006; Aycan et al., 2007). Mental programs exert a pervasive, yet hidden, influence on behavior (Hofstede, 1984). As a result of having different mental programs, people often see situations differently and have different approaches and solutions to problems.

Even though African countries have received a share of MNCs’ foreign direct investment (FDI), the majority of empirical management studies on foreign multinational companies performed are based on research carried out in the United States, Europe, and Asian countries (Arthur, 1994; Katou & Budhwar, 2007; Blunt & Jones, 1992). The results of such studies demonstrate that different countries have contrasting cultures, and yet conclusions drawn from them have assumed a universal approach to management. Cross-cultural research (Hofstede, 1984) shows that certain countries cluster along four specific cultural dimensions. The four dimensions have been extensively used in investigations of the role of culture in management practices in different countries (Kirkman et al., 2006; McCrae et al., 2008; Smith, 2006; and Fang, 2003).

1.1.2 Dimensions of National Culture

Cultural value dimensions were empirically determined and constitute the main criteria by which national cultures differ. In comparing cultures of different countries, cross-cultural researchers have concentrated on the examination of the cultural value dimensions developed by Hofstede (Blunt, 1986; Manso-Pinto et al., 1993; and Hofstede, 1995). Recent research (Ng et al., 2007; Kirkman et al., 2006; and Fang, 2003) indicates that the most influential cultural classification and the most cited source in the Social Science Citation Index is Hofstede’s (1980a) *Culture’s Consequences: International Differences in Work-Related Values*. Over two decades have passed since Hofstede’s publication (1980a). His work remains at the heart of much cultural research and has inspired thousands of empirical studies.

The following four cultural dimensions were derived from his data (Hofstede, 1983):

Power distance. The extent to which people accept that power in institutions and organizations is distributed unequally.

Uncertainty avoidance. The extent to which people feel uncomfortable with uncertainty and ambiguity.

Individualism/collectivism. Individualism is a preference for a loosely knit social framework in which individuals take care of themselves and their immediate families. Collectivism is the alternative and is a preference for a tightly knit social framework in which individuals expect relatives, clan, or other in-group to look after them, in exchange for loyalty.

Masculinity/femininity. Masculinity is a preference for achievement, heroism, assertiveness, and material success. Femininity is a preference for relationships, modesty, caring for the weak, and quality of life.

Hofstede's four cultural dimensions have been extensively used in investigations of the role of culture in management practices in different countries (Kirkman et al., 2006; McCrae et al., 2008; Smith, 2006; and Fang, 2003; Hodgetts & Luthans, 1993; Adler, 1991; Blunt & Jones, 1992; Nyambegera et al., 2000). To establish his results' generalizability, Hofstede (1980a, 1983) used cross validations with different samples to include a total of 50 nations, among them East Africa, West Africa, and Arabic speaking countries (Ng et al., 2007). The findings showed correlations of variables or indicators with his four dimensions (Hofstede, 2006). Several researchers (Ng et al., 2007) have criticized Hofstede's dimensions as being derived from old data, lacking generalizability and being too condensed to capture culture. McCrae et al. (2008) direct the critics to Hofstede's (2000: 1356) response that the IBM data were obtained from well-matched samples and that:

...the dimensions found are assumed to have centuries-old roots; only data which remained stable across two subsequent surveys were

maintained; and they have since been validated against all kinds of external measurements: recent replications show no loss of validity.

Ng et al. (2007) further add that Hofstede (2001), in a more comprehensive review of published articles using his cultural dimensions, noted 140 non-IBM data studies that validated his cultural indexes.

Studies (Ng et al., 2007) show that the other large-scale research programs are the nine dimensions of Global Leadership and Organizational Behavior Effectiveness (GLOBE) (House et al., 2004) and Schwartz's personal value dimensions approach (Schwartz, 1994). The former is a study of organizational leadership in a cultural context; the latter is a program on personal values. Both GLOBE researchers and Schwartz were heavily influenced by Hofstede's work in their choice of variables, as is evidenced in some of GLOBE's societal dimensions and Schwartz's personal value dimensions (House et al., 2004; Ng et al., 2007). Nevertheless, recent cross-cultural research (McCrae et al., 2008; Ng et al., 2007; Fang, 2003; Smith, 2006; and Peterson, 2004) suggests that GLOBE's nine cultural dimensions have serious limitations which the book's authors have to address before their use in cross-cultural management studies.

The other framework built on Hofstede's value dimensions, Schwartz's approach based on personal values (Ng et al., 2007), is more appropriate than Hofstede's framework for use in non-work related contexts (Ng et al., 2007). Schwartz's approach does not deal specifically with national cultures or with business people. His unit of analysis was schools and the respondents were teachers and students. Taking the foregoing into consideration, GLOBE's and Schwartz's frameworks were not used in this study.

With regard to Hofstede's (1991) fifth cultural dimension (long-term dimension), cross-cultural research (Fang, 2003; and Kirkman et al., 2006) questions its validity and appropriateness for use in different cultural contexts. Confucian values underlying the concept look so Chinese that they appear disconcertingly strange not

only to many Western readers but also to the Chinese themselves. On the basis of these concerns, this study only applied Hofstede's (1980a) four cultural dimensions on MNCs in Kenya to establish the influence of culture on the relationship between SHRM practices and firm performance.

1.1.3 Culture and Human Resource Management in Kenya

Empirical research (Nyambegera et al., 2001; Gray and Marshall, 1998; and Aycan et al., 2007) indicates that culture influences employees' reaction to SHRM practices in Kenya. This study used Hofstede's (1980a) model of culture to investigate the mediating influence of employees' cultural values and beliefs on relationship between SHRM practices and motivation and the consequences on organizations. Hofstede's empirical results have been replicated at the national level (Kirkman et al., 2006; McCrae et al., 2008) and his cultural framework has been accepted as important and reasonable for describing differences among nations (Sondergaard, 1994; Kirkman et al., 2006; and McCrae et al., 2008). Notwithstanding this, little empirical research has used the Hofstede dimensions to investigate the effect of SHRM practices on performance in different cultural groups (Sondergaard, 1994). Also apparently, research in this area has not been integrated into the possible linkages found in SHRM practices, motivation, cultural orientations, and firm performance in MNCs in Kenyan context.

1.2 Statement of the Problem

Most studies in developed countries, particularly the UK and US, contain arguments that the universal use of a "best practice bundle" of human resource practices such as recruitment, training, staff appraisals, and compensation systems can directly improve organizational performance (Brewster, 1999; Arthur, 1994; and Pfeffer, 1994). However, some researchers such as Katou and Budhwar (2006, 2007) are of the view that such a relationship is mediated by HR outcomes, specifically, motivation. Other researchers (Gerhart, 2005; and Aycan et al., 2007) have questioned the validity of a universalistic perspective that posits a "best practice bundle" of HR practices. To fill this gap and to further examine the existence of such a relationship, this research investigated the direct relationship between SHRM

practices and performance. Additionally, grounded on the researchers' use of a mediating model, the study tried to establish if the relationship between SHRM practices was mediated by employees' motivation in the Kenyan context. Few researchers have measured the mediators and addressed their importance.

The majority of the research work in SHRM adopts the resource-based view perspective (Boselie, 2002; Katou & Budhwar, 2007), which emphasizes the gaining of competitive advantage by means of utilization of the resources of the organization through employees. However, human resource management studies based on resource-based view theory tend to neglect the importance of employees' cultural orientations which literature shows to affect an employee's reaction towards HRM strategies (Aycan et al., 2007; and Nyambegera et al., 2000). The challenge in SHRM is that MNCs may transfer home-country SHRM practices to developing host-countries which may conflict with both managerial and employees' cultural beliefs and values (Horwitz et al., 2006; and Aycan et al., 2000). When SHRM practices are inconsistent with the workers' cultural orientations, they are likely to be demotivated, distracted, uncomfortable, and uncommitted, and as a result, may be less able or willing to achieve organizational goals. Central to this study was an attempt to determine if cultural orientations mediate the relationship between SHRM practices and motivation of workers in MNCs operating in Kenya.

In short, the main concerns of this study were whether the effect of human resource practices on organizational performance is direct or indirect through employee motivation, and whether employees' cultural orientations and organizational age mediate the relationship between strategic human resource practices and employee motivation. These issues have not been studied before and thus constitute gaps in knowledge.

1.2.1 The Purpose of the Study

The purpose of this study was to establish the relationship between SHRM practices, cultural orientations, age of the firm, and employee motivation and firm performance in large foreign multinational manufacturing companies in Kenya. In

this regard, the study investigated the association between SHRM practices and organizational performance. Central to this study was an attempt to determine if cultural orientations mediate the relationship between SHRM practices and the motivation of workers. Similarly, the study tried to determine the mediating effect of organizational age on the relationship between SHRM practices and employees' motivation. Finally, an attempt was made to establish the influence of SHRM practices on organizational performance mediated by employees' motivation, and the effect of motivation on organizational performance.

1.2.2 Objectives of the Study

The overall objective was to study the influence of employee cultural orientations on the relationship between strategic human resource management practices and the performance of multinational manufacturing organizations in Kenya.

Specific objectives were:

1.2.2.1 To establish the relationship between strategic human resource management practices and firm performance.

1.2.2.2 To determine the extent to which cultural orientations mediate the relationship between SHRM practices and employee motivation.

1.2.2.3 To determine the extent to which the age of the firm mediates the relationship between SHRM practices and motivation.

1.2.2.4 To establish if motivation mediates the relationship between SHRM practices and firm performance.

1.2.2.5 To gauge the relationship between motivation and firm performance.

1.2.3 Research Hypotheses

1. H_0 : There is no relationship between SHRM practices and firm performance.

H₁: A positive relationship exists between SHRM practices and firm performance.

2. H₀: Employee cultural orientations do not affect the strength of the relationship between SHRM practices and motivation.

H₂: Employee cultural orientations affect the strength of the relationship between SHRM practices and motivation.

3. H₀: Firm age does not affect the strength of the relationship between SHRM practices and motivation.

H₃: Firm age affects the strength of the relationship between SHRM practices and motivation.

4(i) H₀: Employee motivation does not mediate the relationship between SHRM practices and firm performance.

H₄: Employee motivation mediates the relationship between SHRM practices and firm performance.

4(ii) H₀: Motivation has no effect on performance.

H₄: Motivation has effect on performance.

1.2.4 Justification of the Study

Multinational manufacturing companies, which fall under the large manufacturing organizations category, play an important role in the Kenyan economy. They make a substantial contribution to the country's development and have the potential to improve Kenya's economy and uplift the standards of living of Kenyans through generation of employment opportunities. MNCs are in a better position to transfer SHRM practices from home country to host country. Hence, the study should contribute to human resource management by identifying the types of SHRM practices that would be helpful in achieving the organizational goals.

This research should also be of importance to other researchers in that it will provide a springboard to further their understanding on the importance of relating SHRM practices and performance in foreign multinational firms in countries whose contextual factors are very different from those of the countries already researched upon. The findings can also help researchers and managers to consider the cultures

of the employees in order to design and use bundles of SHRM practices that relate the cultural values and beliefs of the workforce with motivation in order to improve performance.

1.3 Summary

The Chapter introduces the general background which includes culture and strategic human resource management, dimensions of national culture, and culture and human resource management in Kenya. Also contained in this Chapter is the statement of the problem and justification of the study.

DEFINITION OF TERMS AND ABBREVIATIONS

Strategic human resource management (SHRM)

Strategic human resource management involves the development of a consistent, aligned collection of practices, programs (strategies), and policies to facilitate the achievement of the organization's strategic objectives (Mello, 2002).

SHRM practices

SHRM practices also known as high performance work practices (HPWP), or best practices, are those decisions and actions which concern the management of employees at all levels in the business, and which are related to the implementation of strategies directed towards sustaining competitive advantage (Kramar, 1992). Examples: recruitment practices, staff appraisal systems, remuneration systems, and flexible work arrangements.

Human resource strategy

Human resource strategy is a coordinated set of actions aimed at integrating an organization's culture, organization, people and systems (Thomas, 1996).

National cultures

These are values, beliefs, and assumptions learned in early childhood that distinguish people in one society from those in another (Beck & Moore, 1995; Hofstede, 1991).

Cultural value dimensions

Cultural value dimensions are empirically determined main criteria by which the national cultures differ. The value dimensions reflect basic problems that any society has to cope with but for which solutions differ from country to country (Hofstede, 1983). There are four such criteria, which are labeled by Hofstede (1980a) as dimensions; these are:

Power distance. The basic problem involved is the degree of human inequality that underlies the functioning of each particular society;

Uncertainty avoidance. The basic problem involved is the degree to which a society tries to control the uncontrollable;

Individualism-collectivism. This is the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family. Individualism/collectivism is related to the problem of interpersonal ties;

Masculinity-femininity. According to Hofstede (1984), masculinity/femininity refers to the distribution of emotional roles between the genders, which is another fundamental problem for any society.

Long-term dimension. This is Hofstede's fifth value dimension, long-term orientation which is related to the problem of deferment of gratification (Hofstede, 1991). The dimension deals with 'time orientation' and consists of two contrasting poles: 'long-term orientation' versus 'short-term orientation'. It is Hofstede's newest dimensions and the least familiar to researchers; hence, it is the least relevant and the most difficult to apply to the researchers' analysis (Fang, 2003).

Organizational culture

Kirkman et al. (2006) note that the term 'practices' was introduced in the cultural study (Hofstede, 1990) for distinguishing between national cultures (rooted in values learned before puberty) and organizational cultures (rooted in practices acquired on the work floor). Therefore, practices belonged to organizational cultures, and values to national cultures (Kirkman et al., 2006). Hence, the 'practices' as used by (Hofstede et al., 1990) were entirely different from the 'practices' in the GLOBE sense (Peterson, 2004; Javidan et al., 2006).

Organizational performance

Organizational performance is a method of measuring the success of the organization to ensure that it achieves its goals (Dreikorn, 1995).

ABBREVIATIONS

<i>FDI</i>	Foreign Direct Investment
<i>GLOBE</i>	Global Leadership and Organizational Behavior
<i>HR</i>	Human Resource
<i>IDV</i>	Individualism Index
<i>KAM</i>	Kenya Association of Manufacturers
<i>KIRDI</i>	Kenya Industrial Research and Development Institute
<i>MNCs</i>	Multinational Companies
<i>RBV</i>	Resource Based View
<i>SHRM</i>	Strategic Human Resource Management
<i>UAI</i>	Uncertainty Avoidance Index

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section includes a review of literature relevant to the study. The focus is on SHRM practices, cultural orientations, organizational age, motivation and how these relate to firm performance. A conceptual framework based on mediating model (Katou & Budhwar, 2007) developed, shows the linkages between the various variables of this study.

2.1.1 Strategic Human Resource Management Practices and Firm Performance

Some studies indicate that SHRM practices leading to performance have shown positive results (Huselid, 1995; and Pfeffer, 1995; Arthur 1994; Pfeffer, 1995; Becker & Gerhart, 1996; Youndt et al., 1996; Delery and Doty, 1996; Chew et al., 1999). Although the majority of previous studies on the effect of SHRM on firm performance had mainly focused on the domestic operations of US and UK firms (Fey et al., 2000; and Arthur, 1994), recently a few investigations have been initiated in emerging countries, such as China and transitional countries such as Slovenia (commonly defined as developing countries) (Katou & Budhwar, 2007). The researchers assume that a “best practices bundle” of SHRM practices can be applied universally to achieve organizational performance. However, such a one-way line of causation is unsatisfactory (Edwards & Wright, 2001) because of lack of explanation of theoretical development to show how such SHRM practices operate (Becker & Gerhart, 1996). Furthermore, an attempt to examine the universalistic perspective which suggests that a specified set of SHRM practices (the so-called “best practices”) will always produce superior results whatever the accompanying circumstances has produced contradictory results (Benkhoff, 1997; Monks, 1993; Truss et al., 1997; and Gerhart, 2005).

Gerhart (2005: 178) makes an appropriate comment in this regard: “This is a concern because it seems unlikely that one set of SHRM practices will work equally well no matter what context”.

The question is how to determine the bundle of SHRM practices, considering that most of the studies of SHRM practices have UK and US base. The dynamic international business environment demands appropriate information and guidance to develop relevant management practices (Hofstede, 1993) and SHRM practices (Brewster et al., 1996). Hofstede (1993) argues that management scientists, theorists and writers privy in the management contributions are human: they grew up in a particular society in a particular period, and their ideas cannot help but reflect the constraints of their environment. Under such conditions, the relevance of lessons learned from the developed countries’ experience is questionable.

2.1.2 Culture, SHRM Practices and Employees’ Motivation

The majority of work on SHRM or the best practices approach (Pauwe & Boselie, 2002; and Katou & Budhwar, 2007) has adopted the resource-based view theory of the firm and competitive advantage. The proponents of RBV theory lay emphasis on organizations gaining sustainable competitive advantage by means of effective and efficient utilization of the resources of the organization through the employees irrespective of circumstances (Pfeffer, 1994). With RBV theory, focus is on the key success factors of individual firm employee motivation to achieve firm-specific advantages by means of a portfolio of differential core skills embedded in the attitudes and behaviors of the people employed by the company. Priem and Butler (2001) contend that although the studies based on RBV theory afford the researchers several advantages in investigating the strategic nature of HRM and the latter’s relationship with performance, the RBV approach does not meet the standards for a true theoretical perspective. For instance, the RBV approach is less useful in predicting circumstances under which the specific resources of a company will generate sustainable competitive advantage. Studies adopting RBV view also tend to neglect the importance of contextual factors, particularly national culture, which is crucial from a SHRM point of view.

National culture is defined as the values, beliefs and assumptions learned in early childhood that distinguish one group of people from another (Beck & Moore 1985; Aycan et al., 2007). As noted by Kirkman et al. (2006) this definition is consistent with Hofstede's (1991) notion of national culture as 'the collective programming of the mind which distinguishes the members of one human group from another' and with Jaeger's "common theories of behavior or mental programs that are shared" (1986: 179). Thus, national culture is deeply embedded in everyday life and is relatively impervious to change (Hofstede, 2001; 2006). It is also a central organizing principle of employees' understanding of work, their approach to it, and the way in which they expect to be treated. National culture implies that one way of acting or one set of outcomes is preferable to another.

The definitions imply that culture is a collective social phenomenon. Management communicates organizational work, particularly culture, through practices of recruitment, staff appraisals, remuneration and flexible work arrangements (Aycan et al., 2007). All these practices are aspects of social interactions. Employees' cultural orientations guide the selection, interpretation, and communication of information in ways that are meaningful to the workers (Aycan et al., 2007; Milliken & Martins, 1996). Organizational culture can be created rather than be inherited by employees in ways that are consistent with their cultural orientations. Consequently, organizational socialization related to organizational culture is more amenable to change than those that develop through childhood socialization with regard to national culture (Hofstede, 2001). Schein (1993: 373-374) defines organizational culture as:

A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

From the foregoing arguments, although the transfer of SHRM practices mostly occurs from developed nations to developing ones, the MNCs may face challenges in implementing the SHRM practices transferred from developed countries to developing countries (Aycaan et al., 2007). For example, Sonja and Phillips (2004) assume that managers in today's multicultural global business community frequently encounter cultural differences which can interfere with management practices in organizations. Similarly, various studies (Kirkman et al., 2006; and Aycaan et al., 2007) have shown that national cultural values are related to workplace behaviors, attitudes and other organizational outcomes. Therefore, the successful implementation of SHRM practices is dependent on the extent to which the practices are perceived to be appropriate by managers and employees alike. The SHRM practices which are inconsistent with their deeply held cultural orientations are unlikely to motivate them or make them willing to perform well. On the other hand, SHRM practices that reinforce the values and beliefs of the managers and the employees are more likely to motivate them and yield desired behaviors and stronger performance (Wright & Mischel, 1989). Therefore, studying attitudes to SHRM practices and the cultural factors that influence these attitudes is important (Aycaan et al., 2007) in the Kenyan context.

2.1.2.1 Multinational companies and management practices/culture in the Kenyan context

Nyambegera et al. (2000) report that MNCs dominate the private sector in Kenya in terms of turnover because of their large size. Elsewhere, World Bank (2004) labels MNCs as large companies in Kenya. This view was corroborated by the Kenya Association of Manufacturers report (2007) that 20% of companies with sales turnover exceeding 440 million per annum were considered large and these were mainly multinationals. Information obtained from the Kenya Association of Manufacturers (KAM) Directory (2007) and confirmed from their offices in Westlands, Nairobi, showed that there were 50 large foreign multinational companies. Furthermore, the KAM Directory (2007), and the Kenya Industrial Research and Development Institute (KIRDI) Directory (2005) indicate that most of these large manufacturing companies were located in large urban areas and due to

availability of infrastructure (World Bank, 2004). Firms located in Nairobi had a higher export inclination than firms located elsewhere.

The World Bank (2004) used the number of employees to determine company size in Kenya. For instance: Small (11-49 employees), medium (50-99 employees), and large (100+ employees). Although the informal manufacturing sector employed more than 85% of the manufacturing workforce, the firms in this sector tended to be smaller, younger, owner-managed, and less productive. They had less access to credit and operated in more competitive markets. The MNCs owned by foreigners and other larger firms, mainly owned by Asian Kenyans, enjoyed higher market power and were more specialized. They also showed greater export market orientation, had better access to credit, and were more productive (World Bank, 2004; National Development Plan, 2002-2008). Taking large size as a parameter, research (Youndt et al., 1996) assumes that the value of human capital may be especially apparent in large manufacturing organizations that are better able than small manufacturing companies to appreciate the value of human capital because they have invested heavily in production innovations such as advanced manufacturing technology and machinery. The World Bank (2004) also views MNCs as having the ability to contribute to economic growth in developing countries – partly because the very essence of economic development is the rapid and efficient transfer and cross-border adoption of “best practices”. Foreign direct investment in which MNCs were involved is especially well-suited to effecting this transfer and translating it into broad-based growth, not least by upgrading human capital. FDI may involve a subsidiary company controlled from the headquarters or a joint venture.

A joint venture is a corporate partnership between a multinational company and local owners where each member exercises some control (Johnson & Turner, 2007). Control mechanisms within joint ventures vary according to the objectives and circumstances of each case. For instance, American and British firms prefer holding the majority shares in a joint venture because their firms produce more high-technology goods which require management control from headquarters. The desire

for control pertains especially to production and quality of goods. On the other hand,

As long as the multinationals are allowed to control these demands, most are willing to share equity participation and many are amenable to holding substantially less than a majority interest (Frank, 1980:67).

Research (Blunt & Jones, 1992) indicates that even though African countries had received a share of MNCs' investments, the majority of empirical management studies performed were based on research carried out in the United States, Europe, and Asian countries. The results of these studies demonstrated that different countries had contrasting cultures, which influenced SHRM practices, and yet conclusions drawn from them had assumed a universal approach to management.

With regard to management policies in Kenya as well as in other developing countries, Kenyans were employed by and managed most of the MNCs except for the positions of the chief executive and financial controller (Horwitz et al., 2002). The Kenyan Immigration Act (1972) requires that all expatriate professionals including chief executive officers (CEOs) and financial controllers satisfy the Immigration Department that they are qualified for the job and that there is no Kenyan qualified to hold that position. An expatriate whose application is accepted pays one hundred thousand Kenya Shillings (Shs. 100,000/=) for a work permit. These conditions make it difficult for both professionals and non-professionals in other functional areas to get work permits in Kenya. Employment of expatriates as CEOs and financial controllers was thought to encourage transfer of parent country SHRM practices (Horwitz et al., 2002). Additionally, globalization accelerates the transfer not only of products and services among nations, but also of management know-how and practice. The transfer of SHRM practices occurs mostly from developed nations to developing ones; however, MNCs in developing countries face a serious challenge in implementing the Western SHRM practices (Mamman and Adeoye, 2007). Furthermore, Hodgetts and Luthans (2000) argue that, traditionally, both scholars and multinational companies' managers had assumed the universality of management. Hence, MNCs had a tendency to take those management concepts

and techniques that worked at home into other countries with different cultures. However, some studies now show, both from practice and cross-cultural research, that this universality assumption of management, at least across cultures, does not hold up. Arising from the foregoing arguments, this study first looked at the mediating role of power distance.

2.1.2.2 Power Distance

Power distance is the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. The basic problem involved is the degree of human inequality that underlies the functioning of each particular society. In Hofstede’s research, power distance is measured in a Power Distance Index (PDI) (Hofstede, 1991: 26). The values and attitudes found at the national level contrast “low-PDI countries” with “high-PDI countries”. High PDI countries include Malaysia, Guatemala, Panama, Mexico, and East Africa (Kenya). Low PDI countries include the US, Austria, Sweden, and Denmark. Table 2.1 below summarizes these key differences between low and high power distance countries.

Table 2.1: Key differences between low power distance and high power distance

Low Power Distance	High Power Distance
<p>Inequality in society should be minimized.</p> <p>All people should be interdependent.</p> <p>Hierarchy means an inequality of roles, established for convenience.</p> <p>Superiors consider subordinates to be “people like me”.</p> <p>Superiors are accessible.</p> <p>The use of power should be legitimate and is subject to the judgment as to whether it is good or evil.</p> <p>All should have equal rights.</p>	<p>There should be an order of inequality in this world in which everybody has a rightful place; high and low are protected by this order.</p> <p>A few people should be independent; most should be dependent.</p> <p>Hierarchy means existential inequality.</p> <p>Superiors consider subordinates as a different kind of people.</p> <p>Superiors are inaccessible.</p> <p>Power is a basic fact of society that antedates good or evil. Its legitimacy is irrelevant.</p> <p>Power-holders are entitled to privileges.</p> <p>Those in power should try to look as powerful as possible.</p>

Those in power should try to look less powerful than they are.	The underdog is to blame.
The system is to blame.	The way to change a social system is to dethrone those in power.
The way to change a social system is to redistribute power.	Other people are a potential threat to one's power and can rarely be trusted.
People at various power levels feel less threatened and more prepared to trust people.	Latent conflict exists between the powerful and the powerless.
Latent harmony exists between the powerful and the powerless.	Cooperation among the powerless is difficult to attain because of their low-faith-in-people norm.
Cooperation among the powerless can be based on solidarity.	

Source: Hofstede, Culture's consequences: International differences in work-related values. Laguna Hills, California, Sage Publications, (1984: 92, 94)

From Table 2.1, employees in high power distance countries are afraid to question the authority of the managers. Morris and Pavett (1992) argue that efficacy of participation in high power distance cultures is doubtful. Employees in high power distance cultures are likely to view participative management with fear, distrust and disrespect because participation is not consistent with the national culture. Managers who encourage participation in these countries are likely to be seen as weak and incompetent. On the other hand, participation in decision-making is an important dimension of management in countries with low power distance. Denison and Mishra (1995), for instance, found that US organizations with more employee involvement were more efficient and faster growing. Therefore, due to differences in individual cultural values and attitudes, there may be different expectations and goals between Kenyan employees and managers in MNCs in Kenya, which can also relate to employee motivation.

Hofstede's (1991) study demonstrates values for fifty countries and three regions. He ranks the countries or regions using a scale of 1 to 50. The lower the position on the scale, the higher the power distance and the higher the power distance index (PDI) score. Out of the fifty countries, the findings show that African countries score high in terms of power distance. For instance, Kenya (64) and Nigeria (77).

This suggests a big social (power) distance between managers and subordinates (Kiggundu, 1988). Bate (1984, 1990) also found that subordinates in African organizations received instructions from their managers and when in doubt, waited for the managers to decide the way out. Therefore, expecting a Kenyan employee to participate in decision-making process in a multinational company where SHRM practices promote this behavior may create conflict between cultural values and motivation to perform.

Decision making. Leonard (1991) notes that in high power distance countries such as Kenya, managers are reluctant to delegate to their subordinates or engage them in decision-making. In Kenya where hierarchical and paternalistic authority structures pervade most social institutions (Blunt, 1980), managers or employers demand unquestioning allegiance from employees and complete subservience to their will and judgment. Kamoche (1992) reports that Kenyan managers, especially the old ones, like to be called “boss” as an expression of awe and respect. There is then a sense of “them and us” demarcation that brings about a dependency attitude. This inequality present between managers and employees within high power distance societies is conditioned by the mental programming of individuals within a particular national culture. Kamoche (1992), however, contends that whilst such practices may make Kenyan employees feel powerless and fearful, those with a hierarchical and/or subjugated orientation may exhibit greater motivation to be involved in their job. Employees in high power distance countries such as Kenya may have learned to accept such differences in the firms and any attempt by managers in MNCs to narrow the gap could impact employees’ motivation negatively.

2.1.2.3 Uncertainty avoidance

Uncertainty avoidance refers to the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured situations (Hofstede, 2001). Unstructured situations are novel, unknown, surprising, and different from usual. The basic problem involved is the degree to which a society tries to control the uncontrollable. The countries from Hofstede’s study were each given a score on

the Uncertainty Avoidance Index (UAI) (Hofstede, 1991: 113). The UAI was derived from country mean scores on questions dealing with rule orientation, employment stability, and stress. Hofstede's research has found UAI values for fifty countries and three regions. The countries rank from Greece, Portugal, and Guatemala, East Africa (Kenya) (highest UAI) to Singapore, Jamaica, and Denmark (lowest UAI).

Hofstede (1991: 113) ranks the countries or regions using a scale of 1 to 50. The lower the position on the scale, the higher the uncertainty avoidance and the higher the Uncertainty Avoidance Index (UAI) values. High scores were recorded in Greece (112), Portugal (104), Uruguay (100), Guatemala (101) and Japan (92). East African countries (52) and West African countries (54) showed slightly lower scores. As manifestation of uncertainty avoidance is displayed in people's adherence to rules, family relationships and risk taking, uncertainty avoidance beliefs can influence employees' attitude towards management practices that favor their beliefs motivation (Hofstede, 2001).

Table 2.2 Key differences between low and high uncertainty avoidance countries

Low Uncertainty Avoidance Countries	High Uncertainty Avoidance
Greater readiness to live by the day.	More worry about the future.
Less hesitation to change employers. employer	Tendency to stay with the same employer
Loyalty to employer is not seen as a virtue. virtue.	Loyalty to employer is seen as a virtue.
Preference for smaller organizations as employers.	Preference for larger organizations as employers.
Hope of success.	Fear of failure.
More risk-taking.	Less risk-taking.
Stronger ambition for individual advancement.	Lower ambition for individual advancement.
Rules may be broken for pragmatic reasons.	Company rules should not be broken.
Conflict in organizations is natural.	Conflict in organizations is undesirable.
Acceptance of foreigners as managers.	Suspicion toward foreigners as managers.

Source: Hofstede (1984: 132)

Table 2.2 illustrates that in low uncertainty avoidance countries employees, for instance, have less emotional resistance to change; they are less rule-governed; and to them, conflict in organizations is natural. Hofstede's study suggests, therefore, that any practices that go against the employees' cultural values will not motivate them to perform well for the organization in a country like Kenya.

Rules. Blunt (1983) argues that the breaking of traditional cultural norms of behavior carried strong penalties in many African societies. Hence, Kenyan employees give a lot of importance to celebrations like marriages, funerals, and initiations. However, multinational companies' human resource strategic management practices do not seem to take these traditional values into consideration. This notion is supported by Gerhart et al. (2007) that SHRM

practices may not work equally well no matter what the context. They have rules and regulations controlling the rights and duties of employees within the organization. This is likely to cause a conflict of interest among Kenyan employees. For instance, Blunt and Jones (1986) note that applications for leave to attend a funeral of a relative or a friend would be denied because the reason given was not justified. This would negatively impact on the motivation of the employees concerned because they would perceive that the management practices did not consider their cultural values.

Family relationships. Research (Nyambegera et al., 2000) indicates that Kenyans are more group than individual oriented; and are oriented towards harmony with the world around. In addition, Bhagat and Kedia (1995) report that the societies of developing countries are group oriented, which affects even employment relations in most organizations. The individual derives his/her identity from being a member of a family, a clan and a community, whose norms and values take precedence over those of an individual. Hence, for an employee, there is no separation between family life and organizational work life (Nzelibe, 1986). For example, those in salaried senior positions are always under pressure to provide jobs or provide support in acquiring jobs. As a result, the majority of the employees of the organization are from one or two ethnic groups. It is also unlikely that organizations advertise the existence of lower-level vacancies widely since they prefer to use existing employees to recommend someone. Those already working for the organization, when they are aware of the existence of such a job vacancy, look for someone they know, most likely a relative or a friend from the same ethnic group. Kamoche (1992) also observes that, due to the paternalistic nature of Kenyan society, those in authority are expected to provide jobs for their kith and kin, which results in organizations comprising one or two ethnic groups.

Studies (Kamoche, 1993; Blunt & Jones, 1996; Nyambegera et al., 2000; and Gerhart et al., 2007) recommend that for developed countries' management concepts to be relevant to the developing countries' context there is need to consider

the particular circumstances and constraints facing organizations in this environment. For instance, Kamoche (1997) suggests that there is a need to incorporate the African thought system into the ‘human resource culture’ adopted by organizations. Research (Blunt & Jones, 1986) shows that in Kenya recruitment practices that do not embrace the employees’ cultural orientations are not likely to lead to organizational effectiveness.

2.1.2.4 Individualism versus collectivism

This is the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family. Positioning itself between these poles is a very basic problem all societies face. A concise definition is:

“Individualism stands for a society in which the ties between individuals are loose: Everyone is expected to look after him/herself and his/her immediate family. Collectivism stands for a society in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty” (Hofstede, 2001: 225).

National differences in Individualism are calculated in an Individualism Index (IDV) (Hofstede, 1991: 53). The highest IDV scores were found in the United States, Australia, and Great Britain. The lowest IDV scores were found in Guatemala, Ecuador, Panama and East Africa (Kenya).

Table 2.3 Key differences between collectivism and individualism

Collectivism Countries	Individualism countries
Involvement of individuals with organizations, primarily calculative.	Involvement of individuals with organizations, primarily moral.
Employees expect organizations to look after them like family and can become very alienated if organization dissatisfies them.	Organizations are not expected to look after employees from the cradle to the grave.
Organization has great influence on members' well-being.	Organization has moderate influence on members' well-being.
Employees expect organization to defend their interests.	Employees are expected to defend their own interest
Policies and practices based on loyalty and sense of individual duty.	Policies and practices should allow for initiative.
Promotions from inside.	Promotions from inside and outside.
Promotions on seniority.	Promotion on market value.
Policies and practices vary according to relations (universalism).	Policies and practices apply to all (particularism).
Hiring and promotion decision take employee's in-group into account.	Hiring and promotion decision are based on skills and rules only.
In society, people are born into extended families or of clans which protect them in exchange for loyalty.	In society, everyone is supposed to take care of him or herself and his or her immediate family.
Children learn to think in terms of "we".	Children learn to think in terms of "I".
Identity is based on the social network to which one belongs.	Identity is based on the individual.
Emotional dependence of individual on organizations and institutions.	Emotional independence of individual from organizations or institutions.
Private life is invaded by organizations and clan's opinion; opinions are predetermined.	Everyone has a right to a private life and opinion.
Expertise, order, duty, security provided by organization clan.	Autonomy, variety, pleasure, individual financial security.
Belief in group decisions.	Belief in individual decisions.
Less social mobility and weak development of middle class.	Greater social mobility and strong middle class.
Harmony should always be maintained.	Speaking one's mind is a characteristic of an honest person.
Purpose of education is learning how to do.	Purpose of education is learning how to learn.
Extended family or tribal structures.	Nuclear family structure.
Historical factors: tradition of collectivist and action.	Historical factors: tradition of individualist thinking action.

Source: Hofstede (1984: 173)

Table 2.3 above illustrates the differences between collectivism and individualism countries. In collectivist countries, Hofstede (1984) affirms that employees expected organizations to look after them like a family member. They expected organizations to defend their personal interests; believe in group decisions, and hiring and promotion decisions are based on seniority which takes employees' in-group into account. Employees expressed emotional dependence on organizations and institutions. On the other hand, individualistic countries such as the United States, organizations were not expected to defend the interests of employees. In these cultures, promotions were based on market value. Other studies supporting Hofstede's findings on cultural beliefs in collectivist countries include Hodgetts and Luthans (1993) which found that in these countries, employees' compensation strategies were influenced by seniority and family needs. However, these studies do not relate SHRM practices, cultural orientations, firm age, and firm performance with employees' motivation. A number of perspectives in relation to individualism and collectivism as presented by various researchers are community relationships, employees' security, selection practices, performance appraisal, and training and development (Kaloki, 2001).

Community relationships. Blunt (1983) records that Kenyans are known for their communalism. He illustrates this using an example of groups of employees who often pool resources to aid a colleague and such resources may be provided over time with no obligation on the individual to repay or take second place in the queue on a future occasion. Nzelibe (1986) supports this argument when he asserts that in African communities the individual is not alone but belongs to the larger community. Therefore, an individual's misfortune is a community affair and Kashima and Triandis (1986) add that collectivism has the effect of emphasizing collective coping, which makes it easier for the individual to cope with unpleasant life events. Study by Blunt and Jones (1986) shows that employees in these societies depend on organizations as a larger community for emotional support. An organization whose SHRM practices bring about cultural friction by ignoring employees' community relationships is not likely to motivate them and organization performance is likely to suffer (Aycan et al., 2000; and Chian & Birtch, 2007).

In support of Hofstede's empirical study, Blunt and Jones (1986) point out that in Kenya, employees expect to be looked after like members of a family by the organizations they work for. They feel left out if their organization is not responsible for their welfare and development. Nzelibe's (1986) observations found similar results for many African countries. However, the opposite was the case for many Western countries where management practices placed a high value on individual achievement in the workplace. This is in direct conflict with, for example, the Kenyan expectation that promotion be from within, and on the basis of seniority (Blunt & Jones (1986). Employees in many African countries expect management practices and policies to be changed according to interpersonal relations because the employees are more community conscious and value group harmony (Blunt & Jones 1986; Nzelibe, 1986). Although their studies confirmed Hofstede's collectiveness and individualistic cultural differences among employees working in African organizations and some Western countries, they did not examine the relationship between these cultural variables with SHRM practices, firm age, employees motivation and organization performance.

Job security. Research (Blunt, 1983; Leonard, 1991) shows that employees in collectivist countries such as Kenya regard job security at the workplace as very important. They attach a lot of importance to job security needs and avoid behaviors that can threaten their job security. On the other hand, Blunt's (1983) findings portray, in particular, that the USA, Australia, and England score very low on fulfillment of job security needs, but score high on self-actualization.

Hiring practices. Hofstede's (1983) findings show that the hiring process in a collectivist society take the in-group into account. He notes that the first preference is given in hiring relatives of the manager and other employees. Hofstede further remarks that hiring people from a family known by the workers increases motivation and reduces employee turnover problems. His study further indicates that employees are concerned with the reputation of their company and help correct the undesirable behavior of a family member in the organization. In contrast, the

individualist societies do not encourage family relationships at work because they lead to nepotism and conflict of organizational interest. On the other hand, in collectivist cultures the relationship, for instance, between employer and employee is compared with the relationships in a family where there are mutual obligations of protection in exchange for loyalty. Hence, poor performance of an employee is not a major reason for dismissal, because the employee is a family member and one does not dismiss one's child.

Grillo's (1973) findings corroborate Hofstede's (1983) observations. Grillo reckons that among the Luo and Luyia railway men in Kenya and Uganda, for example, there were ethnically homogeneous work groups. Workers from the Luo and Luyia ethnic groups dominated the East African Railways and Harbors (EAR&H) organization. Everyone in Grillo's (1973) sample felt obliged to find jobs for relatives or friends from the rural home. The implication here is that SHRM practices that do not support the beliefs of the employees can create a conflict of interest among the employees.

Performance appraisal. Another area of SHRM practice affected by collectivism is performance appraisal. Kanungo (1995) asserts that the main aim of appraisal is to provide information to determine promotion, transfers, salary increases, and to supply data to the management on performance of the employees to determine training needs. However, there is potential and covert resistance to evaluating and discussing individual performance in developing countries. Evaluating the work of groups, sections, or departments is more acceptable than evaluating the performance of an individual worker in a collective society. The tendency for collective as opposed to individual evaluation is not entirely contrary to the SHRM model of Western countries. The idea for self-managing teams and participation advocated by some proponents of SHRM assumes collective evaluation of performance. However, individual evaluation is sometimes necessary in order to determine training and development needs of employees. Collectivist values sometimes militate against this (Kanungo, 1995).

Training and development. Training and development is also an area of SHRM practice affected by values of collectivism. Scholarships are granted to employees as per their request, not based on organizational need. This practice can be considered a form of reward to employees who have served the organization for a long time. The tendency of maintaining relationships by granting scholarships regardless of organizational needs is considered important as reported by Kanungo (1995). The rationale of collectivism and its link with job security, hiring practices, performance appraisal, and training and development requires further research in MNCs based in Kenya.

2.1.2.5 Masculinity versus Femininity

According to Hofstede (1984) masculinity/femininity refers to the distribution of emotional roles between the genders, which is another fundamental problem for any society. This distinction opposes “tough” masculine and “tender” feminine societies. The duality of the sexes is a fundamental fact with which different societies cope in different ways. Surveys on the importance of work goals show that almost universally women attach more importance to social goals such as relationships, helping others, and the physical environment, and men attach more importance to ego goals such as careers and money (Hofstede, 1991). However, Hofstede’s data revealed that the importance respondents attached to such “feminine” versus “masculine” work varied across countries as well as across occupations.

Masculinity stands for a society in which gender roles are clearly distinct. Men are supposed to be assertive, tough, and focused on material success. Women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which gender roles overlap. Both men and women are supposed to be modest, tender, and concerned with the quality of life. Because the respondents were mostly men, Hofstede (1984, 1991), suggested calling this dimension the Masculinity Index (MAS). The list of countries in order of MAS (high gender roles distinction at work) shows Japan at the top. German-speaking countries (Austria, Switzerland, and Germany) scored high; so did the

Caribbean Latin American countries Venezuela, Mexico, and Colombia, and Italy. The Anglo countries (Ireland, Great Britain, South Africa, the United States, Australia, New Zealand, and Canada) all scored above average. Asian countries, other than Japan, were in the middle. The feminine side (low gender roles distinction at work) includes other Latin countries (France, Spain, Salvador) and East Africa (Kenya). At the extreme “feminine” pole were the Nordic countries including Sweden, Norway, and the Netherlands.

Low MAS countries are characterized by cooperation at work and a good relationship with the boss, belief in group decisions, promotion by merit, lower job stress, and preference for smaller companies. Challenge and recognition in jobs, belief in individual decisions, higher job stress, and preference for large corporations characterize high MAS countries. Table 2.4 below shows Hofstede's key differences between femininity and masculinity countries.

Job stress. Feminine management practices emphasize the quality of interpersonal relations and quality of working life issues, for example, manufacturing according to customer specifications (Newman, 1996). There is low stress in the workplace because workers are given a great deal of freedom and thus employees are motivated to work (Abudu, 1986). On the other hand, masculine national cultures, such as the US favor performance-contingent rewards to produce higher performance in work units.

Research (Blunt & Jones, 1992) indicates that in Africa management practice that appeals to employees depends on management capacity to facilitate the realization of employees’ personal ambitions; this in turn serves to lower employees’ job stress levels in the individual. Bjerke and Al-Meer (1993) reveal that feminine societies place a great deal of emphasis on concern for others and friendly relationships among people, which serve to lower the stress levels. Accordingly, lower stress level among employees increases motivation and organization performance.

Table 2.4: Key differences between femininity and masculinity countries

Femininity	Masculinity
People orientation	Money and things orientation
Quality of life and environment are important	Performance and growth are important
Work to live	Live to work
Interdependence ideal	Independence ideal
Intuition	Decisiveness
Sympathy for the unfortunate	Sympathy for the successful achiever
Small and slow are beautiful	Big and fast are beautiful
Men need not be assertive but can also take caring roles	Men should behave assertively and women should care
Sex roles in society should be fluid	Sex roles in society should be clearly differentiated
Differences in sex roles should not mean differences in power	Men should dominate in all settings
Some young men and women want careers, others do not	Young men expect to make a career, those who do not see themselves as failures
Organizations should not interfere with people's private lives	Organizational interests are a legitimate reason for interfering with people's private lives
More women in more qualified and better-paid jobs	Fewer women in more qualified and better-paid jobs
Women in more qualified jobs are not particularly assertive	Women in more qualified jobs are very assertive
Lower job stress	Higher job stress
Less industrial conflict	More industrial conflict
Appeal of job restructuring permitting group and individual	Appeal of job restructuring permitting achievement

Source: Hofstede (1984, p.20)

2.1.3 Organizational characteristics

Fields et al. (2000) and Nyambegera et al. (2000) are of the opinion that SHRM practices in a country are products not only of national cultures and environment, but of organizational characteristics, particularly the age of the firm, which in turn influences content and implementation of performance-oriented SHRM practices (such as recruitment, compensation, performance appraisal, and training and development, and flexible work arrangements).

2.1.3.1 Effect of the age of an organization on the relationship between SHRM practices and firm performance

Age is used to capture any founding values of the organization (Delaney & Huselid, 1996). It is argued that SHRM practices change over time depending on whether the organization is in a stage of formation, growth, maturity, or decline. The number of years that MNC has operated in a country might influence SHRM practices outcomes and firm performance (Fey & Björkman, 2000; Dessler, 2005). Companies with more host country experience have gone through a learning process concerning how to operate in that country's context and a positive relationship may exist between firm experience and SHRM outcomes as well as firm performance. Rogers and Wright (1998) make a case for the need to consider inherent organizational characteristics such as the age in any SHRM research to avoid spurious relationships. The age of the MNC is included in this study as a control variable.

2.1.4 Employee motivation

Ryan and Deci (2000) argue that motivation concerns energy, direction, and persistence – all aspects of activation and intention. Individual motivation is a translation of effort and/or strength of behavioral intention into performance. This is in line with the contributions of Lawler (1971), Porter and Lawler (1968), and Vroom (1964) that the specification of individual and situational attributes that serve as moderators of the relationship between individual motivation and performance are required. Perhaps, more important, motivation is highly valued

because of its consequences: Motivation produces. It is, therefore, of paramount concern to those in roles such as manager, that involve mobilizing others to act.

Ryan and Deci (2000) assume people can be motivated because they value an activity or because there is strong external coercion. This is value-related motivation, which is similar to social attachment to the organization, interpersonal relations and role attachment. Social attachment refers to the desire to remain within one's organization or to be committed to the organization and hence help the organization achieve its goals. Ryan and Deci (2002) argue that these behaviors can enhance firm image. The issue of whether people stand behind a behavior out of their interests and values, or do it for reasons external to the self, is a matter of significance in every culture.

There are a great variety of theories of human motivation (Hofstede, 1980), particularly motivation theories developed in the United States, such as those of David McClelland, Abraham Maslow, Frederick Herzberg, and Victor Vroom. McClelland's achievement theory shows that people perform because of achievement motive and power motive. Maslow, on the other hand, postulates a hierarchy of human needs: most basic are physiological needs, followed by security, social needs, esteem needs and, finally, a need for "self-actualization." Herzberg's two-factor theory of motivation distinguishes between hygienic factors and motivators; the hygienic factors have only the potential to motivate negatively – they are necessary but not sufficient conditions. The motivators have the potential to motivate positively. Some researchers question the validity for other cultures of the cited motivation theories developed in the United States by people whose theories reflect the cultural boundaries of the United States (Mendonca & Kanungo, 1994; Hofstede, 1980a).

Applying the cultural dimensions to show that the findings of the theorists may not necessarily apply in cultures outside the US, Hofstede (1980a) chose a few countries whose cultures are different. High uncertainty avoidance countries like Austria (UAI = 70), working hard is caused by an inner urge – it is a way of relieving stress.

The Austrian superego is reinforced by the country's relatively low level of individualism (IDV = 55). On the other hand, the high level of individualism (IDV = 91) of the United States leads to a need to explain every act in terms of self-interest, and expectancy theories of motivation do provide this explanation – people always do something because they expect to obtain the satisfaction of some need. With regard to McClelland's theory, concepts of the achievement motive presuppose two cultural choices – a willingness to accept risk (equivalent to weak uncertainty avoidance, Table 2.2) and a concern with performance (equivalent to strong masculinity, Table 2.4). Again, Hofstede (1980a) reckons that this combination is found exclusively in countries in the Anglo-American group. Maslow's hierarchy puts self-actualization (achievement) plus esteem above social needs and security needs. Nevertheless, research (Mendonca & Kanungo, 1994; and Hofstede, 1980a) reckons that this is not the description of a universal human motivation process – it is the description of a value system, the value system of the US to which the author belonged. In countries with weak uncertainty avoidance/masculinity, achievement needs should rank at the top because they value achievement motivation (performance plus risk).

On the other hand, in countries with strong uncertainty avoidance/femininity, security needs should rank at the top because security motivation (performance plus security) is their major concern. A two-factor theory of motivation, suggests Hofstede (1980a), helps to humanize work. One way of humanization of work is job enrichment, which aims at restructuring individual jobs and has been developed in the US; the main proponent is Frederick Herzberg. Another way of humanization of work, developed in Europe and applied mainly in Sweden and Norway, aims at restructuring work into group-work forming. Consequently, Hofstede argues that what is seen as a “human” job depends on a society's prevailing model of humankind. In a more masculine society like the US, humanization takes the form of masculinization, allowing individual performance. In the more feminine societies, humanization takes the form of femininization and allows for collective performance.

To help establish the application of management practices developed in Western countries, particularly in the United States, to developing countries, it is worth carrying out a study on the effect of motivation on relationship between SHRM practices and firm performance; and also the effect of motivation on performance of large foreign manufacturing MNCs operating in Kenya.

2.1.4.1 Strategic Human Resource Management Practices, Employee Motivation and Firm Performance

In an effort to address the lack of explanation of sound theoretical developments in the area of SHRM-performance, scholars have proposed to consider intermediate linkages between SHRM practices and organizational performance (Ferris et al., 1998). Thus, the general consensus developed among researchers is that SHRM practices do not lead directly to organizational performance. Rather, they influence firm resources, such as the human capital, or employee behavior, and it is these resources and behavior that ultimately lead to performance. This implies that there are variables that mediate a link between SHRM practices and organizational performance, although only a few researchers (Fey et al., 2000; Guest, 2001; Huselid, 1995; and Katou & Budhwar, 2007) have measured these mediators and addressed their importance. Given that SHRM practices are not standardized, researchers tend to select a set of SHRM practices depending on the theoretical perspective used (Guest, 2001). Similarly, since there is no evidence that a particular bundle is superior to another and that the number and type of SHRM systems differ according to the aims and objectives of each individual work, Katou and Budhwar (2006, 2007) group practices into two SHRM systems, namely, the practices aiming at attracting and developing human resources, and those aiming at retaining human resources. Among the SHRM practices aimed at attracting and developing employees are recruitment and selection, training and development; and those aimed at retaining employees are performance appraisals, compensation systems, and flexible work arrangements. An increasing body of work contains arguments that the use of such high performance work practices (HPWP) improves employee motivation, knowledge, skills, and abilities of current and potential employees (Huselid, 1995). Consequently, SHRM practices can improve internal

performance by reducing shirking and enhancing retention of quality employees, and hence improve external performance (Jones & Wright, 1992). To this end, Gerhart (2005) suggests application of employee motivation as a mechanism by which universal SHRM practices influence organization performance.

Only a few researchers have measured the mediators and addressed their importance, and most studies on relationship between SHRM practices and organizational performance were conducted in the context of developed countries, it is worthwhile to carry out research on the influence of SHRM practices on employee' motivation and consequently on organizational performance in other contexts (Katou & Budhwar, 2007; Priem & Butler, 2000).

2.1.5 Organizational performance

Organizational performance is a method of measuring the success of the organization to ensure that it achieves its goals (Dreikorn, 1995). Guest (2001) reckons that as organizations link the maximization of performance with SHRM practices, the SHRM practices can enhance organizational image, interpersonal relations and commitment to the organization.

Fry et al. (1998) assert that the success of an organization is gauged from several indicators both qualitative and quantitative. These include financial performance and non-financial performance. Performance measures are cost-oriented or non-cost oriented and can be internal or external. Hence, performance measures may be categorized as shown below:

Table 2.5: Categorization of firm performance measures

Cost – oriented measures (objective)	Non cost oriented measures (subjective)
Net profit	Quality of product
Return on assets	Market share
Return on equity	Firm image
Annual sales growth	Interpersonal relations

While the most extensively used dependent variable in organizational research, organizational performance still remains vague and loosely defined (Rogers & Wright, 1998). Although performance has been traditionally conceptualized in terms of financial measures, some scholars have proposed a broader performance construct that incorporates non-financial measures including among others market share, product quality, and company image.

Financial measures of performance have been criticized for lacking neutrality (Emmanuel et al., 1990); and encouraging short-termism (Wilson & Chau, 1993). Most management practices built around financial measures bear little relation to a company's progress in achieving long-term strategic objectives. Thus, the emphasis most companies place on short-term financial measures leaves a gap between the development of a strategy and its implementation. Financial measures are also criticized for lacking balance (Kaplan & Norton, 1996). They are more concerned with physical assets and ignore perspectives of customers, internal business processes, and learning and growth. All these perspectives are necessary under the circumstances where companies around the world transform themselves for competition based on information; their ability to exploit intangible assets has become far more decisive than their ability to invest in and manage physical assets.

Under the circumstances, non-financial measures of performance have much strength and are more directly traceable to the strategy of the firm (Kaplan & Norton, 1996). Furthermore, where performance reports are dominated by financial measures, performance evaluation is weakened by the inherent limitations of financial information, succinctly expressed by Dixon et al. (1990) who suggest that the measures are typically too irrelevant due to the accounting period delay and too summarized due to the length of the accounting period.

Studies (Youndt et al., 1996) recognize the difficulty in obtaining objective measures of performance and suggest asking managers to assess their own firm's performance relative to others in the same industry or sector. To minimize the effects of random errors, researchers have suggested the use of multiple items and

multiple respondents to assess performance. Given this scenario, the researcher in this study opted to use multiple items in order to assess the performance of the organizations studied. The items relate to quality of product, company image and interpersonal relations.

2.1.6 Conceptual framework

Fig 2.1 below depicts the relationships among the five variables of the study identified and explained in the literature review. The relationship between SHRM practices, cultural orientations, age of the firm, and employees’ motivation and firm performance is a complex process and little is known about how these variables are linked.

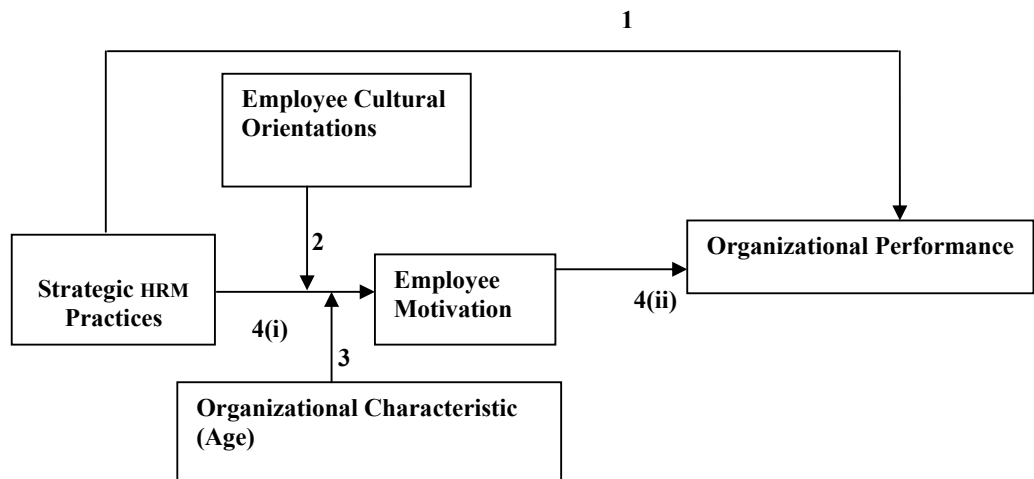


Fig. 2.1 Conceptual Model of the relationships among SHRM Practices, Employee Cultural Orientations, Organizational Characteristics, Motivation and Firm Performance

This study advanced a conceptual model linking these variables by introducing employees’ cultural orientations to mediate the relationship between SHRM practices and motivation. Studies (Mendonca & Kanungo, 1994) show that the socio-cultural environment affects employees’ beliefs and values, and hence behavior towards SHRM practices.

The diagram in Fig 2.1 suggests a direct link between SHRM practices and performance as illustrated by arrow 1 of the diagram. Most studies hypothesize a direct link between SHRM practices and performance (Edwards & Wright, 2001). However, sound theoretical development that explains how such SHRM practices operate is absent (Becker & Gerhart, 1996). Arrow 2 indicates that employees' cultural orientations mediate the relationship between SHRM practices and motivation. Studies by Mendonca and Kanungo (1994) assert that the socio-cultural environment affects employees' beliefs and values, and hence behavior towards SHRM practices. Also in this connection, Aycan et al. (2000) established that managerial beliefs and values affect the managers' attitudes towards SHRM practices. Similarly, Chian & Birtch (2007) argue that employees' perception of SHRM practices is important because employees' attitudes influence their behavior or their motivation. The age of the organization (Arrow 3), a contextual variable inherent in foreign MNCs, has an influence on choice of HRM strategies (Nyambegera et al., 2000). Rogers and Wright (1998), and Guest (2001) make a case for the need to account for this variable in any HRM research to avoid spurious relationships. Arrow 4i shows that SHRM practices do not directly affect performance; but that there are variables that mediate between SHRM practices and organizational performance (Katou & Budhwar, 2007; and Ferris et al., 1998). Gerhart (2005) suggests that employees' motivation is a mediating factor by which SHRM practices impact organization performance. Wright et al. (1994) and Delery (1998) concur that SHRM practices do not lead directly to business performance, but influence attitudes and processes, such as employee motivation, and it is these processes that ultimately lead to performance (arrow 4(ii)).

The use of this model (Fig 2.1) allows for the incorporation of more recent ideas concerning SHRM practices, other related variables and work performance. The model also reflects the complexities of interrelationships and how employees' cultural orientations are linked to SHRM practices, employees' motivation and firm performance. From the literature, it is apparent that the relationships between the five variables (SHRM practices, cultural orientations, employees' motivation, firm age, and firm performance in large foreign multinational companies) have not been

examined in a Kenyan context. That is, their combined effect on firm performance has not been examined in MNCs operating in Kenya. Operational definitions of the key variables are given next in Table 2.6 below.

Table 2.6: Operational Definitions of the Key Variables

	Operational Definition	Questions
Strategic Human Resource Management Practices:	<p>Recruitment and selection To measure this area, focus will be on: Selectivity in hiring, Selection for manual and physical skills, Selection for technical skills, and Selection for problem-solving skills.</p> <p>Training and development Training practices will include different scales used to measure: Comprehensiveness, Policies and procedural training, Training for technical skills, and Training for problem-solving skills.</p> <p>Performance appraisal practices Different scales used to measure this: Developmental focus, Results-based appraisal, Behavior-based appraisal.</p> <p>Compensation systems Measurements are: Hourly pay, Salary, Skill-based pay, Individual incentives, Group incentives, Individual equity, External equity.</p> <p>Flexible work arrangements Measurement scales will be based on systems of control, for example, rules and regulations applied in the organization. Decision on how the job gets done Decision on when to take breaks Control of schedule Paid vacation, holidays, or sick days Time off during the work day for personal/family matters Decision to work part-time/full-time</p>	<p>(Objective 1)</p> <p>Part C1- C5</p>
Culture	Power Distance	(Objective 2)

<p>Dimensions:</p>	<p>Decision-making</p> <p>Uncertainty Avoidance</p> <p>Family relations Risk-taking Trust and loyalty</p> <p>Collectivism/Individualism</p> <p>Community relationships Compensation strategies Job security Hiring practices Care for others</p> <p>Masculinity/Femininity</p> <p>Stress Value of money and material things Assertiveness and ambition</p>	<p>Part E1 – E4</p>
<p>Organizational Characteristic:</p>	<p>Objective Indicator:</p> <p>Age Number of years a firm has been in operation in Kenya</p>	<p>(Objective 3) Part B</p>
<p>Motivation:</p>	<p>Measurement will be based on effects of SHRM practices and also on effect of motivation on performance as indicated:</p> <p>Hiring and promotion Training and job achievement Training and sense of belonging – commitment Staff appraisals and employee development Pay based on qualifications and organizational achievement Control of decisions affecting work</p>	<p>(Objectives 4(i) and 4(ii) Part D</p>
<p>Organizational Performance:</p> <p>(Non-financial measures)</p>	<p>Image Subjective Indicator: Perception of organization’s image compared to competitors.</p> <p>Interpersonal relations Subjective Indicator: The degree to which the individual derives satisfaction from interpersonal relations</p> <p>Product quality Subjective Indicator: Extent to which organization’s product(s) is/are perceived to be of superior quality when compared with those of competitors.</p>	<p>Part F</p>

2.2 Summary

Research (Arthur, 1994) assumes that there is a direct relationship between SHRM practices and firm performance. Furthermore, some studies (Guest, 2001) indicate that SHRM practices are not standardized and as such researchers tend to select a set of SHRM practices depending on the theoretical perspective used. On the other hand, the general consensus developed among other researchers is that SHRM practices do not lead directly to business performance. Rather, they influence firm resources, such as the human capital of the firm, employees' behaviors or motivation and it is these resources and behaviors that ultimately affect performance (Edwards & Wright, 2001, Wright et al., 1994; and Delery, 1998). Some studies (Blunt & Jones, 1986; Sonja & Phillip, 2004; Kirkman et al, 2006; and Aycan et al, 2007) also assume that employees' cultural orientations affect the reaction of employees towards strategic human resource management practices. This study developed a conceptual framework as illustrated in fig 2.1 to show the relationships among the variables of interest.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the procedures and methods which were employed in the study in order to achieve the objectives. The procedures and methods include: the research design, target population, data collection instrument, data collection procedures, and data analysis. The procedures used addressed the primary purpose of the study, which was to establish the relationship between SHRM practices, cultural orientations, age of the firm, and employee motivation and firm performance in MNCs in Kenya. A survey and interview methods were used to obtain measures of SHRM practices, cultural orientations, age of the firm, motivation, and how they affected firm performance.

To determine whether there was a relationship between the relevant variables a combined set of quantitative and qualitative design elements and procedures were used. The relationship among study variables were explored using the correlation design research method.

3.2 Research Design

The research design for this study was selected based on the following reasons: A multi-method empirical approach involving both surveys and interviews (Appendix E and F) was used to obtain the relationship between SHRM practices, cultural orientations, age of the firm, and employee motivation and firm performance. This triangulation approach of survey and interviews provided an opportunity to develop a broad-based understanding of the relationships among the key variables used in the study.

First, a cross-sectional survey of MNCs was undertaken to determine specific parameters across the respondents. On the basis of the responses to the questionnaire, the researcher selected a sample of six MNCs for the interviews. The

six MNCs were chosen by a simple random method from the 27 companies that had responded to the questionnaire.

3.3 Target Population

The target population for this study was defined as large foreign multinational manufacturing companies operating in Kenya which are members of KAM. The main reason for the choice of large foreign MNCs was that these firms were likely to have elaborate SHRM practices and also to transfer those practices to developing countries (Huselid, 1995; Rodriquez & Ventura, 2003). Mamman and Adeoye (2007) also argue that as developing countries are adopting technologies and expertise similar to those of developed countries, MNCs can transfer home-country SHRM practices to some developing host-countries without changing the practices. Another reason for the choice of MNCs was because research done on large manufacturing companies in developed countries showed that SHRM practices were linked to performance (Katou & Budhwar, 2006, 2007; Bae et al., 1998; Delaney and Huselid, 1996).

The World Bank (2004) found that employment size was key to MNCs' size in the Kenyan context. Thus in Kenya, a MNC employing 100+ employees was considered a large company. There were 50 large foreign multinational manufacturing companies that were members of KAM (KAM Directory, 2007). Because of the small number of companies, the study took a complete survey. Hence all those large multinational manufacturing companies were included in the study.

For the current study, the unit of analysis was the company and the respondents were the specialist HR managers, line managers (marketing managers and production managers), and three employees who were not in a management position - one from each of the functional departments represented by the three managers. This was based on the argument by Richardson and Thompson (1999) that employees are most affected by the way their immediate manager treats them, as this determines their day-to-day experience. Further argument for the inclusion of

the employees' perspective in this study was that less research has been done among employees as compared to managers and yet employees have a big role to play in the implementation of strategies (Hofstede, 1993). Without knowing how employees interpret SHRM practices, a vital link was missing (Hall, 2004; Kamoche, 2001; Easterby-Smith et al., 1991). The selection criterion used for the employees was years of service in the organization. A longer serving employee is assumed to have acquired more work experience and is likely to give more relevant responses than a less experienced employee (Dessler, 2005). On the basis of this, the longest serving employee from each of the departments was picked for the study.

On the other hand, justification for the choice of the management respondents was based on the fact that HR strategies are usually formulated by management and professional employees rather than lower cadre; the inclusion of other non-HR managers as respondents was expected to reduce response bias by obtaining alternative perspectives (Youndt et al., 1996; Wright et al., 2001; and Guest, 2001).

3.4 Data Collection Instruments

(a) Questionnaire

This study used the questionnaire developed by both Hofstede (1980a), and Huselid (1995) and modified by the researcher to collect data. Hofstede's (1980a) instrument had been used previously in West Africa, East Africa, and Arabic speaking countries. Huselid's (1995) instrument had been used in the US in nearly 1,000 firms with more than 100 employees. Since the objective of the study was to determine the relationship between SHRM practices, employees' cultural orientations, motivation and firm performance, the instruments contained items that measured these key factors (Appendix E).

The questionnaire was divided into six sections: Part A asked questions related to personal data such as gender, duration of employment, education, age, and job title. Part B asked questions about organizational data such as name, age of the organization, number of employees, ownership, and target market. Part C was a

series of statements on a Likert's scale of 1 to 5 that asked the respondents to give their opinions on the extent to which they personally agreed or disagreed with the statements regarding SHRM practices. Using similar scales to measure HR practices, Bae et al. (1998) found Cronbach's alpha reliability coefficients of 0.70 in four areas of HR practices, i.e. recruitment and selection, training and development, participation and rewards, while Delaney and Huselid (1996) reported alpha coefficients of between 0.70 and 0.91 for different HR practices. Part D asked the respondents to indicate the level of the importance of statements on motivation regarding their job and the organization they worked for. Delaney and Huselid (1996) found positive relationships between SHRM practices, motivation and performance. Part E asked questions touching on culture, specifically on the cultural values (Power Distance) and general beliefs (Uncertainty Avoidance, Masculinity/Femininity, Individualism/Collectivism) of the employees. Likert's scale of 1 to 5 was used to measure the level of the problems for most of the cultural values and also the level of general beliefs on cultural issues. Such a scale has been used by Hofstede (1980a, and 1980b).

In part F, the respondent was asked to give information about organizational performance such as quality of product, firm image, and interpersonal relations. This is a perceptual measure of firm performance and previous scales used by Huselid (1995). Delaney and Huselid (1996) had shown Cronbach's alpha reliability coefficients of between 0.75 and 0.88.

3.5 Reliability

The measurement scales for HR practices and motivation presented in part C and D of the questionnaire were adopted with modifications from the instruments that were developed by Huselid (1995). For this reason, the researcher tested them again for reliability using pilot data from nine respondents from one large foreign multinational manufacturing company operating in Kenya. This company was not included in the target population. The Cronbach's alpha coefficients confirmed the reliability of the measured variables with a coefficient of 0.70. This coefficient is fairly large and we can, therefore, conclude that the measurement scales are reliable.

(b) Interviews

An interview is a data-collection technique that involves oral questioning of respondents, either individually or as a group. Interviews permit clarification of questions and have a higher response rate than a written questionnaire (Patton, 1990). Hence, the interview method was applied to contextualize research findings but also to explore issues of interest in greater detail with a view to adding qualitative value to the data obtained using questionnaires. According to Patton (1990) interviews help confirm and clarify some items and also allow interaction with interviewees. For the purpose of clarification, questions for the interview were picked from Parts C, D, E, and F of the questionnaire. The questions were not tested for validity as they had already been tested.

3.6 Data Collection Procedures

According to Robson (1993) and Zikmund (1997), it is advisable, especially when conducting a survey of organizations or institutions, to send out a preliminary notification before the actual survey questionnaire. This is a way of negotiating access as it prepares the organization for the survey and is likely to yield a higher response rate than without the preliminary notification. The initial contact with respondents was, therefore, to send out a preliminary notification to the general managers of the firms (Appendix C) accompanied by a letter of introduction from Strathmore University (Appendix B).

Three hundred questionnaires were dropped by trained assistants or posted 3 weeks after the preliminary notification, with a cover letter addressed to the HR manager of all the 50 MNCs. The HR managers had already been requested in advance by telephone or by e-mail to give a list of employees from the departments of interest and also to assist with the data collection.

The cover letter explained to the respondents what the survey was about, and why the recipient's contribution was important. It also assured confidentiality and

indicated a post-paid reply envelope. The study aimed at a 50 percent response rate, that is, 150 questionnaires. If this was not achieved within 4 weeks of mailing out the questionnaires, the respondents would be contacted by phone, e-mail, and follow-up letters and where necessary, another copy of the questionnaire would be sent.

To encourage participation, the respondents were promised a summary of the findings and recognition of their organization's contribution in the final report of the study. This would also encourage them to provide their contact details in case of further questions. The cover letter informed the recipients whom to contact in case of any questions.

Finally, to contextualize survey findings and to explore issues of interest in greater detail an interview guide was also used in randomly selected companies that formed the population. The qualitative data were obtained after the responses from the questionnaires, through interviews with the human resources managers, marketing managers, production managers, and employees from six MNCs.

The researcher arranged for appointments with the respondents from the six firms for a face-to-face interview. A telephone interview was used for institutions based outside Nairobi.

3.7 Data Analysis

The data that were collected in the study were both quantitative and qualitative. The quantitative data obtained from research questionnaires were coded and edited to help identify errors, then keyed into the Statistical Package for the Social Sciences (SPSS) software. The data were then analyzed to test for significance of relationships among variables of interest in the study. The results of the survey were presented in tables. This was then followed by an analysis of the qualitative data from the interviews.

Table 3.1 shows the outline of the hypotheses and corresponding objectives of the study. The table also indicates the type of analysis and interpretation of the results. The variables measured used Likert's five point rating scales. As discussed by Sekaran (1992) and Cooper and Emory (1995), such scales are interval scales and the appropriate tests are parametric tests such as Pearson's product moment correlation and multiple regression techniques.

Table 3.1 Summary of tests of hypotheses and related objectives

Objective	Hypothesis	Analysis	Interpretation of Results
<p>1. To establish the relationship between strategic human resource management practices and firm performance</p>	<p>H₀: There is no relationship between SHRM practices and firm performance</p> <p>H₁: A positive relationship exists between SHRM practices and firm performance</p>	<p>Computation of correlation coefficient</p> <p>-Pearson's product moment correlation coefficient (r) to measure the nature and strength of the relationship</p> <p>$Y + \beta_0 + \beta_1 X_1 + e$</p> <p>Y – Is firm performance, dependent variable, X₁ – Is SHRM practices, independent variable.</p>	<p>$-1 \leq r \leq +1$</p> <p>r = .700 or above is a very strong positive relationship between Y and X₁</p> <p>From .400 $r \leq r \leq .699$ is a strong positive relationship.</p> <p>From .200 $\leq r \leq .399$ is a moderate positive relationship</p> <p>Relationship is weak since $0 \leq r < 0.200$</p>
<p>2. To determine the extent to which cultural orientations moderate the relationship between SHRM practices and employees' motivation.</p>	<p>H₀: Employee cultural orientations do not affect the relationship between SHRM practices and motivation.</p> <p>H₂: Employee cultural orientations affect the relationship between SHRM practices and motivation.</p>	<p>Multiple regression analysis</p> <p>$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$</p> <p>Y – Is motivation, dependent variable, X₁ - Is SHRM practices, independent variable, X₂ - Is cultural orientations, moderating variable.</p>	<p>$0 \leq R^2 \leq 1$</p> <p>If the value of R², when employees' cultural orientations are introduced to the model on relationship between SHRM practices and motivation is significantly different, it suggests that employees' cultural orientations influence the relationship between SHRM practices and motivation.</p> <p>Beta Coefficients</p>

			Non-zero Beta Coefficients for SHRM practices, motivation, and employees' cultural orientations indicates these variables are significant in the regression model.
3. To determine the extent to which the age of the firm moderates the influence of SHRM practices on motivation.	H ₀ : Firm age does not affect the relationship between SHRM practices and motivation. H ₃ : Firm age affects the relationship between SHRM practices and motivation.	Multiple regression analysis $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$ Y – Is motivation, dependent variable, X ₁ – Is SHRM practices, independent variable, X ₂ – Is firm age, moderating variable.	$0 \leq R^2 \leq 1$ If the value of R ² , when age of the firm is introduced to the model is different, it suggests that age of the firm moderates the effect of SHRM practices on motivation. Beta Coefficients Non-zero Beta Coefficient for the age of the firm indicates that a unit increase in the age of the firm is significant in the regression model.
4a. To establish if motivation mediates the relationship between SHRM practices and firm performance.	H ₀ : Employee motivation does not mediate the relationship between SHRM practices and firm performance. H _{4a} : Employee motivation mediates the relationship	Multiple regression analysis $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$ Y – Is firm performance, dependent variable, X ₁ – Is SHRM practices, independent variable, X ₂ – Is motivation, mediating variable.	$R^2 0 \leq R^2 \leq 1$ If the value of R ² , when motivation is introduced to the regression model is different, it suggests that motivation mediates the influence of SHRM practices on performance. Beta Coefficients

	between SHRM practices and firm performance.		Non-zero Beta Coefficients for SHRM practices and motivation indicates that a unit increase in SHRM practices and motivation results in corresponding increase in performance.
4b. To gauge the relationship between motivation and firm performance	H _{0b} : Motivation has no effect on performance. H _{4b} : Motivation has effect on performance.	Multiple regression analysis $Y = \beta_0 + \beta_1 X_1 + e$ Y – Is firm performance, dependent variable, X ₁ – Is motivation, independent variable.	Beta Coefficients Non-zero Beta Coefficient for motivation indicates that a unit increase in motivation results in corresponding increase in performance. $0 \leq R^2 \leq 1$ R ² indicates that variation in firm performance is attributable to motivation.

3.8 Summary

Chapter Three presents a discussion of the research methodology, research design, target population, data collection instrument, data collection procedures and data analysis used to address research hypotheses. Chapter Four describes the data analysis and the statistical analytical techniques used for each study's measure. The analyses are based on both quantitative and qualitative data.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.1 Introduction

In this chapter, analysis and report of the results of the study are shown. The main issues covered are divided into two sections. Section A covers results based on data from the questionnaire and Section B covers results obtained from interview data.

The data for this study were collected from April – August 2007 using a questionnaire. The questionnaire was administered to 50 companies, out of which 40 were in Nairobi, three in Mombasa, five in Kiambu, one in Eldoret, and one in Athi River. In total, 300 questionnaires were distributed to the individuals in the sample. Of these, 161 questionnaires were successfully completed and returned to the researcher by respondents from 27 organizations, giving a response rate of 54%, a figure considered substantially sufficient for the study. Codes GL 1 – GL 50 were used to denote the 50 companies contacted in the study. This way, utmost confidentiality promised the respondents and the establishments was ensured.

The interviews were carried out from January – February 2009 in six MNCs to contextualize research findings and also to explore in greater detail issues of interest that emerged from data collected using questionnaires. Interviews permit clarification of questions and have higher response rate than written questionnaire. To analyze the data from the interviews, the individual firms under investigation were first coded using alpha numerical values (TM 1- TM 6) to maintain confidentiality. The qualitative data was analyzed and presented in the form of tables. The descriptive statistics, particularly frequency distributions were used to analyze the interview data. Quantitative data analysis (from the questionnaire) is presented in section A while qualitative data (from interviews) is presented in section B of the chapter.

Section A: Results based on data from the Questionnaire

4.2 Descriptive Statistics

4.2.1 Demographic characteristics of the population

The demographic data comprising length of employment, gender, level of education, age of the respondents, age of the organizations, size of the organizations, firm ownership and target market were analyzed and the findings show the aggregate demographic characteristics of the population studied (Appendix I(a) and (b)). The majority of respondents were men (63.4%) and were above 35 years of age (39.8%). 37.9% had bachelors degrees and about the same figure (36.6%) had worked in the organization for 10 years and more. The majority of the organizations had been in existence for 21 years and above (90.7%) and employed over 100 people (86.3%). These findings are explained in greater details below.

4.2.1(a) Length of employment

The respondents were asked to indicate how long they have served with their current employer. The results are presented in Table 4.2.

Table 4.1: Length of employment with the current organization

Duration of Employment in years	Number of Respondents	Percentage of Respondents
1 and below	8	5.0
2 to 5	38	23.6
6 to 10	56	34.8
Above 10	59	36.6
Total	161	100

Table 4.1 shows duration of employment of the employees in the MNCs. In the 27 organizations that responded, the majority of employees (59 or 36.6%) had been in employment for 10 years and above. Those who had worked for 6 to 10 years were 56 or 34.8%. This is followed by 38 or 23.6% workers who had been with the

organizations for 2 to 5 years. In total, only 8 or 5.0% had an experience of one year and below.

4.2.1(b) Gender

Table 4.2: Distribution of the respondents by gender

Gender	Number of Respondents	Percentage of Respondents
Male	102	63.4
Female	59	36.6
Total	161	100

Table 4.2 indicates that the number of male employees at 102 or 63.4% was almost double that of the females at 59 or 36.6%. Traditionally in Kenya, most managerial and supervisory positions are occupied by men because they were better exposed to advance their education and achieve further training than women.

4.2.1(c) Level of education

Table 4.3: Distribution of the respondents according to level of education

Level of Education	Number of Respondents	Percentage of Respondents
Secondary	9	5.6
Diploma	54	33.5
Bachelors degree	61	37.9
Masters degree	34	21.1
Others	3	1.9
Total	161	100

The level of education of the respondents as shown in Table 4.3 showed that 9 or 5.6% of the respondents in the 27 organizations had secondary education. About a third (54 or 33.5%) had diploma level certificate, and the majority (61 or 37%) had bachelors degrees; whereas 34 or 21.1% had masters degrees. The remaining 3 or 1.9% had certificate qualifications which were lower than diploma certificates and could take as short a time as a week to acquire.

In general, the study gave a favorable picture concerning the level of education of the employees in the MNCs as a substantial fraction of the workforce (54 or 33.5%)

had diploma which possibly enabled them to start from the position of senior clerk or lower level supervisor.

4.2.1(d) Age of employees

Table 4.4: Age profile of the respondents

Age in Years	Number of Respondents	Percentage of Respondents
25 and below	2	1.2
26 to 34	45	28
35 to 44	64	39.8
45 to 54	44	27.3
55 and above	6	3.7
Total	161	100

Two or 1.2% of the employees from the population were in the age bracket of 25 years and below whereas the oldest employees (6 or 3.7%) were aged 55 years and above as indicated in Table 4.4. A look at the age structure of the employees shows a great diversity. The majority of the employees (64 or 39.8%) were in 35 – 44 years age bracket, 45 or 28.0% were aged 26 - 34 years whereas 44 or 27.3% were aged 45 -54 years.

4.2.1(e) Age of the organizations

Table 4.5: Distribution of organizations by age

Age in Years	Number of Organizations	Percentage of Organizations
5 and Below	0	0.6
6 to 10	1	4.3
11 to 15	0	0
16 to 20	1	4.3
21 and above	25	90.7
Total	27	100

Most of the organizations in the study have been in existence for over 21 years. This is true for 90.7% of the organizations in Table 4.5. Only a negligible number of the companies are aged 5 and below (0.6%). It is noteworthy that a similar number of the organizations (4.3%) were aged 6 to 10 years and 11 to 15 years.

4.2.1(f) Size of the Organizations

Table 4.6: Distribution of organizations by size

Number of Employees	Number of Organizations	Percentage of Organizations
99 and below	4	13.7
100 to 250	12	44.1
251 to 450	3	13
451 to 650	2	8.1
651 and above	6	21.1
Total	27	100

Table 4.6 shows that size of the organizations ranged from 99 employees and below (13.7%) to 651 and above (21.1%). The majority of the organizations (44.1%) had a workforce ranging from 100 to 250 employees. In ascending order, (13.0%) companies had from 251 to 450 workers, followed by 8.1% companies with 451 to 650 employees.

4.2.1(g) Ownership

Table 4.7: Firm ownership

Company	Number of Organizations	Percentage of Organizations
Foreign	15	57.8
Joint Venture	10	36.6
Others	2	5.6
Total	27	100

Table 4.7 indicates the ownership distribution of MNCs. The ownership was dominated by foreign companies and joint ventures at 57.8% and 36.6% respectively. Only 5.6% of the companies fell under other types of ownership. This meant that 57.8% of the MNCs were 100% owned by foreigners and 36.6% were jointly owned by foreigners and locals and only 5.6% had other types of ownership.

4.2.1(h) Target market

Table 4.8: Distribution of companies according to their target market

Market	Number of Organizations	Percentage of Organizations
Foreign	0	0.6
Local	3	10.6
Both	24	88.8
Total	27	100

In Table 4.8, it is clear that the majority (88.8%) of MNCs trade both in foreign and local markets. This compared unfavorably with those that concentrated their activities in the local market only (10.6%). Out of the total 27 companies under study, only 0.6% operated in foreign countries alone.

4.3 Means and Standard Deviations

The respondents were asked to rate, on a five-point scale, the extent to which they agreed or disagreed with statements describing good or bad human resource practices in their respective organizations with respect to the human resource functions of recruitment/selection, training and development, performance appraisal, compensation and flexible work arrangements. The ratings ranged from 1 (lowest or least favorable rating) to 5 (highest or most favorable rating). Responses to various statements under each human resource function were collapsed and a composite index (mean score) computed for each function. The results are presented in tables 4.9, 4.10, and 4.11 along with standard deviations. Table 4.9 shows that training and development was rated highest on average with a mean score of 4.13 and a standard deviation of 0.80. This was followed closely by compensation systems with a mean score of 3.99, and standard deviation of 0.96, performance appraisal (mean = 3.59, standard deviation = 0.78), recruitment and selection (mean = 3.50, standard deviation = 0.58), and flexible work arrangements (mean = 3.23, standard deviation = 0.78) in that order. This ordering could be interpreted to mean that training and development and compensation systems constituted the best SHRM practices in the organizations under study as, on average, respondents rated them strongly. Conversely, flexible work arrangements were

lowest on the scale of best practices, although it was still well above the average (mid-point).

Table 4.9: Means and standard deviations for indexed SHRM variables

Variable	Mean	Std Deviation
Training and development	4.13	0.80
Compensation systems	3.99	0.96
Performance appraisal	3.59	0.78
Recruitment and hiring	3.50	0.58
Flexible work arrangements	3.23	0.78

The scores on cultural orientations are presented in Table 4.10 as follows: uncertainty avoidance (mean = 3.87, std = 0.64), collectivism/individualism (mean = 3.82, std = 0.76), masculinity/femininity (mean = 3.69, std = 0.52) and power distance (mean = 3.20, std = 0.49). These results imply that organizations under study exhibited these cultural orientations to a moderate extent.

Table 4.10: Means and standard deviations for indexed cultural orientations

Variable	Mean	Std Deviation
Uncertainty avoidance	3.87	0.64
Collectivism/individualism	3.82	0.76
Masculinity/femininity	3.69	0.52
Power distance	3.20	0.49

Finally, as shown in Table 4.11, organizational performance had a mean score of 4.53 with a standard deviation of 0.52, implying that performance of these firms was moderate.

Table 4.11: Means and standard deviations for indexed motivation and performance

Variable	Mean	Std deviation
Organizational performance	4.53	0.52
Motivation at work	4.32	0.54

4.4 Tests of Hypotheses

Five hypotheses were developed for this study. Each hypothesis and its corresponding objective, statistical test and interpretation is specified in Table 3.1 in Chapter three. In this section, each objective and its corresponding hypothesis is shown. The details and results of the tests of hypotheses are presented below.

4.4.1 Objective: To establish the relationship between strategic human resource management practices and firm performance

Hypothesis 1:

There is no relationship between SHRM practices and firm performance when $r \leq 0$.

H₀: There is no positive relationship between SHRM practices and firm performance.

There is a very strong positive relationship between SHRM practices and firm performance when $r = .700$ or above;

A strong positive relationship exists between SHRM practices and firm performance when $.400 \leq r \leq .699$; and

A weak relationship exists between SHRM practices and firm performance when $.200 \leq r < .400$.

H₁: A positive relationship exists between SHRM practices and firm performance.

This hypothesis was tested using Pearson's product moment correlation and simple regression analyses. This triangulation is a useful way of validating statistical results. The results are presented in tables 4.12 and 4.14, respectively. Table 4.12 shows the correlations between the variables measuring SHRM practices and firm performance. The Pearson's product moment correlation coefficient values reveal a strong positive and significant correlation between performance and training and development ($r = 0.4$, at $p < 0.01$). Training and development also had a strong effect on firm performance compared with the rest of variables of SHRM practices.

Next were the compensation systems ($r = 0.3$, at $p < 0.01$) and performance appraisal ($r = 0.2$, at $p < 0.01$), and lastly, flexible work arrangements ($r = 0.3$, at $p < 0.05$). Firm performance was not correlated with recruitment and selection ($r = 0$). This implied that if at all there was a link between these SHRM practices and performance, it was indirect through another variable which was not part of this study.

Table 4.12: Results of the correlation analysis for the relationship between SHRM practices and organizational performance

SHRM Practices	r
Recruitment and selection	0
Training and development	0.4**
Performance appraisal	0.2**
Compensation systems	0.3**
Flexible work arrangements	0.3*

** Significant at $\alpha < 0.01$ * Significant at $\alpha < 0.05$ n = 161

From Table 4.12 and the foregoing observations, all the variables, except recruitment and selection, were positively and significantly correlated with performance. These results were consistent with those in Table 4.14 where training and development and compensation systems had a significant effect on performance ($\beta = 0.3$, $t = 4$, $p < 0.01$ in respect of training and development) and ($\beta = 0.2$, $t = 2.3$, $p < 0.01$ in respect of compensation). Training and development and compensation systems alone explained up to 20% of variance in firm performance ($R^2 = 0.2$). Consequently, from the regression results in Table 4.14, it was evident that SHRM practices, specifically training and development and compensation systems had positive effect on organizational performance. This is evident in Table 4.14, where a unit increase in training and development, holding compensation systems constant, resulted in a 30% change (increase) in organizational performance; whereas 20% increase in performance was achieved with every additional unit in compensation, holding training and development constant. These findings led to rejection of null hypothesis that there was no positive relationship between SHRM practices and firm

performance and acceptance of the alternative hypothesis that such a relationship existed.

4.4.2 Objective: To determine the extent to which employee cultural orientations mediate the relationship between SHRM practices and employee motivation

Hypothesis 2:

Employees' cultural orientations do not mediate the relationship between SHRM practices and motivation when $R^2 \leq 0$.

H₀: Employees' cultural orientations do not affect the strength of the relationship between SHRM practices and motivation.

Employees' cultural orientations moderate the relationship between SHRM practices and motivation when $0 \leq R^2 \leq 1$.

H₂: Employees' cultural orientations affect the strength of the relationship between SHRM practices and motivation.

A triangulation approach involving Pearson's product moment correlation and simple regression analyses were used to test this hypothesis. The results are presented in Tables 4.13, 4.15 and 4.16. As shown in Table 4.13, all the strategic human resource practices, except recruitment and selection, are positively and significantly correlated with motivation. This suggests that the use of best HR practices in training and development, performance appraisal, compensation and flexible work arrangements has a significant positive influence on employees' motivation.

To test for the mediating effects of employee cultural orientations (measured by power distance) on the relationship between strategic HRM practices and motivation, the coefficient of determination (R^2) obtained when cultural orientations were and were not in the regression equation were compared. The differences were attributed to the mediating influence of employee cultural orientations. The results are presented in Table 4.16.

It is noted from the table that R^2 decreased by 10% from 40% to 30% but remained the same at 40%, respectively, when cultural values and cultural beliefs were introduced into the regression equation. This indicates that the relationship between strategic HRM practices and employee motivation is weakened by cultural values, while cultural beliefs did not affect the relationship. Therefore, the null hypothesis that the relationship between strategic HRM practices and employees' motivation does not depend on employees' cultural orientations is rejected for the cultural values dimension but not for the cultural beliefs and the alternative hypothesis that relationship between strategic HRM practices and motivation depends on employees' cultural orientations is accepted for the cultural values but not for the cultural beliefs attribute. The implications of these findings are examined further in Chapter five.

4.4.3 Objective: To determine the extent to which the age of the firm mediates the relationship between SHRM practices and motivation.

Hypothesis 3:

The age of the firm does not mediate the relationship between SHRM practices and employees' motivation when $R^2 \leq 0$.

H₀: Firm age does not affect the strength of the relationship between SHRM practices and motivation.

Firm age mediates the relationship between SHRM practices and employees' motivation when $0 \leq R^2 \leq 1$.

H₃: Firm age affects the strength of the relationship between SHRM practices and motivation.

This hypothesis was tested using a simple regression analysis. The results are presented in tables 4.15, and 4.16. First, strategic HRM practices were regressed on motivation and R^2 value of 40% was obtained. Second, organizational age was added to the regression equation resulting in R^2 value of 30%, a reduction of 10%

from the previous level of 40%. This suggests that the influence of strategic HRM practices on employee motivation declined as the firm's age increased. On the basis of this, the null hypothesis that the relationship between strategic HRM practices and motivation does not depend on the age of the firm was rejected and the alternative hypothesis that stated the opposite was accepted. The implication of this finding is discussed further in chapter five.

4.4.4 Objective: To establish if motivation mediates the relationship between SHRM practices and firm performance.

Hypothesis 4(i):

Employee motivation does not mediate the relationship between SHRM practices and firm performance when $R^2 \leq 0$.

H_{0a}: Motivation does not mediate the relationship between SHRM practices and firm performance.

Employee motivation mediates the relationship between SHRM practices and firm performance when $0 \leq R^2 \leq 1$.

H_{4a}: Motivation mediates the relationship between SHRM practices and firm performance.

This hypothesis was tested using Pearson's Product moment correlation analysis and a simple regression analysis. The results are presented in tables 4.14 and 4.15.

Table 4.13: Correlation results for the relationship between SHRM practices and motivation

SHRM Practices	r
Recruitment and selection	0
Training and development	0.4**
Performance appraisal	0.5*
Compensation systems	0.5**
Flexible work arrangements	0.3*

** Significant at $\alpha < 0.01$ * Significant at $\alpha < 0.05$ n = 161

As indicated in Table 4.13, all the SHRM practices, except recruitment and selection, are positively and significantly correlated with motivation. It is noted from Table 4.14 that motivation alone accounts for 10% ($R^2 = 0.1$) of variation in firm performance. Motivation had a significant effect on performance ($\beta = 0.3$, $t = 3.3$, $p < 0.01$). Similarly, Table 4.14 shows that the best predictors of firm performance as far as SHRM practices were concerned were training and development ($\beta = 0.3$, $t = 4$, $p < 0.01$ in respect of training and development) and compensation systems ($\beta = 0.2$, $t = 2.3$, $p < 0.01$ in respect of compensation). These two SHRM practices alone explained up to 20% of variance in firm performance ($R^2 = 0.2$). Consequently, motivation and SHRM practices accounted for 0.30 or 30% of firm performance ($0.2 + 0.1$). This implies that motivation was a necessary intermediate outcome for the relationship between SHRM practices and firm performance as it had contributed 10% of the variation in performance. Therefore, the null hypothesis that motivation does not mediate the relationship between SHRM practices and firm performance was rejected while the alternative hypothesis that motivation mediates the relationship between SHRM practices and firm performance was accepted.

4.4.5 Objective: To gauge the relationship between motivation and firm performance

Hypothesis 4(ii):

Motivation does not affect firm performance when $R^2 \leq 0$.

H_{0b}: Motivation has no effect on firm performance.

Motivation affects firm performance when $0 \leq R^2 \leq 1$.

H_{4b}: Motivation has effect on firm performance.

This hypothesis was tested using a simple regression analysis. The results are presented in Table 4.14.

As evident in Table 4.14, the values of beta coefficient and coefficient of determination (R^2) for motivation were ($\beta = 0.3$, $p < 0.01$), and (0.1) respectively. Beta coefficient was significant at $t = 3.3$. This implies that for every unit increase in motivation, there was a corresponding 30% increase in firm performance. Also, as shown by the value of R^2 , 10% of variation in firm performance was attributable to motivation. Thus, the null hypothesis that motivation has no effect on firm performance was rejected while the alternative hypothesis that motivation affected firm performance was accepted.

Table 4.14: Results of the regression analysis of the effect of SHRM practices, motivation, cultural values and cultural beliefs on organizational performance

Variable	Beta	t value	α value
SHRM practices:			
Training and development	0.3	4.0	<0.01
Compensation systems	0.2	2.3	<0.01
$R^2 = 0.2$			
Motivation	0.3	3.3	<0.01
$R^2 = 0.1$			
Cultural values:			
Power distance	0.2	3.0	<0.01
$R^2 = 0.1$			
Cultural beliefs:			
Collectivism/individualism	0.2	2.0	<0.05
Uncertainty avoidance	0.2	3.0	<0.05
Masculinity/femininity	0.3	4.1	<0.01
$R^2 = 0.2$			

Table 4.15: Regression analysis of factors influencing motivation at work

Variable	Beta	t value	α value
SHRM practices			
Training and development	0.3	3.5	<0.01
Compensation systems	0.3	3.2	<0.01
Performance appraisal	0.2	2.4	<0.05
$R^2 = 0.4$			
Organizational Characteristic:			
Age	0.3	3.6	<0.01
$R^2 = 0.4$			
Cultural values:			
Power distance	0.3	3.5	<0,01
$R^2 = 0.4$			
Cultural beliefs			
Collectivism/individualism	0.3	3.7	<0.01
Uncertainty avoidance	0.3	3.5	<0.01
Masculinity/femininity	0.2	2.3	<0.05
$R^2 = 0.4$			

Table 4.16: Regression results for the factors influencing relationship between SHRM practices and motivation at work

Variable	R^{2s} before	R^2 after	Change in R^2
Organizational Characteristic:			
Age	0.4	0.3	- 0.1
Cultural values:			
Power Distance	0.4	0.3	- 0.1
Cultural beliefs:			
Collectivism/Individualism Uncertainty Avoidance Masculinity/Femininity	0.4	0.4	0

Source: *This table is extracted from table 4.16

Section B: Results based on data from the interview

4.5 Qualitative analysis and results

This section analyses the findings of the interviews with heads of human resource, marketing and production departments, and employees from six firms as a follow-up on issues arising from the questionnaire responses that required clarification from additional data. The interviews expanded the information furnished on the questionnaire on the SHRM practices, cultural orientations, motivation, and firm performance. Minitab for regression, statistical data analysis software, was used to convert qualitative data to quantitative data. The demographic characteristics of the six companies (TM 1 – TM 6) as shown in Appendix J (a) and J (b) are explained below.

4.6 Profiles of the respondents and their organizations

Analysis of the profiles of the organizations is based on demographic characteristics of the respondents. The analysis covers length of employment, level of education, age of respondents, age of organization, size of organization, firm ownership, and target market.

4.6.1 Length of Employment

Table 4.17 Length of employment with the current organization

Duration of Employment in years	Number of Employees	Percentage of Respondents
Below 1 year	1	4.2
1 to 5	6	25
6 to 10	7	29.2
Above 10	10	41.6
Total	24	100

Table 4.17 shows duration of employment of the employees in the MNCs. In the 6 organizations that were interviewed, the majority of employees 10 (41.6%) had been in employment for 10 years and above. Those who had worked for 6 to 10 years were 7 (29.2%) of the total number. This is followed by 6 (25%) workers who had been with the organizations for 1 to 5 years. In total, only 1 (4.2%) had an experience of one year and below. These results

corroborated the results in Table 4.1 which were obtained from the data collected using questionnaires.

4.6.2 Level of education

Table 4.18: Distribution of the respondents according to level of education

Level of Education	Number of Employees	Percentage of Respondents
Secondary	2	8.3
Diploma	5	20.9
Bachelors degree	11	45.8
Masters degree	6	25
Total	24	100

The level of education of the respondents presented in Table 4.18 shows that 2 (8.3%) of respondents in the 6 organizations had secondary education which was the basic education in Kenya. Less than a third (5 or 20.9%) had diploma level certificate, and the majority (11 or 45.8%) had bachelor's degrees; whereas 6 (25%) had master's degrees. The results confirm those in Table 4.4 obtained through use of questionnaires.

4.6.3 Age of employees

Table 4.19: Age profile of the respondents

Age in Years	Number of Employees	Percentage of Respondents
25 to 34	2	8.33
35 to 44	16	66.7
45 to 54	6	25
Total	24	100

A look at the age structure of the employees shows a great diversity. Two or 8.33% of the employees from the population were in the age bracket of 25 to 34 years whereas the oldest employees (6 or 25%) were in the age bracket of 45 to 54 years as indicated in Table 4.19. The majority of the employees (16 or 66.7%) were in the age bracket of 35 to 44 years. The results corroborated those in Table 4.5 obtained by use of questionnaires.

4.6.4 Age of the organizations

Table 4.20: Distribution of organizations by age

Age in Years	Number of Organizations	Percentage of Organizations
11 to 15	0	0
16 to 20	0	0
21 and above	6	100
Total	6	100

All the organizations (100%) in the study have been in existence for over 21 years as indicated in Table 4.20. No organization was in the age bracket of 11 years to 20 years. The findings in Table 4.20 confirm those in Table 4.5 which were obtained from the data collected using questionnaires.

4.6.5 Size of Organization

Table 4.21: Distribution of organizations by size

Number of Employees	Number of Organizations	Percentage of Organizations
99 and below	1	16.7
100 to 250	3	50
251 to 450	0	0
451 to 650	0	4.2
651 and above	2	29.2
Total	6	100

Table 4.21 shows that size of the organizations ranged from 99 employees and below (16.7%) to 651 and above (29.2%). The majority of the organizations (50%) had a workforce ranging from 100 to 250 employees. Interestingly, no company had employees ranging from 251 to 650. The results in Table 4.21 compare favorably with those in Table 4.6.

4.6.6 Firm Ownership

Table 4.22: Firm ownership

Company	Number of Respondents	Percentage of Respondents
Foreign	5	95.8
Joint Venture	1	4.2
Others	0	0
Total	6	100

Table 4.22 indicates the ownership distribution of MNCs in Kenya. The ownership is dominated by foreign companies which constitute 95.8% of all companies, while 4.2% are joint ventures. The results in Table 4.22 corroborate those in Table 4.7 where 57.8% of the companies are solely foreign-owned.

4.6.7 Target market

Table 4.23: Distribution of Firms by Target market

Market	Number of Organizations	Percentage of Organizations
Foreign	0	0
Local	0	0
Both	6	100
Total	6	100

In Table 4.23, all the MNCs trade in both foreign and local markets. This compares unfavorably with the results in Table 4.8.

4.7 Tests of Hypotheses

From Table 4.24, all respondents (100%) said their firm had training and development arrangements. Similarly, all respondents (100%) preferred their organization to recognize good performers by putting them on special salary scales. In a descending order, most (21 or 87.5%) of the respondents said they got their appraisal results and only 2 or 8.3% did not; whereas a negligible 1 (4.20%) gave non-committal reports (yes and no). At the very end, were 15 (63.5%) who reported that the organization discussed with them decisions affecting them; on the other hand, 6 (25.0%) said the organization did not; and 3 (11.5%) gave the answer

yes/no, meaning that their organization sometimes discussed and sometimes did not discuss with them decisions affecting them. From these interviews, the implication is that the MNCs made use of SHRM practices to achieve their goals, meaning that there is a positive relationship between SHRM practices and organizational performance.

From the foregoing observations, results through interview confirm those from questionnaire presented in Table 4.14. As evident in Table 4.14 training and development and compensation systems in particular explained up to 20% of variance in firm performance ($R^2= 0.2$) and had a significant effect on performance ($\beta = 0.3$, $t = 4$, $p < 0.01$) in respect of the former, and ($\beta= 0.2$, $t = 2.3$, $p < 0.01$) in respect of the latter.

Table 4.24: Responses on various aspects of SHRM Practices and Firm Performance

Variables	n = 24
SHRM Practices	
2. Training and development	Frequency (%)
Does your firm have training and development arrangements?	
Yes	24 (100)
No	0 (0)
Yes and No	0 (0)
Total	n = 24 (100)
3. Staff Appraisals	
Do you ever get your appraisal results?	
Yes	21 (87.50)
No	2 (8.30)
Yes and No	1 (4.20)
Total	n = 24 (100)
4. Compensation systems	
Would you prefer your organization to recognize good performers by putting them on special salary scales?	
Yes	24 (100)
No	0 (0)
Yes and No	0 (0)
Total	n = 24 (100)
5. Flexible work arrangements	
Does your organization discuss with you decisions affecting you?	
Yes	15 (63.50)
No	6 (25.0)
Yes and No	3 (11.50)
Total	n = 24 (100)

Table 4.25: Effect of cultural orientations on motivation of employees of MNCs in Kenya

Variables	n = 24
National Cultural Dimensions	
1. Power Distance	Frequency (%)
Are you generally afraid to disagree with your superior?	
Yes	4 (16.70)
No	6 (25.0)
Yes and No	14 (58.30)
Total	n = 24 (100)
2. Collectivism	
Would you prefer working for an organization that is directly concerned with your private life, for instance your family matters?	
Yes	21 (87.50)
No	1 (4.17)
Yes and No	2 (8.33)
Total	n = 24 (100)
3. Uncertainty Avoidance	
Do you think company rules should not be broken even when it is in the company's best interests?	
Yes	9 (37.50)
No	9 (37.50)
Yes and No	6 (25.0)
Total	n = 24 (100)
4. Masculinity	
Would you agree with the statement: "Competition among employees usually does more harm than good"?	
Yes	16 (66.70)
No	8 (33.30)
Yes and No	0 (00.0)
Total	n = 24 (100)

The data from the interview that are relevant to hypothesis 2 are presented in Table 4.26. Although these data are solely descriptive, they are used to corroborate or otherwise the results of inferential statistical tests presented in Table 4.16 which were based on data obtained using the questionnaire. First, the results are described in respect of cultural values and second, with regard to cultural beliefs.

4.7.1 Cultural Values

As shown in Table 4.26, the relationship between SHRM practices and motivation was higher before cultural values (measured by power distance) were introduced than after. This is true for all the three SHRM practices, namely, training and

development (62.5% before and 58.3% after), staff appraisal (83.3% before and 58.3% after) and compensation systems (79.16% before and 58.3% after).

The descriptive statistics in Table 4.26 and the results of statistical tests in Table 4.16 are consistent. That is, in Table 4.16, R² declined from 0.4 to 0.3 when cultural orientations were introduced in the relationship between SHRM practices and motivation. This is consistent with the descriptive results in Table 4.26 where there was a decline from 62.5% to 58.3% in respect of training and development; from 83.3% to 58.3% in respect of staff appraisal; and from 79.16% to 58.3% in respect of compensation systems.

Table 4.26: The Moderating Influence of Cultural Orientations on the Relationship between SHRM Practices and Motivation

SHRM Practices	Cultural Values	
	Before	After
Training and development	62.5%	58.3%
Staff appraisal	83.3%	58.3%
Compensation Systems	79.16%	58.3%
SHRM Practices	Cultural Beliefs	
	Before	After
Training and development	62.5%	87.5%
	62.5%	37.5%
	62.5%	66.7%
Staff appraisal	83.3%	87.5%
	83.3%	37.5%
	83.3%	66.7%
Compensation Systems	79.16%	87.5%
	79.16%	37.5%
	79.16%	66.7%

Source: This table is extracted from table 4.25

4.7.2 Cultural Beliefs

To interpret the results in Table 4.25 and Table 4.26 relationship between SHRM practices and motivation was considered to be consistent if the majority of the respondents: (a) preferred working for an organization that was directly concerned with their private life such as family matters; (b) felt that company rules should not be broken even when it was in the company's best interests; and (c) agreed that competition among employees usually does more harm than good.

It is noted from Table 4.26 that the relationship between SHRM practices and motivation before introduction of cultural beliefs (measured by collectivism, uncertainty avoidance, and masculinity) was consistent with the relationship between SHRM practices and motivation after introduction of cultural beliefs. This is true for all SHRM practices.

Training and development: First, training and development was rated at 62.5% before cultural beliefs (measured by collectivism) were introduced and at 87.5% after cultural beliefs were introduced; second, training and development was rated at 62.5% before cultural beliefs (measured by uncertainty avoidance) were introduced and at 37.5% after cultural beliefs were introduced; third, training and development was rated at 62.5% before cultural beliefs (measured by masculinity) were introduced and at 66.7% after cultural beliefs were introduced.

Staff appraisal: First, staff appraisal was rated at 83.3% before cultural beliefs (measured by collectivism) were introduced and at 87.5% after cultural beliefs were introduced; second, staff appraisal was rated at 83.3%% before cultural beliefs (measured by uncertainty avoidance) were introduced and at 37.5% after cultural beliefs were introduced; third, staff appraisal was rated at 83.3% before cultural beliefs (measured by masculinity) were introduced and at 66.7% after cultural beliefs were introduced.

Compensation systems: First, compensation systems was rated at 79.16% before cultural beliefs (measured by collectivism) were introduced and at 87.5% after

cultural beliefs were introduced; second, compensation systems was rated at 79.16% before cultural beliefs (measured by uncertainty avoidance) were introduced and at 37.5% after cultural beliefs were introduced; third, compensation systems was rated at 79.16% before cultural beliefs (measured by masculinity) were introduced and at 66.7% after cultural beliefs were introduced.

From the foregoing analysis, cultural orientations did not appear to affect the relationship between SHRM practices and employee motivation.

The descriptive statistics in Table 4.26 and the results of statistical tests in Table 4.16 are consistent. That is, in Table 4.16, R^2 remained the same (0.4) before and after cultural orientations was introduced in the relationship between SHRM practices and motivation. This is consistent with the descriptive results in Table 4.26 where the relationship between SHRM practices and motivation showed consistency as explained above.

In general, the findings from interview data summarized in Table 4.25 and Table 4.26 corroborate those obtained from questionnaire data in Table 4.16 where (R^2) decreased by 10% to 30% but remained the same at 40%, respectively, when cultural values and cultural beliefs were introduced into the regression equation. These results are discussed in chapter five.

4.7.3 Mediating Effect of Motivation on the Relationship between SHRM Practices and Firm Performance

The research issue that was addressed here was whether or not the effect of SHRM practices on firm performance is direct or indirect through motivation and, consequently if motivation influences firm performance. To answer this question, data was collected using questionnaires and interview guide. The analysis of the data from the questionnaire is presented in the earlier part of this chapter. The interview data is analyzed and presented in Table 4.27.

Table 4.27 Relationship between motivation and Organizational Performance

Variables	n = 24 Frequency (%)
Organizational Performance	
1. Quality of goods	
a) The organization is trying hard to produce goods which are competitive	0 (0.00)
b) Goods are of superior quality compared to competitors	24 (100)
c) Others	0 (0.00)
Total	n = 24 (100)
2. Company Image	
a) The image stands out among competitors	23 (95.83)
b) Company image does not stand out but is not so poor compared to other organizations	0 (0.00)
c) Others	1 (4.17)
Total	n = 24 (100)
3. Interpersonal Relations	
a) Work environment is not conducive to good interaction among employees	0 (0.00)
b) People relate well in the organization	24 (100)
c) Others	0 (0.00)
Total	n = 24 (100)

Presented in Table 4.27 are reports from the six companies on organizational performance measured by quality of goods, company image and interpersonal relations. Employees were asked to choose one organizational characteristic that encouraged or motivated them to contribute to the success of their organization. These characteristics consisted of quality of goods, company image, and interpersonal relations.

Starting with quality of goods, if the employees chose (b) “Goods are of superior quality compared to competitors”; this would be interpreted to mean that what increased their motivation was the perception that their firm produced goods of superior quality.

As far as company image is concerned, if the choice in section 2 was (a) “The image stands out among competitors”, the interpretation was that the employees were encouraged or motivated to help in achievement of firm goals because they perceived their company image stood out among its rivals.

Finally, in section 3, if their choice was (b) “People relate well in the organization”, the interpretation was that the employees perceived people interacted well in their organization and that is what increased their motivation to help with performance achievement.

All those interviewed 24 (100%) indicated that they are motivated to contribute to organizational achievement because they perceived that their organization produces products of superior quality when compared to those of competitors. This implies that the employees perceive their companies’ products to be ahead of those of the competitors. Similar responses are given for interpersonal relations 24 (100%). In this case, the employees’ perception was that people interacted with each other very well in these MNCs and this was the cause for their motivation. As far as company image is concerned, 23 (95.83%) are motivated to contribute to performance because they believed that the image of their organization stood out among its competitors. Only a negligible minority 1 (4.20%) gave other reasons relating employees’ motivation with organizational performance. In short, the results in Table 4.27 indicate that there is a perceived link between high motivation and high performance.

The data from the interview that are relevant to hypotheses 4(i) and 4(ii) are presented in Table 4.24 and Table 4.27. Although these data are descriptive, they are used to corroborate the results of inferential statistical tests presented in Table 4.14 which were based on data from the questionnaire.

From Table 4.24, it appears that SHRM practices influenced firm performance. Specifically, 24 (100%) of the respondents perceived that training and development had a strong relationship with firm performance. The same is true for staff appraisals 21 (87.5%), compensation systems 24 (100%), and flexible work arrangements 15 (63.5%). Hence, the descriptive statistics in Tables 4.24, and 4.27 and the results of the tests of hypotheses in Table 4.14 are consistent. That is, in Table 4.14 SHRM practices alone explain 20% of performance ($R^2 = 0.2$). In addition, motivation alone accounts for 10% ($R^2 = 0.1$) of variation in performance.

Consequently, motivation and SHRM practices account for 0.30 or 30% of variation in firm performance. This implies that motivation mediates the relationship between SHRM practices and firm performance because it contributes to variation in firm performance by 10%. These results are discussed in chapter five.

4.8 Summary

A summary of the results of the data analyses conducted in this study covering the population of study (MNCs) as contained in chapter four, includes descriptive statistics namely, means and standard deviations, and tests of hypotheses. Report on the analyses of the results of the study is summarized as follows: There was a moderate positive relationship between SHRM practices and firm performance; relationship between SHRM practices and motivation did not depend on employees' cultural orientations in the case where cultural beliefs were considered, but depended on employees' cultural orientations when cultural values were considered; motivation mediated the relationship between SHRM practices and performance; motivation affected firm performance and finally, relationship between SHRM practices and motivation depended on age of a firm. Data on the age of the firm are not presented in the interview data because it was largely similar to corresponding data from the questionnaire.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, we focus on the interpretation and implications of findings of the study based on the research objectives. First, is the issue of relationship between SHRM practices and firm performance followed by the effect of cultural orientations on the relationship between SHRM practices and motivation. Then the focus is on the effect of firm age on the relationship between SHRM practices and motivation. Finally, we look into the mediating effect of motivation on relationship between SHRM practices and firm performance, and the effect of motivation on organizational performance.

5.1.1 Relationship between SHRM practices and firm performance

Results of this study have shown that SHRM practices that best predicted firm performance were training and development and compensation systems. Findings obtained using questionnaire data show that these variables together explained up to 20% of firm performance ($R^2 = 0.2$) with training and development taking the lead. A unit increase in training and development, holding compensation systems constant, resulted in a 30% change (increase) in organizational performance; whereas 20% increase in performance was achieved with every additional unit in compensation systems, holding training and development constant. Interview data corroborate these findings. Particularly, all respondents (100%) gave answers linking training and development arrangements, and compensation systems with the firm performance. At a general level, the results were largely consistent with results obtained in studies of SHRM-firm performance conducted in other geographical settings (Becker & Gerhart, 1996; Guest, 1997; Becker & Huselid, 1998). Thus, a contribution of the present study corroborates these results in the context of foreign subsidiaries of Western multinational companies located in a developing country.

The relationship between the use of SHRM practices and firm performance did not hold across the five bundles of what were considered as ‘high performance work practices’ (HPWP) in the context of western developed nations’ models of SHRM, which were usually present in almost all works. Among the SHRM practices aimed at attracting and developing employees were recruitment and selection, and training and development; and those aimed at retaining and motivating employees were performance appraisals, compensation systems, and flexible work arrangements (Katou & Budhwar, 2006).

Surprisingly, the findings of this study indicate that not all these practices, specifically recruitment and selection, affected firm performance. Consequently, this study supports the suggestions of previous research (Brewster et al., 1996) that the applicability of models of SHRM practices to different situations needed to be examined. It was unlikely that one set of SHRM practices would work equally well no matter what context (Gerhart, 2005). Hofstede (1993) and Brewster et al. (1996) reckoned that the dynamic international business environment demanded appropriate information and guidance to develop relevant management and SHRM policies and practices.

From the foregoing discussions, the following conclusions may be drawn regarding the objective of the study. First, SHRM practices were not standardized and as such researchers tended to select a set of SHRM practices depending on the theoretical perspective used (Guest, 2001). Second, there was no empirical evidence that a particular bundle was superior to another and that the number and type of SHRM practices differed according to the aims and objectives of each individual work.

5.1.2 Effect of cultural orientations on the relationship between SHRM practices and motivation

This study shows that the relationship between SHRM practices and employees' motivation is weakened by power distance (R^2 decreased by 10%) when cultural values are introduced into the regression equation. This is consistent with the descriptive results in Table 4.26 where there was a decline from 62.5% to 58.3% in respect of training and development; from 83.3% to 58.3% in respect of staff appraisal; and from 79.16% to 58.3% in respect of compensation systems. The differences are attributed to the moderating influence of employees' cultural orientations.

After the cultural orientations had been included in the equation, the majority (14 or 58.3%) of the number of responses to the question on power distance indicated that they were afraid to disagree with their superiors but gave circumstances under which they would not be afraid. The implication is that the SHRM practices no longer reinforce the values of the employees. Hence, the findings of this study corroborate those of previous research. For instance Aycan et al. (2007), Kamoche (1992), and Blunt and Jones (1986) argue that MNCs' managers may face challenges in implementing the SHRM practices from developed countries to developing countries. Similarly, the managers in today's multicultural global business community frequently encounter cultural differences which can interfere with management practices in organizations (Sonja & Phillips, 2004). In this regard, Kirkman et al. (2006), and Aycan et al. (2007) are of the view that the successful implementation of SHRM practices to achieve firm performance is dependent on the extent to which the practices are perceived to be appropriate by managers and employees alike because the SHRM practices that are inconsistent with their deeply held values are unlikely to motivate them and even make them willing to perform and yield stronger performance (Wright & Mischel, 1989).

It is noted that when cultural beliefs (measured by collectivism, uncertainty avoidance, and masculinity) were introduced into the regression equation, (R^2)

remained the same at 40%. This indicates that the relationship between strategic HRM practices and employees' motivation is not weakened by cultural beliefs. Results from interview data indicate that the relationship between SHRM practices and motivation was consistent before and after cultural beliefs were introduced. This is true for all SHRM practices. Consistency in cultural beliefs is explained using the majority responses.

The results obtained from interview data confirm those from questionnaire data. First measuring collectivism by cultural beliefs, 21 (87.5%) of the respondents preferred working for an organization that was directly concerned with their private life such as family matters. Second, when measured by uncertainty avoidance, 9 (37.5%) thought the rules should not be broken; and a similar number thought the rules should be broken. Similarly, when cultural beliefs were measured by masculinity, 17 (66.7%) reported that competition among employees usually did more harm than good. The implication is that there is consistency in relationship between SHRM practices and motivation before and after cultural beliefs were introduced into the relationship between SHRM practices and motivation. Consequently, such SHRM practices are likely to reinforce the beliefs of the managers and the employees (Wright & Mischel, 1989).

The following conclusions are drawn from the objective of the study. First, results on cultural orientations only supported in part the assertion that when SHRM practices were inconsistent with the deeply held cultural orientations, employees were not likely to feel motivated (Wright & Mischel, 1989). In this regard, this study partially supported the notion that the relationship between SHRM practices and motivation was moderated by cultural orientations when cultural values (measured by power distance) were considered; but did not support the view when cultural beliefs (measured by collectivism/individualism, uncertainty avoidance, and masculinity/femininity) were introduced into the regression.

At any rate, this study corroborates the findings of other studies. For instance, Blunt (1980) argues that Kenya, being a high power distance country, hierarchical and paternalistic authority structures pervade most social institutions; managers or employers demand unquestioning allegiance from employees and complete subservience to their will and judgment. Leonard (1991) also asserts that employees respect and value the role of those in authority in Kenya. However, it appears from this study that the employees may have learned to accept change – they differed with those in authority, especially when they thought they were right (low power distance characteristic). Perhaps this came about because the level of education of the employees was quite high in MNCs in Kenya. The majority had bachelor's degree and a good number had master's degree. The level of education could have helped to bring about change in values.

Maybe one reason why cultural beliefs did not change the effect of SHRM practices on motivation was because the majority of the employees (39.8%) were 35 – 44 years age bracket, 28.0% were aged 26 – 34 years whereas 27.3% were aged 45 – 54 years. Greater diversity in age creates challenges but also gives some important advantages (Dessler, 2005). It presents new opportunities such as contributing to creating organization culture, more tolerance of different behavioral styles and varied views.

5.1.3 Effect of firm age on the relationship between SHRM practices and motivation

When age was added to the equation, the amount of motivation explained by SHRM practices ($R^2 = 0.3$ or 30%) decreased in strength ($R^2 = 0.4 - 0.3$). That is, age reduced the amount of variation in motivation. Therefore, age mediated the relationship between SHRM practices and motivation.

Previous research shows that the number of years that MNC has operated in a country might influence relationship between SHRM practices and motivation (Fey & Björkman, 2000). Dessler (2005) also argues that a positive

relationship may exist between firm experience and SHRM outcomes and performance in companies with more host country experience because the companies are likely to have gone through a long learning process concerning how to operate in that country's context. The argument is that to learn the environmental factors of a country may take a long time, particularly where business environment is dynamic.

From the foregoing discussions, the following conclusions are drawn from the objective of the study. Despite the fact that most of the organizations in this study had been in existence for over 21 years, age reduced the strength of R^2 . It was, therefore, possible that the more experience these companies acquired, the more complacent they became probably because of lack of stiff competition from local companies.

5.1.4 Mediating effect of motivation on relationship between SHRM practices and firm performance

This study established first, that SHRM practices alone, particularly training and development ($\beta = 0.3$, $t = 4$, $p < 0.01$), and compensation ($\beta = 0.3$, $t = 2.3$, $p < 0.01$) explained up to 20% of variance in firm performance ($R^2 = 0.2$). Second, the findings showed that motivation accounted for 10% of variance in firm performance ($R^2 = 0.1$) and ($\beta = 0.3$, $t = 3.3$, $p < 0.01$). Consequently, motivation and SHRM practices accounted for 0.30 or 30% of firm performance ($0.2 + 0.1$). This implies that motivation was a necessary intermediate outcome for the relationship between SHRM practices and firm performance as it had contributed 10% of the variation in performance. The results from data obtained using the questionnaires are consistent with those obtained using interview data. SHRM practices, namely training and development (100%), staff appraisals (87.5%), compensation systems (100%), and flexible work arrangements (63.5%), influence firm performance.

All those interviewed 24 (100%) indicated that they are motivated to contribute to organizational achievement because they perceived that their

organization produces products of superior quality when compared to those of competitors. The implication of this is that employees perceive their companies' products to be ahead of those of the competitors. Similar responses are given for interpersonal relations 24 (100%); in which case, the employees' perception was that people interacted with each other very well in these MNCs. As far as company image is concerned, 23 (95.83%) are motivated to contribute to performance because they believed that the image of their organization stood out among its competitors. In short, these results indicate that there is a perceived link between high motivation and high performance.

The implication from the foregoing results is that motivation enhanced the effect of SHRM practices, specifically training and development, compensation, and staff appraisals on organizational performance. This means that motivation had a mediating effect on the relationship between SHRM practices and performance of MNCs in Kenya. Thus this study concurs with the findings of previous studies (Katou & Budhwar, 2007; and Ferris et al., 1998) that the relationship between SHRM practices and firm performance was indirect through motivation. Rather, they influenced firm resources, such as the human capital, or employees' behaviors, and it was these resources and behaviors that ultimately led to performance.

From the foregoing discussions the following conclusions, are drawn from the objective of the study that the relationship between SHRM practices and performance was mediated by employees' motivation. The study corroborates the findings of previous researchers, even though the study was carried out in Kenya and not in a developed world where studies based on domestic motivation theories were conducted. The implication is that motivation mediates the relationship between SHRM practices and performance irrespective of where the research is carried.

5.1.5 Effect of motivation on organizational performance

The mediating role of motivation had already been dealt with in paragraph 5.1.4 above, where it was indicated that SHRM practices did not lead directly to business performance. They influenced employees' motivation, or employees' behaviors, and it was these resources and behaviors that ultimately led to performance.

First, the values of beta coefficient and coefficient of determination (R^2) for motivation were ($\beta = 0.3$, $p < 0.01$), and (0.1) respectively. Beta coefficient was significant at $t = 3.3$. The implication is that for every unit increase in motivation, there is a corresponding 30% increase in firm performance. Also, as shown by the value of R^2 , 10% of variation in firm performance was attributable to motivation. Second, employees were asked to choose organizational characteristics that encouraged or motivated them to contribute to the success of their organization. These characteristics consisted of quality of good, company image, and interpersonal relations. Their choices were as follows:

Quality of goods. "Goods are of superior quality compared to competitors". This was interpreted to mean that what increased their motivation was the perception that their firm produced goods of superior quality.

Company image. "The company image stands out among competitors". The implication was that the employees were encouraged or motivated to help in achievement of firm performance because they perceived that their company image stood out among its competitors.

Interpersonal relations. "People relate well in the organization". This was interpreted to mean that the employees perceived people interacted well in their organization and that is what increased their motivation to help achieve organizational performance.

This study confirms that motivation leads to firm performance. Research (Ryan & Deci, 2000) showed that motivation produces. It is a process used by managers to mobilize others to act. In this regard, motivation makes employees behave from a sense of personal commitment to excel. This was similar to social attachment to the organization, interpersonal relations and role attachment. Social attachment refers to the desire to remain within one's organization or to be committed to the achievement of the organization's objectives, particularly where quality of products is concerned (Ryan & Deci, 2000). Such behaviors could enhance firm image and help to improve quality of goods.

From the foregoing discussions, the following conclusions are drawn from the objective of the study that employee motivation influenced firm performance. Such organizations had better performance records than their competitors. They were capable of making good use of SHRM practices, in particular training and development (Youndt et al., 1996; Katou & Budhwar, 2007). The companies were also capable of gaining sustainable competitive advantage by means of effective and efficient utilization of the resources of the organization through the employees.

5.2 Conclusions

Based on the major findings of this study the following conclusions were made:

- i. SHRM practices were not standardized and as such researchers tended to select a set of SHRM practices depending on the theoretical perspective used (Guest, 2001).
- ii. The applicability of Western nations' models of SHRM practices in MNCs operating in developing countries was questionable because the relationship between the use of SHRM practices and firm performance did not hold across the five bundles of what were considered as 'high performance work practices' (HPWP) in the context of western developed nations' models of SHRM – recruitment and selection,

training and development, performance appraisals, compensation systems, and flexible work arrangements (Budhwar and Katou, 2006, 2007).

- iii. This study supported the notion that the relationship between SHRM practices and motivation was moderated by cultural orientations when cultural values (measured by power distance) were considered; but did not support the view when cultural beliefs (measured by collectivism/individualism, uncertainty avoidance, and masculinity/femininity) were introduced into the regression. Hence, results of this study partially corroborated those of the previous studies that the relationship between SHRM practices and motivation depended on cultural orientations ((Aycan et al, 2007; Horwitz et al, 2006; Chian & Birtch, 2007; Kamoche, 1992; and Blunt & Jones, 1986).
- iv. The companies were capable of gaining sustainable competitive advantage by means of effective and efficient utilization of the resources of the organization through the employees.

5.3 Recommendations

Based on those conclusions, the following recommendations were made:

- i. Firms should focus on more than the five bundles (recruitment and selection, training and development, compensation systems, staff appraisals and flexible work arrangements) to give a wider scope of practices. A wider scope was necessary, because it could, for instance, help MNCs to avoid practices that conflict with traditional ways of doing things in the host country.
- ii. These companies appreciate more the dynamism of international business organization and sustain competitive advantage through their HR resources in order to achieve organizational specific goals.
- iii. Managers should look for appropriate information and guidance to develop relevant SHRM practices because most of the models of SHRM have an Anglo-Saxon base which works better for the

- developed countries. Uncritical adaptation of SHRM practices and techniques evolved in the context of Western cultural values and beliefs may not be effective in other socio-cultural environments.
- iv. It is important that managers should not maintain parochial views while doing business across cultures. Cultural knowledge and a global focus are crucial to survive and to thrive, within today's business environment.
 - v. Strategic HRM practices change over time depending on whether the organization is at a stage of formation, growth, maturity, or decline. It is worthy that human resource managers review them to detect their relevance.

5.4 Thesis Summary

In this thesis, we present a study on the relationship between SHRM practices, cultural orientations, firm age, employee motivation and firm performance in large foreign multinational manufacturing companies operating in Kenya. Essential to the study was understanding of the linkages between SHRM practices, cultural orientations, age of firm, and firm performance in manufacturing. The study was guided by five research questions and was conducted among employees of 27 large foreign manufacturing MNCs operating in Kenya. A conceptual framework was developed to guide the design of the study.

The major findings of the study are: (1) there was a relationship between SHRM practices and firm performance; (2) employee cultural orientations did not mediate the relationship between SHRM practices and employees' motivation in the case where cultural beliefs were considered, but mediated the relationship when cultural values were considered; (3) the age of a firm mediates the relationship between SHRM practices and employees' motivation; 4(i) motivation mediated relationship between SHRM practices and firm performance; and 4(ii) motivation affected firm performance.

5.5 Limitations of the study

This study aimed at demonstrating the influence of employee cultural orientations on the relationship between SHRM practices and performance of large foreign MNCs operating in Kenya. The limitations of this study constrain the interpretation of the findings and point to several issues for future research. First, this study only examined cross-sectional differences among large multinational manufacturing firms. Gaining a clearer understanding of the relationships between SHRM practices, cultural influences and motivation would require longitudinal analysis. Though we have suggested that SHRM practices should focus on more than the five bundles used in this research, sound theoretical development that explains how such SHRM practices operate should be established (Becker & Gerhart, 1996; and Becker & Huselid, 1998). Future research might look at SHRM practices, motivation and performance over time to examine the sequential and reciprocal relationship among these aspects of organizations.

Second, this study explicitly examined the influence of cultural values and beliefs on the relationship between SHRM practices and motivation, and hence on firm performance. Drawing conclusions from the use of only one variable (culture) may not give the right picture. It is suggested that future researchers accommodate other major differentiating factors, such as economic (van de Vliert, 2006; Begin, 1992; and Sundaram & Black, 1992). The difficulty here was finding an appropriate portrayal of the manner in which a nation's wealth is interwoven with the multitude of other factors that contribute both to cultural stability and cultural change. Models (Smith, 2006) that assert that national wealth and cultural values have simple main effect relationships upon one another are likely to have a limited lifespan. To avoid this problem, van de Vliert (2006) suggests that more sophisticated models of the ways in which national wealth interacts with the cultural values will be required. For instance, the creation of national cultures must entail reference to historical factors, and must acknowledge wealth as being both a cause and an effect of other elements in a nation's adaptation to its context.

Finally, the study focused on non-financial performance as opposed to financial performance or some other index of firm effectiveness. This focus was a conscious decision; however, the researcher recommends that future studies refine the performance consequences of SHRM practices and motivation to reflect on more than non-financial measurements, although this may involve a longitudinal approach. For example, Huselid's (1995) study of high performance work practices focused on turnover and productivity as well as corporate financial performance.

5.6 Recommendations for further research:

- a) That empirical study is carried to establish if a particular bundle is superior to another and also what determines the number and type of SHRM practices in each bundle.
- b) Future study may explore alternative bundles of SHRM practices which will provide a richer research base for researchers to compare the outcome with the results of this study.
- c) Empirical studies are carried to examine the applicability of models of SHRM practices formulated in the Western nations in developing countries. Hofstede (1993) and Brewster et al. (1996) reckon that the dynamic international business environment demands appropriate information and guidance to develop relevant management and SHRM policies and practices.
- d) To obtain more interesting and revealing results of cultural orientations, longitudinal research design be used by future researchers.
- e) It is suggested that future researchers accommodate other major differentiating factors, such as economic (van de Vliert, 2006; Begin, 1992; and Sundaram & Black, 1992). This study explicitly examined the influence of cultural beliefs and values on the relationship between SHRM practices and motivation, and hence on firm performance. Current models (wealth/culture) are likely to have a limited lifespan (Smith, 2006) because they indicate that national wealth and cultural values have simple main effect relationships upon one another. The creation of national cultures

must entail reference to historical factors, and must acknowledge wealth as being both a cause and an effect of other elements in a nation's adaptation to its context.

- f) Similarly, it is recommended that since strategic HRM practices change over time depending on whether the organization is at a stage of formation, growth, maturity, or decline, a longitudinal research design be used by future researchers to reveal the trend of change of SHRM practices in MNCs.
- g) Finally, on a related issue, effect of power distance on relationships between independent variables and dependent variables in non-manufacturing institutions, particularly governments, is investigated. Results of this study imply that power distance mitigates against cooperation and people are more performing when there is cohesion and cooperation between management and employees of MNCs.

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APPENDIX A



Strathmore University
Ole Sangale Road
P O Box 59857 00200 City Square
Nairobi

2nd March, 2007

The Permanent Secretary
Head of Civil Service and Secretary to the Cabinet
Office of the President
P O Box 30150
Nairobi

Dear Sir,

I am a doctoral student at Strathmore University and this semester I am conducting research to determine the relationships between strategic human resource management, employee cultural orientations, motivation and organizational performance in multinational companies based in Kenya.

I will highly appreciate if your Office grants me a research permit to enable me to collect the data.

Yours faithfully,

Beatrice A Dimba, BSc, MBA,
Doctoral Student, Faculty of Commerce

APPENDIX B



**Strathmore University
Ole Sangale Road
P O Box 59857 00200
Nairobi**

2nd March, 2007

STRATHMORE UNIVERSITY (LETTER OF INTRODUCTION FROM SU)

DATE:

TO WHOM IT MAY CONCERN - BEATRICE AKONG'O DIMBA

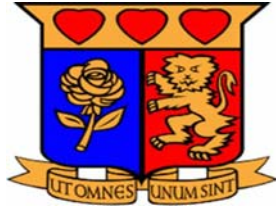
The above named is a Ph D student in the Faculty of Commerce, Strathmore University and is collecting data for her doctoral dissertation titled: **The influence of employee cultural orientations on the relationship between strategic human resource management practices and performance of multinational manufacturing organizations in Kenya.**

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

Yours faithfully,

Dr Freddie Acosta
Coordinator, Graduate School

APPENDIX C



Strathmore University
Ole Sangale Road
P O Box 59857 00200 City Square
Nairobi

(Sample Letter: Corporate Permission)

General Manager
Company Name and Address

Dear Sir/Madam

I am a student at Strathmore University and this semester I am conducting research to determine the relationship between strategic human resource management practices, cultural values and beliefs, and organizational performance among large foreign multinational companies in Kenya. The study will assist me in completing my dissertation and doctoral studies at Strathmore University.

I have chosen your company as among the top 50 companies to be included in the study since you are considered a key player in the manufacturing industry. Multinational companies are in a better position to make the best use of strategic human resource management practices and also for analysis of home country and domestic cultures. The study will attempt to provide beneficial information to all the firms doing business in Kenya.

I would greatly appreciate if you could permit your employees to participate in this important study. This information will be used in aggregate form and full confidentiality of any information provided is guaranteed.

If you need a copy of this study please write to: Coordinator, Graduate School, Strathmore University, P O Box 59857 00200 City Square Nairobi.

Yours faithfully,

Beatrice A Dimba B Sc., MBA,
Doctoral Student, Faculty of Commerce
Strathmore University

Enc. Questionnaire

APPENDIX D

(Sample Letter: Transmittal)

Date:

Dear Participant

Your participation in this study will assist me in completing my doctoral studies at Strathmore University. The study is undertaken to determine the relationships between strategic human resource management practices, cultural values, motivation and organizational performance in MNCs in Kenya.

I assure you that the questionnaires are not coded in any way and that the responses will be kept completely confidential. It is very important that you answer the questions in this survey honestly and completely. Your responses will not be disclosed to anyone. Any report from this study will show only statistical summaries, not individual responses.

I thank you very much for taking your time to complete the enclosed questionnaire. For your participation, a summary of the findings and recognition of your organization's contribution in the final report of the study will be sent to you. Please provide your personal contact in case of further questions. A post-paid reply envelope addressed to: Coordinator, Graduate School, Strathmore University, P O Box 59857 00200 City Square Nairobi, is enclosed.

Yours faithfully,

Beatrice A Dimba, B Sc, MBA,
Doctoral Student, Faculty of Commerce
Strathmore University

Enc: Questionnaire

APPENDIX E

Survey

**THE INFLUENCE OF EMPLOYEE CULTURAL ORIENTATIONS ON THE
RELATIONSHIP BETWEEN STRATEGIC HUMAN RESOURCE
MANAGEMENT PRACTICES AND THE PERFORMANCE OF LARGE
FOREIGN MULTINATIONAL MANUFACTURING ORGANIZATIONS IN
KENYA**

**By Beatrice A Dimba, B Sc, MBA,
Doctoral Candidate
Faculty of Commerce
STRATHMORE UNIVERSITY, KENYA**

Research Questionnaire

The Influence of employee cultural orientations on the relationship between strategic human resource management practices and performance

Part A: Personal Details

A1. What is your job title? _____

A2. How long have you been employed by your current employer?

Less than a year

A year, but less than five years

Five years, but less than ten years

Ten years or longer

A3. Please tick the appropriate box

Male

Female

A4. Please indicate the highest level of your education by ticking one of the following:

Secondary school level

Tertiary education (diploma level)

Bachelors Degree

Masters Degree

PhD Degree

Other (specify) _____

A5. What age bracket do you fall? (Tick one)

Less than 25

26 – 34

35 – 44

45 - 54

More than 55

Part B: Organizational Data

B1. Please indicate the name of your organization in the space provided _____

B2. May you provide the information for each of the following questions?

(To be provided by the Human Resources Manager from official documents)

What is the age of the organization you work for (Number of years the organization has been in operation in Kenya)?

Less than five years

Six to ten years

Eleven to fifteen years

Sixteen to twenty years

More than twenty-one years

B3. What is the size of the organization (Total number of permanent employees)?

Below 99

100 – 250

251 – 450

451 - 650

More than 651

B4. What is the ownership status of your organization?

(Do not provide an answer unless you are human resources manager)

Wholly foreign owned

Joint venture

Other (specify) _____

B5. What is the target market of the organization in percentage?

Mainly foreign

Mainly local

Both foreign and local

Part C: Strategic Human Resource Practices

The following statements refer to key strategic areas of HRM practices such as recruitment and hiring, training and development, performance appraisal practices, compensation systems, and flexible work arrangements. Please indicate the extent to which you agree or disagree with each of these statements (Tick one for each line across).

Strategic Human Resource Practices	To a great extent 5	To some extent 4	Not sure 3	To a small extent 2	Not at all 1
C1. Recruitment and Hiring					
Heavy recruitment occurs at entry level (recruitment from outside the organization)					
Vacant higher technical and problem solving positions are exclusively filled from outside the organization					
The job of the workforce is subjected to					

formal job analysis (In this context, job analysis is the study of the duties and responsibilities that comprise job content)					
Selection for manual and physical skills is not based on job description and job specification					
Vacant managerial and higher technical positions are exclusively filled from within					
Job performance is highly emphasized as a condition for internal selection					
C2. Training and Development					
The organization makes use of formal training					
There is socialization for new employees (Staff orientation)					
Both job specific and general training are available in the organization					
Management development in decision making is linked to both individual and organizational needs					
Management development is aimed at managerial succession					
Training efforts are limited and informal					

Management development efforts target only specific training needs					
C3. Performance Appraisal					
The aim of appraisals is to help determine reward outcomes (bonuses, pay increases and promotions)					
Staff development does not depend on employee appraisals					
Appraisal results are used to identify the poorer performers, who may require some form of counseling					
Appraisal results are used to identify the poorer performers who may require demotion, dismissal or decreases in pay					
Appraisees are inclined to believe that appraisal results should be linked directly to reward outcomes – and are suspicious and disappointed when told this is not the case					
C4. Compensation systems					
To the individual, constant fixed salaries are better than high, but irregular hourly rates.					

Bonuses should be distributed to all employees who have helped the organization achieve its goals					
Compensation is based on individuals' knowledge and skills; that is, employees should be paid for what they can do or talents, which they have (that can be successfully used to a variety of tasks and situations)					
The same salary or wage should be paid to every employee in a given job so long as an employee attains a satisfactory performance					
Fairness of the pay structure within an organization is based on individual input					
Employees prefer to be paid a salary that matches what similar organizations pay their employees in the same positions					
C5. Flexible work arrangements					
Your job allows you to choose starting and quitting times within limits set by management					
Your job requires a standard number of					

hours (usually 35-40) during a five-day week, within a given time period					
Your job usually features core hours when all employees must be present					
Paid or unpaid leaves are usually extended for family, healthcare, education, or leisure time					
Your job allows you to work at home all or part of the time, often linked to the office electronically with computers, word processors, fax machines and telephone					

Part D: About motivation at your work

Indicate the importance of the following statements regarding your job and the organization you work for (Tick one for each line across).

Statement	Very important 5	Important 4	Neither important nor unimportant 3	Unimportant 2	Very unimportant 1
Filling vacant positions with promotion from within					

assures job security					
Vacant positions are filled with the most qualified staff even if it means hiring from outside					
Training provided is job specific and this encourages quality achievement					
Job specific training provided does not encourage goal achievement					
New employees are socialized and this brings					

about a sense of belonging in the organization					
New employees have to find their own way within the organization					
Staff appraisals determine employee development in the organization					
Compensation based on knowledge and skills is more realistic for the achievement of higher organizational					

goals					
Same pay should be given to everybody in same job grade so long as they can achieve satisfactory job performance					
Decisions affecting your work, for instance, starting and leaving times within limits set by management are discussed with you					
Management decides on the number of					

hours worked without involving you.					
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Part E: Culture

E1. Cultural Values

The problems in E1 touch on cultural values. Please respond as sincerely as you possibly can to the questions. How frequently, in your experience, do the problems stated occur?

E2 – E4 Cultural beliefs

We are interested whether the personal opinions of employees differ from country to country. Listed under E2 – E4 are a number of statements. These statements are not about a particular company as such but rather about general issues. Please indicate the extent to which you personally agree or disagree with each of these statements (Tick one for each line across). We want your own opinion (even though it may be different from that of others).

Problem	Very frequently 5	Frequently 4	Sometimes 3	Seldom 2	Very seldom 1
E1. Power Distance					
Employees being					

afraid to express disagreement with their managers					
Employees lose respect for a manager who asks for their advice before he makes a final decision					
Employees in an organization should participate more in the decisions made by management					
Decisions made by individuals are usually of higher quality than decisions					

made by groups					
Being unclear on what your duties and responsibilities are					
People above you getting involved in details of your job which should be left to you					
Some groups of employees looking down upon other groups of employees					
Even if an employee may feel he/she deserves a salary increase, the					

employee does not ask the manager for it					
Statement	Strongly agree	Agree	Strongly undecided	Disagree	Strongly disagree
	5	4	3	2	1
E2.Collectivism/ Individualism					
An organization should do as much as it can to help solve society's problems (poverty, discrimination, pollution, etc.)					
Most employees in an organization prefer to avoid responsibility,					

have little ambition, and want security above all					
Most companies have a genuine interest in the welfare of their employees					
The private life of an employee is properly a matter of direct concern to his company.					
An organization should have a major responsibility for the health and welfare of its employees and their immediate					

families					
Staying with one company for a long time is usually the best way to get ahead in business					
For getting ahead in a company, knowing influential people is usually more important than ability					
E3. Uncertainty Avoidance					
Company rules should not be broken – even when the employee thinks it is in the					

company's best interests					
There are few qualities in a man more admirable than dedication and loyalty to his company					
A large company is generally a more desirable place to work than a small company					
Manager who is from a foreign country is not likely to understand local employees' problems					
E4. Masculinity/					

Femininity					
Having interesting work to do is just as important to most people as having high earnings					
Competition among employees usually does more harm than good					
Most employees have an inherent dislike of work and will avoid it if they can					
There is low stress because workers are given a great					

deal of freedom, hence they are motivated to work					
--	--	--	--	--	--

Part F: Organizational Performance

Please indicate the extent to which the following statements are true regarding the performance of your organization.

Statement	To a very great extent 5	To a great extent 4	Not sure 3	To a less extent 2	Not at all 1
This organization's products are of superior quality when compared to those of competitors					
This organization has a good image in the industry					
Individuals derive satisfaction from interpersonal relations in this organization					

THANK YOU

APPENDIX F

INTERVIEW GUIDE

Please fill in the spaces provided for the feedback.

The questions are meant to address objectives of a PhD Thesis: Influence of Employees Cultural Orientations on relationship between Strategic Human Resource Management and Organizational performance

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A. General Information:

- Job Title.....
- Number of Years with the Organization.....
- Level of Education.....
- Age Bracket.....
- Name of Organization.....
- Age of Organization (To be provided by the HR Manager from official documents).....
- Number of Employees.....
- Ownership Status of the Organization.....
- Target Market of the Organization.....

B. Interviews with Heads of Human Resource, Marketing, and Production, and Employees

(i) Strategic Human Resource Management Practices:

1. Does your firm have training and development arrangements?
.....
.....
.....
2. Do you ever get your appraisal results
.....
.....
.....
3. Would you prefer your organization to recognize good performers by putting them on special salary scales?
.....
.....
.....
4. Does your organization discuss with you decisions affecting you at work?

.....
.....
.....

(ii) Cultural Orientations:

1. Are you generally afraid to disagree with your superior?
.....
.....
2. Would you prefer working for an organization that is directly concerned with private life, for instance your family matters?
.....
.....
3. Do you think company rules should not be broken even when it is in the company's best interests?
.....
.....
4. Would you agree with the statement: "Competition among employees usually does more harm than good"?
.....
.....

(iii) Organizational Performance:

Out of the following lists which characteristics of your organization would you say encourage you to help achieve organization's goals? (Choose one from each section)

1. Goods/Products
 - a) The organization is trying hard to produce goods which are competitive
 - b) Goods are of superior quality compared to competitors
 - c) Others
2. Company Image
 - a) The image of the company stands out among competitors
 - b) Image does not stand out but is not so poor compared to other organizations
 - c) Others
3. Interpersonal Relations
 - a) People relate well in the organization
 - b) Work environment is not conducive to good interaction among employees
 - c) Others

Thank You

APPENDIX G

LIST OF LARGE FOREIGN MANUFACTURING MULTINATIONAL FIRMS IN KENYA (GL 1 – GL 50)

FIRM	LOCATION
Associated Vehicle Assemblers Ltd	Miritini Road, Mombasa
Bamburi Special Products Ltd	Mombasa Road, Nairobi
Bata Shoe Co (K) Ltd	Limuru Town, Limuru
Baumann Engineering Limited	Kampala, Road, Industrial Area, Nairobi
Bayer East Africa Ltd	Thika/Outer Ring Road, Nairobi
Beirsdorft East Africa Ltd	Sasio Road, Nairobi
BOC Kenya Ltd	Kitui Road, Industrial Area, Nairobi
British American Tobacco Kenya Ltd	Likoni Road, Industrial Area, Nairobi
Brollo Kenya Ltd	Miritini, Mombasa
Cadbury Kenya Ltd	Olkalau Road, Industrial Area, Nairobi
CMC Engineering Ltd	Chepkerio Road, Industrial Area, Nairobi
Coates Brothers (E.A) Ltd	Addis Ababa Road, Industrial Area, Nairobi
Coca-Cola East Africa Ltd.	Old Mutual Building Ragati/Mara Road, Nairobi
Colgate Palmolive (E.A) Ltd.	Mogadishu Road, Industrial Area, Nairobi
Crown Berger Kenya Ltd	Likoni Road, Industrial Area, Nairobi
Del Monte Kenya Ltd	Oloi Tip Tip Road, Thika
East Africa Breweries Ltd	Tusker House, Off Thika Road, Nairobi
East Africa Packaging Industries Ltd	Kitui Road, Industrial Area, Nairobi
General Motors Kenya Limited	Mombasa Road/Enterprise Road, Nairobi

Glaxo Smithkline Kenya Ltd	Likoni Road, Industrial Area, Nairobi
Henkel Kenya Ltd	Outer Ring Road, Ruaraka, Nairobi
Holman Brothers (E.A.) Ltd	Bunyala Road, Industrial Area, Nairobi
Hwan Sung Industries (K) Ltd	Mombasa Road, Nairobi
Ideal Manufacturers Co Ltd	Addis Ababa Road, Industrial Area, Nairobi
International Energy Technik Ltd	Unit 90, Alpha Centre, Mombasa Road, Nairobi
J.F. Mccloy Ltd	Enterprise Road, Industrial Area, Nairobi
Johnsondiversey East Africa Limited	Hygiene Centre, Cooper Complex, Kaptagat Road, Nairobi
Kenya Shell Ltd	Shell/BP House, Harambee Avenue, Nairobi
Kenya Vehicle Manufacturers Limited	Garissa Road, Thika
Leyland (K) Ltd	Thika
Mabati Rolling Mills Ltd	Old Mombasa Road, Nairobi
Manson Hart Kenya Ltd	Baba Dogo Road, Ruaraka, Nairobi
Medivet Products Ltd	Kiambu Road, Ruiru
Nampak Kenya Ltd	Industrial Area, Thika
Nestle Foods Kenya Ltd	Pate Road, Industrial Area, Nairobi
Orbit Sports	Industrial Area, Nairobi
Procter & Gamble East Africa Ltd	Embakasi, Nairobi
PZ Cussons & Company Limited	Ruaraka, Nairobi
Reckitt Benckiser (E.A) Ltd	Likoni Road, Industrial Area, Nairobi
Sadolin Paints (E.A.) Ltd	Jirore Road, Industrial Area, Nairobi
Sanyo Armco (Kenya) Ltd	Parklands Road, Nairobi

Sara Lee Household and Body Care Kenya Ltd	Outer Ring/Thika Road, Ruaraka, Nairobi
Shiv Enterprises (E) Ltd	Kipkaren Road, Eldoret
Siemens Ltd	Ngong Road, Nairobi
Sollatek Electronic (K) Ltd	MainMombasa-Malindi Road, Mombasa
Tetra Pak Ltd	Tetra Pak Building, Enterprise/Likoni Road, Nairobi
Toyota East Africa Ltd	Toyota Building, opposite Nyayo Stadium, Nairobi
Unilever Kenya Ltd	Commercial Street, Industrial Area, Nairobi
Warren Enterprises Ltd	Kasarani Road, Ruaraka, Nairobi
Wrigley Company (E.A) Ltd	Bamburi Road, Industrial Area, Nairobi

Source: Kenya Association of Manufacturers (KAM) Directory (2007), KIRDI Directory (2005)

APPENDIX H

COMPANIES INTERVIEWED (TM 1 – TM 6)

FIRM	LOCATION
Crown Berger Kenya Ltd	Likoni Road, Industrial Area, Nairobi
Coates Brothers (E.A) Ltd	Addis Ababa Road, Industrial Area, Nairobi
Coca-Cola East Africa Ltd	Old Mutual Building, Ragati/Mara Road, Nairobi
Del Monte Kenya Ltd	Oloi Tip Tip Road, Thika
Warren Enterprises Ltd	Ruaraka , Nairobi
Unilever Kenya Ltd	Commercial Street, Industrial Area, Nairobi

Source: The six companies were picked by simple random sample from the 27 companies that responded to the survey questions

APPENDIX I (A)
Demographic characteristics of the respondents

Characteristics	n = 161 Frequency (%)
Length of employment (years)	
1 & below	8 (5.0)
2 – 5	38 (23.6)
6 – 10	56 (34.8)
Above 10	59 (36.6)
Total	161 (100)
Gender	
Males	102 (63.4)
Females	59 (36.6)
Total	161 (100)
Level of education	
Secondary	9 (5.6)
Diploma	54 (33.5)
Bachelors degree	61 (37.9)
Masters degree	34 (21.1)
Others	3 (1.9)
Total	161 (100)
Age of respondents (years)	
25 & below	2 (1.2)
26 – 34	45 (28.0)
35 – 44	64 (39.8)
45 – 54	44 (27.3)
55+	6 (3.7)
Total	161 (100)

Source: Data obtained from the use of the questionnaire

APPENDIX I (B)

Demographic Characteristics of the Organizations

Characteristics	n = 24 Frequency %
Age of organization (years)	
5 & below	0
6 – 10	1 (4.3)
11 – 15	0
16 – 20	1(4.3)
21+	25(90.7)
Total	27 (100)
Size of organization	
99 & below	4 (13.7)
100 - 250	12(44.1)
251 – 450	3 (13.0)
451 – 650	2 (8.1)
651+	6(21.1)
Total	27 (100)
Firm Ownership	
Foreign owned	15(57.8)
Joint venture	10 (36.6)
Others	2 (5.6)
Total	27 (100)
Target market	
Foreign	0
Local	3 (10.6)
Both foreign and local	24 (88.8)
Total	27(100)

Source: Data obtained from the use of the questionnaire

APPENDIX J (A)
Demographic characteristics of respondents

Characteristics	n = 24 Frequency (%)
Length of employment (years)	
1 and below	1 (4.2)
1-5 years	6 (25)
6-10 years	7 (29.2)
10 years and above	10 (41.6)
Total	24 (100)
Level of education	
Secondary	2 (8.3)
Diploma	5 (20.9)
Bachelors degree	11 (45.8)
Masters degree	6 (25.0)
Total	24 (100)
Age of respondents (years)	
25 – 34	2 (8.33)
35 – 44	16 (66.7)
45 and above	6 (25)
Total	24 (100)

Source: Data obtained from the use of the interviews

APPENDIX J (B)
Demographic characteristics of organizations

Characteristics	n = 6 Frequency (%)
Age of organization (years)	
11 – 15	0
16 – 20	0
21 and above	6(100)
Total	6(100)
Size of organization (employees)	
99 & below	1 (16.7)
100 - 250	3(50)
251 – 450	0
451 – 650	1 (4.2)
651 and above	2(29.2)
Total	6 (100)
Firm Ownership	
Foreign owned	5(95.8)
Joint venture	1 (4.2)
Others	0
Total	6(100)
Target market	
Foreign	0
Local	0
Both foreign and local	6 (100)
Total	6 (100)

Source: Data obtained from the use of the interviews