

The Effect of Universalistic Perspective of Human Resource Strategic Orientation on Performance of Large Private Manufacturing Firms in Kenya

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ABSTRACT

The study was set to investigate the effect of universalistic perspective of human resource strategic orientation on performance of large private manufacturing firms in Kenya based on the following general research objective: To determine the effect of universalistic human resource strategic orientation on firm performance. However, the specific objectives were:(i) to determine the effect of universalistic human resource strategic orientation on quantitative firm performance measures; (ii) to determine the effect of universalistic human resource strategic orientation on qualitative firm performance measures. The target population was all large private manufacturing firms in Kenya that were registered members of Kenya Association of Manufacturers. Using probability sampling, a sample population of 108 firms was chosen. Out of the sample population, only 68 firms managed to respond giving a response rate of approximately 63%; which was seen by the researcher based on the previous research as appropriate for analysis. The respondents were human resource managers, finance managers, corporate planning managers or any other senior manager. Data was collected using questionnaires developed by Huselid (1995), Becker and Huselid (2006) and Becker and Gerhart (1996) and that these were modified by the researcher. The research adopted descriptive research design which utilized both descriptive and inferential statistics for effective generation of the required output. The Statistical Package for the Social Sciences (SPSS) version seventeen (17) was used to analyze the data. The results of this study showed that there was high positive correlation between universalistic human resource strategic orientation and firm performance. These results to a greater extent portrays that all forms of universalistic human resource strategic orientation if managed properly, enhances performance of manufacturing firms and most specifically those registered with the Kenya Association of Manufacturers (KAM). These findings can also be generalized to cover all other manufacturing firms in the country. As of the direction for further study, the researcher recommends that future research in universalistic human resource strategic orientation focus on public manufacturing firms and for the sake of knowledge, consider the use of longitudinal research design as opposed to the survey research designed which was central to this study. Further still, researchers should consider the moderating or intervening variables in this study. The main contribution of this paper lies in highlighting the fact that, proper configuration of universalistic human resource strategic orientation in manufacturing firms, will enable them enhance performance.

INTRODUCTION

The research on and concern with the practice of human resource strategic orientation and performance, have experienced accelerated growth over the last two decades (Becker and Huselid 2006). Calls for research in this area and the general aspects of human resource strategic orientation-performance interface from both macro and micro-perspectives have been made by several scholars including Becker and Huselid (2006) and Becker and Gerhart (1996). These scholars have expressly called for research on and documentation of the practice of human resource strategy implementation and its effect on performance. Most of these research works have focused mainly on the relationship between human resource strategic orientation and firm performance in addition to the attributes of strategy and structure as they independently influence performance (Miles et al., 2003).

Empirical studies on the variables to be addressed in this study, have largely considered the effect of individual variables on performance. For example, Huselid (1995) found that human resource strategic orientation has an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short-and long-term measures of corporate financial performance. Subsequent studies conducted by Becker and Huselid (2006) and Huselid and Delaney (1996) found similar results. However, Becker and Gerhart (1996) proposed that future work on the human resource strategic orientation must elaborate on the black box between a firm's HR system and the firm's bottom line (performance).

From the statement of the problem, the following broad research questions were raised: (i) what is the relationship between the universalistic human resource strategic orientation and firm performance? (ii) To what extent does the universalistic human resource strategic orientation affect performance?

THEORETICAL REVIEW

UNIVERSALISTIC HUMAN RESOURCE STRATEGIC ORIENTATION

The strategic aspect of human resource management as presented in this study was viewed from universalistic perspectives of human resources which is micro-analytical in nature (Delery & Doty, 1996; Baker, 1999). The link between human resource strategic orientation and performance can be further divided into two sub streams: macro and micro-Level perspectives (Khatri, 2000; Barney & Wright, 1998). Khatri (2000) pointed out that the macro sub-stream focuses broadly on the status and influence of human resource (HR) function in the organization. The focus of the macro-stream is not on individual HR practices, but on the link between the HR function and the business strategy (Khatri, 2000; Plevel, et al. 1993; Huselid et al, 1997; Taylor et al, 1996; Becker & Gerhart, 1996; Lengnick-Hall & Lengnick-Hall, 1988). Several scholars have put forward frameworks linking business strategy with human resource perspectives in this area. Five frameworks have been proposed as follows: Golden and Ramanujam (1985); Lengnick-Hall and Lengnick-Hall (1988); Schuler (1992); Wright and McMahan (1992) and Truss and Gratton (1994)—which have received much attention today (Dabu, 2008, Baker, 1999). Khatri (2000) argued that while the above perspectives explained macro-level relationships between business strategy and human resource perspectives, another sub-stream of research has chosen to examine these relationships at micro-level and some of the notable writers in this area includes: Miles and Snow (1984) and Schuler and Jackson (1987). The authors of this micro-level perspective argued that the human resources management practices must be tailored to the demands of business strategy (Baker, 1999; Arthur, 1994).

In contrast to the dearth of empirical work on the strategy-human resource (HR) practices relationship, organizational performance has been the subject of significant empirical examination (Khatri, 2000; Arthur, 1994; Huselid, 1995; Huselid and Becker, 1996; Gerhart and Milkovich, 1990; Pfeffer, 1994; Dimba & K'Obonyo, 2009). Previous research has used one of the following three ways to examine the effectiveness of human resource practices on firm performance: universalistic, contingency or configuration (Delery & Doty, 1996; Khatri, 2000; Story, 1992; Orlando, 2000; Wan-Jing & Chun Huang, 2005). This study has attempted to articulate the two major modes of theorizing in the HR perspectives including: the universalistic and contingency perspectives, however, the configurational perspective has been left for further research in the field (Delery & Doty, 1996; Truss, 2008; Thompson & Strickland, 1990).

Khatri (2000) and Taylor (1996) among others noted that the natural research progression is to examine the impact of many HR practices simultaneously so that their independent effect can be better understood. This study has looked at the entire HR practices—the so called: Best human resource practices by Pfeffer (1994). To date, strategic human resource management (SHRM) has predominately been an applied field to the extent that the field's dominant focus is to demonstrate the importance of effectively managing human resource element of organizations (Delery & Doty, 1996; Lado and Wright, 1992; Tsui, et al., 1997; Dimba & K'Obonyo, 2009). Thus, a growing number of articles are appearing in the publications aimed at the practitioner community (Taylor,

1996). Although this applied focus has helped to highlight the contributions of human resource management strategy to organizations, it has not fostered sound theoretical development (Delery & Doty, 1996; Wernerfelt, 1984; Lado and Wright, 1992; Tsui, et al., 1997). What has emerged is a growing literature discussing the benefits of SHRM without sufficient articulation of the specific theoretical underpinning of the field, hence the following hypotheses.

Researchers in the universalistic perspective are micro-analytical in nature and point out that some human resource practices are always better than others and that all organizations should adopt these practices (Tsui, et al., 1997; Wright and Snell, 1991). Universalistic arguments are the simplest form of theoretical statements in the SHRM literature because they imply that the relationship between a given independent variable and a dependent variable is universal across the population of organizations (Pfeffer & Cohen, 1984). Developing universalistic predictions requires two steps: First, important strategic HR practices must be identified. Second, arguments that relate the individual practices to organizational performance must be presented. Strategic HR practices are those that are theoretically or empirically related to overall organization performance. Although not all HR practices are strategic, there is growing consensus about which practices can be considered strategic (Lado & Wilson, 1994). Drawing on the theoretical works of Delery & Doty (1996); Huselid (1995); Priem & Butler (2001); Orlando (2000); Wernerfelt (1984); Wright & Snell (1998) among others, I identified several practices including the sixteen HR practices by Pfeffer (1994), that are consistently considered strategic HR practices. However, in this study, these practices have been compressed to provide four key High Performance Work Practices (HPWP), including: comprehensive man-power planning, employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training, hence hypotheses 1 below.

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

FIRM PERFORMANCE

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

Profitability

A number of authors have explored the link between individual HRM practices and corporate financial performance. For example, Casio (1991), Flamholtz (1985) and Huselid (1995) argued that the financial returns associated with investments in progressive HRM practices are generally substantial. Armitage (1987) presents a

management accounting technique for measuring and improving efficiency and effectiveness in distribution operations. Rhea and Shrock (1987a, 1987b) defined physical distribution effectiveness and presented a framework for the development of supply chain management (SCM) performance measures for distribution customer service programs. They made an important distinction between effectiveness determinants (that is customer satisfaction) and effectiveness dimensions, such as timeliness and accuracy (Awino, 2008). Harrington, et al (1991) provided a formal vendor performance measurements model that used defined criteria and weighted scores to assess the performance of suppliers and the model was tested and successfully implemented (Awino, 2008). Chow, Heaver provide a summary of SCM performance measures literature published in five leading SCM journals between 1982 and 1992 focusing on accounting techniques. Generally, the literature found that firms tend to focus on their own internal performance, and are especially concerned with efficiency measures (Awino, 2008; Flamholtz, 1985).

In this study, the researcher has used accounting ratios, by Thompson and Strickland (1990) to determine firm's level of performance. The accounting ratios used included but not limited to the following: profitability ratios, liquidity ratios, leverage ratios, activity ratios and other accounting ratios. (i) Profitability ratios are: the gross profit margin; operating profit margin (return on sales-ROS); return on total assets; return on stockholders' equity (or return on net worth); return on common equity and earnings per share (EPS). (ii) Liquidity ratios include: current ratio; quick ratio (acid-test ratio) and inventory to net working capital. (iii) Leverage ratios include: debt to asset ratio; debt to equity ratio; long-term debt to equity ratio; times-interest-earned (or coverage ratios) and fixed charge coverage. (iv) Activity ratios are as follows: inventory turnover; fixed assets turnover; total assets turnover; accounts receivable turnover and average collection period. (v) Other accounting ratios: dividend yield on common stock; price earnings ratio; dividend payout ratio and cash flow per share (Salterio & Lipe, 2000; Smith et al., 1991; Kieso & Weygandt, 1989). This study has used the profitability ratios to determine firm performance, because these ratios have been used by previous researchers to measure performance of organizations.

Hypotheses 1 (a): *There is a relationship between the universalistic human resource strategic orientation and profitability*

Employee Development

Wegner, III (1994) argued that human resource systems may facilitate the development and utilization of output-based organizational competencies through eliciting employee involvement and commitment to the firm, fostering idiosyncratic exchanges between the firm's internal and external stakeholders, and building a positive organizational reputation (Lado and Wilson, 1994; Huselid, 1995; Schuler & Jackson, 1987). Lado and Wilson (1994) and Katz and Gobeille (1983) identified the salient characteristics of a commitment-based HR systems that distinguishes it from the control-based HR system associated with bureaucratic firms. All organizations are

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

Hypotheses 1 (b): *There is a relationship between the universalistic human resource strategic orientation and employee development*

Job Satisfaction

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

Wagner III (1994); Locke (1976) and Locke & Schweiger, (1979) argues that job satisfaction is an outgrowth of achievement recognition (verbal), the work itself (challenging), responsibility and achievement. The level of job satisfaction is affected by intrinsic and extrinsic motivating factors, the quality of supervision, social relationships with work group and the degree to which individuals succeed or fail in their work. Purcell et al (2003) and Armstrong (2006) believe that their discretionary behaviour which helps the firm to be successful is most likely to happen when employees are well motivated and feel committed to the organization and when the job gives them high levels of satisfactions. Research has found out that the key factors affecting job satisfaction were career

opportunities, job influence, teamwork and job challenge. Armstrong (2006) and Katz et al., (1985) said that it is a commonly held and seemingly not unreasonable belief that an increase in job satisfaction will result in improved performance. But research has not established any strongly positive connection between satisfaction and firm performance (Purcell et al, 2003; Sheridan, 1992).

A widely used definition of job satisfaction is that presented by Locke (1976), which is conceptualized as an employee's affective response to different facets of the job or organization, implying a personal evaluation of one's job. Another way of putting this is to say that employees experience job satisfaction if they perceive that their abilities, competence, and values are put to use in the organization and if they receive both rewards and further opportunities from the organization, based on their perceived abilities and performance (Purcell et al, 2003; Sheridan, 1992). Kotler (2000) noted that organizations cannot reach competitive levels of quality either at product level or customer service level if their personnel do not feel satisfied or do not identify with the company. Satisfaction is the final state of a psychological process. Job satisfaction is the degree to which a person feels satisfied by their job which has an impact on personal well-being and on the life satisfaction of the employee (Locke, 1976; Pfeffer & Cohen, 1984). It is a multi-dimensional concept that includes favourable and unfavourable feelings by which employees perceive their job. If employees perceive injustice or psychological contract violation then their job satisfaction is affected and hence affecting their performance.

Hypotheses1 (c): *There is a relationship between the universalistic human resource strategic orientation and job satisfaction*

Job Commitment

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

Committed workers contributed more to the organization than less committed workers. Organizational commitment is a consequence of personal variables, role states and work environment variables (Chang & Lee, 2007; Truss 2008). Therefore, employees experiencing perceived injustice or psychological contract violation may be less committed. Organizational commitment and job satisfaction have been found to be significantly

related to one another with the basic proposition that job satisfaction is an antecedent of organizational commitment since commitment takes longer to form and only after one is satisfied with their job. Morse (1953) and Homans (1961) said that Job satisfaction has been shown to be related to job performance, workplace turnover and life satisfaction. Perhaps the most controversial work in job satisfaction regards its relationship to job performance. Some research has found a strong relationship between job satisfaction and performance while others have found a weak relationship (Chang & Lee, 2007). The disparate conclusions have been attributed to the measurement of job performance and satisfaction, as well as the employee studied - managerial versus non-managerial (Armstrong, 2006; Fogarty, 1994; Robbins, 1996; Truss, 2008).

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

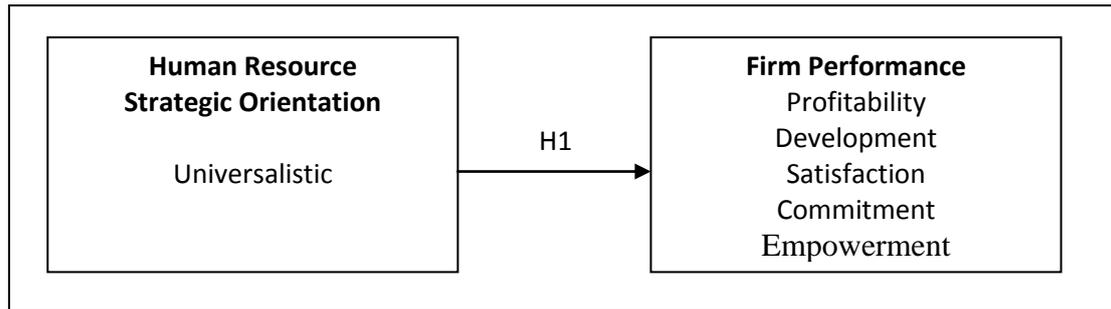
Hypotheses 1 (d): *There is a relationship between the universalistic human resource strategic orientation and job commitment*

Empowerment

The results of descriptive statistical analysis for the empowerment scale were also presented in Table 4.4.4. This measurement scale consisted of 6 items reflecting the job satisfaction, presence of a union, organization's culture, organizational tenure reflects demographic variables, and compensation level. Respondents were asked to provide answers on empowerment of organization performance items and their response measured on a five point Likert-Type Scale ranging from 1 being a very low extent to 5 being to a very great extent. The results were captured and shown in the Table below. A mean score of 3.3971 and a standard deviation of 0.9008 were obtained. This revealed that in majority of the firms under study compensation level is geared towards empowering employees.

Hypotheses 1 (e): *There is a relationship between the universalistic human resource strategic orientation and empowerment*

Figure 1: Conceptual Framework



Author 2012: Conceptual model for the relationship between human resource strategic orientation and performance

METHODOLOGY

This was a descriptive research design. The study was set to investigate the effect of human resource strategic orientation on performance of large private manufacturing firms in Kenya based on the following general research objective: To establish the relationship between universalistic human resource strategic orientation and performance. However, the specific objectives of the study were as follows: (i) to determine the effect of universalistic human resource strategic orientation on quantitative firm performance (profitability); (ii) to determine the effect of universalistic human resource strategic orientation on qualitative firm performance (employee development, employee job satisfaction, employee job commitment and empowerment. The respondents were human resource managers, finance managers, corporate planning managers or any other senior manager working in one hundred and eight (108) manufacturing firms that are registered members of the Kenya Association of Manufactures (KAM). Data was collected using questionnaires developed by Huselid (1995), Becker and Huselid (2006) and Becker and Gerhart (1996) and that these were modified by the researcher. Huselid (1995) instrument contains measures of human resource strategic orientation and performance, Becker and Huselid (2006) instrument contains measures of human resource practices both universalistic and contingency and performance while Becker and Gerhart (1996) was more or less the same as the first two instruments. In order to collect the relevant data, a structured questionnaire was developed and subdivided into three sections with each section concentrating on specific research objectives. In addition, these sections also targeted specific senior managers drawn from the human resource department, finance and corporate planning. In each of the chosen firms, one questionnaire was issued but the same was split into three sections to accommodate the targeted managers for convenience purpose, hence a total of 108 questionnaires were administered. The responses, from the three managers in each of the institutions were combined to form a questionnaire from the organization. Out of the sample population of 108 firms, only 68 firms managed to respond giving a response rate of approximately 63%; which was seen by the researcher based on the previous research as appropriate for analysis. Out of the sample population of 108 firms, only 68 firms managed to respond giving a response rate of approximately 63%; which was seen by the researcher based on the previous research as appropriate for analysis. The research adopted descriptive research design which utilized both

descriptive (means and standard deviations) and inferential statistics (correlation and regression analysis) for effective generation of the required output. The Statistical Package for the Social Sciences (SPSS) version seventeen (17) was used to analyze the data.

Independent Variable: Universalistic Human Resource Strategic Orientation

In order to clearly understand the major characteristics of universalistic human resource strategic orientation, a survey was conducted based on the definition of universalistic human resource strategic orientation used in this study. The respondents were asked to assess the degree of universalistic human resource strategic orientation indicators in their organization and the measurement scale consisted of ten (10) items reflecting: the Training and development activities, human resource practices, Staffing, human resource strategies, reduction of status difference, employment policy, employees' feel of organizational ownership, human resource policies, principles and practices, compensation strategies, and procurement of human resources, hence the high performance work practices (HPWP) advocated by Pfeffer (1994) in his book; '*Competitive Advantage Through People*'. Respondents were asked to indicate to what extent the items were true regarding their organizations' human resource practices in enhancing organization performance. Items that were measured on a five point Likert-Type scale ranging from 1 being "to very less extent" to 5 being "to a very great extent". Further still, the study conducted the reliability analysis for testing the internal consistency of the above items and that the Cronbach Alpha was 0.859, which suggested that the questionnaire had high reliability.

Dependent Variable

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

DESCRIPTIVE ANALYSIS

Universalistic

The results of descriptive statistical analysis for the universalistic perspective of human resource strategic orientation scale were presented in Table 1. This measurement scale consisted of 10 items reflecting: the Training and development activities, human resource practices, Staffing, Human resource strategies, reduction of status difference, employment policy, employees' feel of organizational ownership, human resource policies, principles and practices, compensation strategies, and procurement of human resources. Respondents were asked to indicate to what extent the items were true regarding their organizations' human resource practices in enhancing organization performance. Items that were measured on a five point Likert-Type scale ranging from 1 being "to very less extent" to 5 being "to a very great extent". Based on the mean score for each item indicated

in Table 4.3.1, the manufacturing firms in this study expressed high universalistic perspective of human resource strategic orientation practices with mean scores ranging from 3.54 and 3.9706. Thus, it can safely be concluded that the large private manufacturing firms that were registered members of Kenya Association of Manufacturers (KAM) showed somewhat higher adoption of universalistic human resource strategies.

Profitability

The results of descriptive statistical analysis for the profitability scale are presented in Table 1. This measurement scale consisted of 10 items reflecting: the High profitability from current operations, ability to cover operating expenses and yield profits, earnings available to the owners of common stockholders, net profit margin, gross profit margin, after-tax profits per sales, operating profit margin, return on total investment in the enterprise, rate of return on the investment of common owners and rate of return on the stockholders' investment. A mean score of 3.5294 and a standard deviation of 0.70118 were obtained. This revealed that the return on stockholders' investment in the firms under study was high in majority of the firms.

Table 1: Descriptive Analysis of Profitability Scale Items

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

Development

The results of descriptive statistical analysis for the development scale were presented in Table 2. This measurement scale consisted of 10 items reflecting the Investment in experience and attitude, Investment in training and development, Investment in Knowledge creation, Incentive Systems in the organization, Team-based production, Investment in skills development, Investment in human capital, Multiple Career Ladders, Commitment to human resource systems and broad-based flexible job. Respondents were asked to provide answers on each item that was measured on a five point Likert-Type scale ranging from 1 being to a very less extent to 5 being to a very great extent and the results were as indicated below.

As shown in Table 2 therefore, the mean scores of the measurement items were between 3.5294 and 3.8971. The highest mean score was “Investment in experience and attitude (M=3.8971 ,SD=0.73586)”, followed by “Investment in training and development (M=3.8971 ,SD=0.69411)”, Investment in Knowledge creation (M=3.8676 ,SD=.59612)”, Incentive Systems in the organization (M=3.8382 ,SD=0.78437)”, Team-based production (M=3.8382 ,SD=0.72504)” , Investment in skills development (M=3.8235 ,SD=0.57149)”, Investment in human capital (M=3.7794,SD=0.75004)”, Multiple Career Ladders (M=3.7647 ,SD=0.67177)” , Commitment to human resource Systems (M=3.6176 ,SD=0.79230)” and Broad-based flexible job (M=3.5294 ,SD=0.85467)”. Thus generally large private manufacturing firms in this study put great emphasize on employee development in order to enhance organizational performance. These results are also consistent with the results by Wright and Snell (1998); Becker and Gerhart (1996) and Huselid (1995).

Table 2: Descriptive Statistics of Development Scale Items

Descriptive Statistics			
	N	Mean	SD
Investment in experience and attitude has greatly enhanced individual employee's career development	68	3.8971	.73586
Investment in training and development has had a positive effect on employee's career development	68	3.8971	.69411
Investment in Knowledge creation has contributed much to employee's level of career development	68	3.8676	.59612
Incentive Systems in the organization are geared towards enhancing employee's level of career development	68	3.8382	.78437
Team-based production is geared towards improving or enhancing individual employee's level of development	68	3.8382	.72504
Investment in skills development has greatly enhanced employee development	68	3.8235	.57149
The organization has invested in human capital to the extent that employee development is enhanced	68	3.7794	0.75004
Multiple Career Ladders are tailored towards improving individual employee's development	68	3.7647	0.67177
Commitment human resource Systems are geared towards improving employee's level of development	68	3.6176	0.79230
Broad-based flexible job enhances employee's level of development	68	3.5294	0.85467
Average	68	3.7853	0.56391

Job Satisfaction

The results of descriptive statistical analysis for the job satisfaction scale were also presented in Table 3. This measurement scale consisted of 9 items reflecting the Degree to which individuals succeed, Teamwork and job challenge, Social Relationships with the work group, Quality of Supervision, Career opportunities, Job influence, Employees expectation, and Degree to which individuals fail. Respondents were asked to provide answers on each item that was measured on a five point Likert-Type Scale ranging from 1 being to a very less extent to 5 being to a very great extent.

As shown in Table 3, the mean scores of the measurement items were between 2.9412 and 3.7353. The highest mean score was “Degree to which individuals succeed, (M=3.7353, SD=0.63757),” followed by “Teamwork and job challenge (M=3.6765, SD=0.74195),” Employees expectation (M=3.6471, SD=0.59261)” “Social Relationships with the work group (M=3.6471 , SD=0.66388),” “Quality of Supervision (M=3.5882, SD=0.79617)”, “Career opportunities(M=3.5735, SD=0.71896)” and “Job influence (M=3.5147 , SD=0.80098).” However, respondents did not have high place attachment on two items which were related to functional value and attachment; “Employees expectation (M= 3.4118, SD=0.69616), and “Degree to which individuals fail (M=2.9412, SD=1.14452).” Thus large private manufacturing firms put great emphasize on degree of individual success, teamwork, employees expectations, social relationship with work group, quality supervision, career opportunities and job influence in enhancing organization performance.

Table 3: Descriptive of job Satisfaction Scale Items

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

Employee Commitment

The results of descriptive statistical analysis for the commitment scale were presented on Table 4. This measurement scale consisted of 11 items reflecting the Willingness to exert considerable effort, willingness to continue working, Perceived level of injustice, intention to leave the organization, commitment to organization policies and practices, acceptance of goals and values, level of absenteeism, desire to maintain membership, desire to exert effort, Perception of job security and Sharing of common values and beliefs. Respondents were asked to provide answers on each item that was measured on a five point Likert-Type Scale ranging from 1 being strongly disagree to 5 being strongly agree. The results were as shown below. Based on the mean score for each item indicated in Table 4, the manufacturing firms in this study expressed high commitment levels with mean scores ranging from 3.7754 and standard deviation of 0.48627. Thus, it can safely be concluded that the large private manufacturing firms that were registered members of Kenya Association of Manufacturers (KAM) showed somewhat higher levels of job commitment.

Table 4: Descriptive of commitment scale items

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

Empowerment

The results of descriptive statistical analysis for the empowerment scale were also presented in Table 5. This measurement scale consisted of 6 items reflecting the job satisfaction, presence of a union, organization's culture, organizational tenure reflects demographic variables, and compensation level. Respondents were asked to provide answers on empowerment of organization performance items and their response measured on a five point Likert-Type Scale ranging from 1 being a very low extent to 5 being to a very great extent. The results were captured and shown in the Table below. A mean score of 3.3971 and a standard deviation of 0.9008 were obtained. This revealed that in majority of the firms under study compensation level is geared towards empowering employees.

Table 5: Descriptive of Empowerment Scale Items

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

HYPOTHESES TESTING

Universalistic Human Resource Strategic Orientation and Firm Performance

Hypotheses 1: *There is a relationship between universalistic human resource strategic orientation and firm performance*

In the human resource strategic orientation scale, each item consisted of a statement that measured the extent to which an organization used certain human resources principles and practices. For example, item 1.0.1 read as follows: “employment policy is geared towards guaranteeing employee’s job security in the job” (universalistic), while 1.1.10 read “the relationship between the use of specific employment practices and organizational performance is posited to be contingent on the organization’s strategy” (contingency). The respondents were asked to indicate the extent to which a practice was used in their organization on a scale of 1 to 5 where 1 represents “to a very less Extent” and 5 represented “to a very great extent”.

The item measuring firm performance consisted of statements that sought to measure the extent to which it applied to organization. For example, in measuring the qualitative aspects of performance, the following items were considered among others; 2.0.1 (development) read “commitment human resource systems are geared towards improving employee’s level of development”, 2.1.0 (job satisfaction) read “quality of supervision is geared towards improving employee job satisfaction”, 2.2.0 (commitment) read “sharing of common values and beliefs espoused by the organization has enhanced commitment to work” while 2.3.0 (empowerment) read “perception of job security is geared towards enhancing employee empowerment”. In terms of firm’s quantitative performance (profitability), the following statements were considered, 3.1 read “the firm’s ability to cover operating expenses and yield profits is usually high”, 3.5 read “the measure of the rate of return on the stockholders’ investment in the enterprise is high” and 3.8 read “the firm’s gross profit margin is usually high among others. The respondents were asked to tick an appropriate response to a scale of 1 to 5, where 1 represented “to a very less extent” and 5 represented “to a very great extent”.

Correlation Results

Hypothesis 1 and Hypotheses 1(a) to 1(e) were tested using Pearson Product Moment Correlation (PPMC) analysis. The analysis was done so as to test the relationship between the universalistic human resource strategic orientation and firm performance and the results are presented in Table 1 below. With regards the universalistic human resource strategic orientation and firm performance variables including; profitability, development, satisfaction, commitment and empowerment, there was considerably high positive correlation between the variables. Specifically, it is noted that there is a high positive correlation between the universalistic human resource strategic orientation and the qualitative aspects of firm performance including; employee development, $r(68) = .781, p < .001$, two tailed, employee job satisfaction, $r(68) = .655, p < .000$ two tailed and employee commitment to work, $r(68) = .655, p < .000$ two tailed. However, there was moderate positive correlation between universalistic human resource strategic orientation and employee empowerment, i.e. $r(68) =$

.525, $p < 0.000$, two tailed and weak positive correlation between universalistic human resource strategic orientation and firm profitability, $r(68) = 0.354$, $p < 0.003$, two tailed. These results were all positive and statistically significant, hence supporting the fact that universalistic human resource strategic orientation has a positive influence on firm performance. These findings are consistent with the findings by Pfeffer (1994); Wang-Jing April and Tung Chun Huang (2005) and Dyer, (1983). The researchers confirmed that universalistic human resource strategic orientation could help firm improve their human resource cost benefits, promote operating efficiency, increase innovation and revolution ability, and increase organizational performance benefits. Further tests that were performed show that job satisfaction and other qualitative firm performance variables have strong positive correlation and that all were statistically significant. These variables include; employee development, $r(68) = .720$, $p < 0.000$, job commitment, $r(68) = .641$, $p < 0.000$, and empowerment, $r(68) = .572$, $p < 0.000$. There was also an indication that employee job commitment had strong positive correlation with other qualitative firm performance indicators and that the results were also statistically significant. These variables include; development, $r(68) = .668$, $p < 0.000$, job satisfaction, $r(68) = .641$, $p < 0.000$, and empowerment, $r(68) = .572$, $p < 0.000$. The results also show that there was very weak correlation between job commitment and firm profitability, i.e. $r(68) = .235$, $p < 0.054$, implying that the results were not statistically significant. The results for the employee empowerment show that there was moderately weak positive correlation between employee empowerment and employee development, i.e. $r(68) = .403$, $p < 0.001$. Despite moderately weak positive correlation between the two variables, the results were statistically significant. The results further shows that there was very weak positive correlation between firm profitability and other qualitative firm performance measures of job satisfaction and commitment, i.e. $r(68) = .175$, $p < 0.154$ and $r(68) = .235$, $p < 0.054$ respectively. However, the results were both statistically not significant. These correlation results confirms the findings reported in previous research by Pfeffer (1994), Lado and Wright (1992) and Huselid (1995) among others. However, these correlation results are not sufficient enough to make conclusive remarks as regards hypothesis 1 and the reason being the results just shows the degree of association between the two variables and not telling us about the cause and effect relationship or the strength and direction of the relationship, hence the need for regression analysis with a more superior consideration.

Table 6: Summary of correlation analysis for all variables (Spearman Rank Correlation)

	Pearson Correlation	1	2	3	4	5	6
Universalistic	Pearson Correlation Sig. (2-tailed) N	1 68					
Development	Pearson Correlation Sig. (2-tailed) N	.781(**) .000 68	1 68				
Satisfaction	Pearson Correlation Sig. (2-tailed) N	.655(**) .000 68	.720(**) .000 68	1 68			
Commitment	Pearson Correlation Sig. (2-tailed) N	.655(**) .000 68	.668(**) .000 68	.641(**) .000 68	1 68		
Empowerment	Pearson Correlation Sig. (2-tailed) N	.525(**) .000 68	.403(**) .001 68	.566(**) .000 68	.572(**) .000 68	1 68	
Profitability	Pearson Correlation Sig. (2-tailed) N	.354(**) .003 68	.305(*) .011 68	.175 .154 68	.235 .054 68	.266(*) .028 68	1 68

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

Regression Results

Table 7 (a) below therefore, shows the multiple regression analysis that was also performed in order to establish the strength and the direction of the relationship between the universalistic perspective of human resource strategic orientation and firm performance. The results shows strong positive relationship i.e.; $r(68) = 0.807$ implying that 80.7% of the variations in the model explaining the relationship between human resource strategic orientation and performance, is explained by the universalistic perspective of human resources. The standardized beta coefficients indicates that the universalistic perspective of human resource strategic orientation makes the greatest unique contribution to the dependent variable i.e. $\beta = 0.807$, $p < 0.01$. These shows that the relationships between the two variables is strong, positive and statistically significant, hence failing to reject hypotheses 2.

These findings show that the universalistic perspective of human resource strategic orientation explains most of the variations in the relationship between human resource strategic orientation and firm performance. These findings are consistent with the findings by Pfeffer (1994) where the researcher found that, high performance work practices (HPWP) as indicated elsewhere in the literature review, were universally accepted human resource principles and practices that enhances performance as opposed to the contingency perspective, though contradicts the finding by Youndt (1996). Further still, these findings are consistent with Khatri's (2000) proposition that the universalistic perspective of human resources as opposed to the contingency and configurational perspective, though micro analytical in nature, enhances firm performance most. In addition, these findings are still consistent with the findings by Lengnick-Hall & Lengnick-Hall (1988) where the researchers found that the reciprocal interdependence between a firm's business strategy and human resource strategic orientation were both composite outcomes that influence firm performance. Further still, these findings

are consistent with Kidombo (2007), who established that there was fairly strong, positive and significant relationship between soft and hard human resource strategic orientation with firm performance.

Table 7 (a): Regression results for universalistic human resource strategic orientation and performance

Model		Standardized Coefficients		Sign.	Model Summary		
		Beta	Std. Error		Beta	R	R ²
1	Constant	1.251	0.22		0.807	0.651	0.646
	Universalistic	0.650	0.059	0.807			

Further Analysis

Further analysis on the relationship between individual human resource strategic orientation of universalistic perspectives and individual aspects of firm performance was performed to establish the effect of each individual variable and their contribution to the relationship. The results of these analyses are presented in Table 7 (b) below. As shown in the Table, the universalistic perspective of human resource strategic orientation has a moderately lower positive correlation with firm's profitability that is $r(68), R = 0.354, p < 0.003$ and $r(68), R = 0.282, p < 0.020$. These results indicate that 35.4% of the variance in the firm performance is explained by the universalistic perspective. The general observation of Table 7 (b) below shows that the universalistic perspective of human resources has a high effect on most of the performance indicators shown except for job satisfaction which rates as follows, universalistic; $r(68), R = 0.704, p < 0.000$ while contingency; $r(68), R = 0.730, p < 0.000$. These results however, imply that the universalistic perspective of human resource strategic orientation has more influence on firm profitability and at the same time, the relationships are positive and statistically significant i.e. $r(68), R = 0.792, R^2 = 0.627, p < 0.000$. The composite effect of universalistic human resource strategic orientation, show a greater effect on firm performance. These results confirms the findings by previous researchers on the same where they establish that the combination of human resource practices on firm performance has greater effect as opposed to individual aspects of human resources. These relationships are strong, positive and statistically significant, hence resulting in acceptance of hypotheses.

Table 7 (b): Universalistic HRSO versus Firm Performance Variables

Performance Indicators	HRSO-Universalistic Perspective				Sign.
	Standardized Coefficients	Model Summary			
		Beta	R	R ²	
Profitability	0.354	0.354	0.126	0.112	0.003
Development	0.781	0.781	0.610	0.604	0.000
Satisfaction	0.704	0.704	0.495	0.487	0.000
Commitment	0.655	0.655	0.429	0.420	0.000
Empowerment	0.525	0.525	0.276	0.265	0.000

DISCUSSIONS

Relationship between Human Resource Strategic Orientation and Firm, Performance

The first objective was defined as: “to establish the extent of relationship between human resource strategic orientation and organization performance of large private manufacturing firms in Kenya”. The first major finding under this objective was that human resource strategic orientations have statistically significant positive influence on organization performance. This means as firms improves human resource strategic orientation the performance gains positively. These findings were consistent with the findings by Huselid (1995). Huselid (1995) found that human resource strategic orientation has an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short-and long-term measures of corporate financial performance. Subsequent studies conducted by Becker and Huselid (2006) and Huselid and Delaney (1996) found similar results. However, Becker and Gerhart (1996) proposed that future work on the human resource strategic orientation must elaborate on the black box between a firm’s HR system and the firm’s bottom line and that this relationship should take into account intervening or moderating variables. Hull, et al., (1987) argues that firms with unique strategic human resource management approaches in the industry will always outperform their competitors in the market. Elsewhere, Ansoff (1991); Pfeffer (1994); Prahalad&Hamel (1996), who among others argued that an increasing body of work contains the argument that the use of High Performance Work Practices (HPWP), including comprehensive manpower planning, employee recruitment and selection procedures, incentive compensation and performance management systems can improve the organization’s knowledge, skills, and abilities of a firm’s current and potential employees. Further Mosakowski (1998); Baker (1999); Huselid and Becker& Gerhart (1996) and Wernerfelt (1995) argued that these human resource practices in turn increase the workers motivation and enhance the retention of quality employees while encouraging non-performers to leave the firm.

Arguments made in related research were that a firm’s current and potential human resources were important considerations in the development and execution of its strategic business plan (Huselid, 1995; Johnson & Scholes, 2002; Huselid and Becker (1996). The underlying assumption of SHRM is that firm performance is influenced by a set of HRM practices and that this assumption has been supported by recent empirical evidence (Arthur, 1994; Huselid, 1995; Baker, 1999). However, important question remain, including whether SHRM guarantees positive firm performance outcome, the effect of different levels of SHRM implementation on firm performance, and the influence of the business strategy and organization structure in moderating the relationship between SHRM and firm performance (Arthur, 1994; Huselid, 1995; Wan-Jing & Chun Huang, 2005; MacDuffie, 1995; Amit, & Schoemaker, 1993; Nkomo, 1992). Wan-Jing & Chun Huang (2005) argues that recent theoretical works on business strategy have indicated that firm competitive advantage could be generated from firm human resources (HR). Porter (1985); Armstrong (2006) and Drury, (2000) argues that human resource management can help a firm obtain competitive advantage by lowering costs, by increasing sources of products and service differentiation or both. Achieving competitive advantage through human resources requires that these activities be managed from a strategic perspective, HR strategic orientation (Lengnick-Hall & Lengnick-Hall, 1988; Barney

& Wright, 1998; Conner & Prahalad, 1996). Results from the present study is consistent with those from the Western countries (Arthur, 1994; Delaney & Huselid, (1996), Asia countries and even the Chinese culture societies from the East (Huang, 2000; Khatri, 2000). The results also show that adoption human resource strategic orientation by manufacturing firms was an effective way to create competitive advantage and enhance organizational performance in emerging economies.

Limitations

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

Conclusion

From the findings of the tested hypotheses, it would be safe to conclude that human resource strategic orientation has a positive effect on organizational performance and it would be of importance if organizations enhance their human resource functions and align them to both business strategy and organizational structure in order to enhance performance. The conclusion is supported by the results of the first hypotheses tested which showed that adoption of human resource strategic orientation by manufacturing firms was an effective way to create competitive advantage and enhance organizational performance.

Contribution and Implications

The study makes a number of contributions with respect to matters both of theoretical and practical concern. This study has contributed to the human resource management knowledge in two ways. (i) by empirically testing the effect of the universalistic human resource strategic orientation on firm performance and (ii) by testing the effect of universalistic human resource strategic orientation on both quantitative and qualitative aspects of firm performance. The results show that universalistic perspective of human resource strategic orientation has a

higher effect on performance, a conclusion which was also arrived at by Pfeffer (1994). It is therefore noted that the use of high performance work practices (HPWP) by Pfeffer (1994) has more effect on performance.

Suggestions for Future Research

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

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