

**HUMAN RESOURCE MANAGEMENT PRACTICES AND
ORGANIZATIONAL PERFORMANCE: A CASE OF SELECTED REAL
ESTATE FIRMS IN NAIROBI, KENYA**

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DECLARATION

I, Susan Akinyi Ooko, hereby declare that this research project is my original work and has not been presented for a degree or other award in any other University.

Signature_____

Date_____

This research project has been submitted for examination with my approval as the University Supervisor.

Signature_____

Date_____

DR.GORETTY A. OFAFA

DEDICATION

I dedicate this research project to my loving mother and sister, Mrs. Alice Ooko and Linet Ooko respectively, who urged me on, are always proud of my achievements and always believe in me.

ACKNOWLEDGEMENT

I thank God for the wisdom and perseverance He bestowed upon me during this period of study.

I am greatly indebted to Dr. Goretty A. Ofafa, my supervisor, who has been quite instrumental in giving me direction in carrying out this research and for her unwavering support through guidance, advice and engagement.

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OPERATIONAL DEFINITION OF TERMS

- Human Resource Management Practices** : These are the approaches through which firms seek to motivate employees to engage in discretionary behaviour that contributes to the achievement of the firms' goals.
- Organizational Performance** : The actual output or results of an organization as measured against its intended outputs, or goals and objectives.
- Real Estate** : Real estate is property comprised of land and the buildings on it, as well as the natural resources of the land. Real Estate can be grouped into three broad categories based on its use: residential, commercial and industrial.
- Competitive Advantage** : A business concept describing attributes that allow an organization to outperform its competitors. These attributes include highly skilled personnel, geographic location and high entry barriers.
- Employee Resourcing** : This involves two interrelated processes, recruitment and selection. The former is the process of generating a pool of capable people to apply for employment to an organization while the latter is the process by which specific instruments are employed to choose from a pool of applicants, persons most suitable for the job taking into consideration management goals and legal requirements.
- Training** : Training is the formal and systematic modification of behavior through learning which occurs as a result of

education, instruction, development and planned experience.

Internal Training : Involves using a company's HR department, leadership or resident subject matter experts to both develop and deliver the training that is specific to the business.

External Training : Training provided from outside the organization using external consultants, specialists or organizations.

Compensation : A systematic approach to providing monetary and non monetary rewards to employees in exchange for work performed.

Financial Rewards : These are the rewards that enhance the employees' financial well being either directly through wages, bonuses and profit sharing or indirectly through supportive benefits such as pension plans and paid vacations.

Non Financial Rewards : These are potentially at the disposal of the organization. They do not increase the employees' financial position but emphasize making life on the job more attractive. They include an opportunity for growth and job enrichment.

Performance Appraisal : This is the evaluation of the contribution of the employees' performance to the overall achievement of the company's objectives.

360 Degree Appraisal : A system or process in which employees receive

confidential, anonymous feedback from the people who work around them. This typically includes the employee's manager, peers, and direct reports.

Management Objective **by** : This is an objective type of evaluation in which the manager and the employee agree upon specific and obtainable goals with a set deadline.

ABBREVIATIONS AND ACRONYMS

CMA	:	Capital Markets Authority
HR	:	Human Resource
HRM	:	Human Resource Management
MBO	:	Management by Objective
PwC	:	Pricewaterhouse Coopers
RBV	:	Resource Based View

ABSTRACT

Most research that demonstrate the link between human resource management practices and organizational performance tend to focus on other sectors other than real estate yet understanding this relationship in the real estate sector in the developing world is equally important. This study was motivated by the desire to fill this gap in knowledge. The objective of the study was to establish the relationship between human resource management practices and organizational performance in selected real estate firms based in Nairobi, Kenya. The human resource management practices that were investigated were; employee resourcing, training, compensation and performance appraisal. The study adopted a survey method using a population of 238 employees drawn from four real estate firms based in Nairobi, Kenya. A sample of 119 employees was selected using stratified and simple random sampling techniques. Data was collected using a Likert scale based questionnaire. The study employed two sets of questionnaires for management and non managerial employees. Pilot testing was conducted to obtain some assessment of the questions validity and the likely reliability of the data. Data analysis involved statistical computation for averages, percentages and correlation and regression analysis using Statistical Package for Social Sciences (SPSS) and Ms Excel. The analyzed data was presented using tables, charts and graphs. The study findings showed that both the management and the non management staff agreed that their organizations adhered to the recruitment and selection policy every time they hired employees, the recruitment and selection policy clearly defined job descriptions and specifications and that the interview process and other selection instruments were effective. The study findings also revealed that both the management and non management staff of the selected real estate firms in Kenya agreed that their organizations had a training policy applicable to all employees, the training was linked to the firm's business strategy and that the staff training needs were identified through formal performance appraisal mechanisms. The study also found that the selected real estate firms in Kenya linked their employees pay with organizational performance and made efforts to offer compensation benefits that were satisfying. In addition, the study found that performance appraisals were carried out periodically and were not just a formality, the staff received specific and accurate feedback during performance appraisal and that in the organizations, promotion and incentives were purely based on performance appraisal. The study concluded that the selected real estate firms had adopted effective human resource management practices in the area of employee resourcing, training, compensation and performance appraisal. The study also concluded that there existed significant positive relationship between employee resourcing, training, compensation, performance appraisal and organizational performance of the selected real estate firms in Kenya. The study recommends that real estate firms in Kenya should enhance their employee resourcing strategies especially in the areas of talent identification, recruitment and selection. The study also recommends that real estate firms in Kenya should institute a fully fledged training and development sections within their human resource department that would be charged with the responsibility of continually identifying the employees' skills and competence gap areas that require to be addressed. Further, to continually motivate the staff, real estate firms in Kenya should use a competitive compensation scheme, comprising of both financial and non financial rewards that reflect the value of their staff to the organization.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's modern competitive business environment, organizations are facing emerging challenges in the form of acquisition and optimization of human resource. In the bid to surmount these challenges, there has generally been the need for a comprehensive Human Resource Management (HRM) practices to translate organization's human resources into a sustainable competitive advantage. The success of most, if not all, organizations depend largely on its human resource. According to Khan (2010), in an energetic business atmosphere, there is the need for an approach to achieve better performance, to originate and implement HRM practices. This realization reinforces the critical role HRM practices play in this globally modern and increasingly competitive business landscape.

Employees are the most important assets of an organization as they contribute to its growth and success according to Danish and Usman, (2010). Malik *et al.*, (2010) concluded that in the era characterized by rapid and continuous change, knowledge capital must be retained in order for organizations to be productive and responsive to the needs of their stakeholders. Likewise, real estate firms need to not only attract, retain and develop their employees, but also work towards ensuring that they are performing. Real estate firms need qualified employees who are well trained and motivated so that they are committed to their work of ensuring that projects are delivered on time, quality and cost. Research literature has shown that effective application of some HRM practices enable employees to be committed to their work for the good performance of their organizations.

Organizations are focused on achieving superior performance through the best use of talented human resources as a strategic asset. HRM policies or strategies must now be aligned to business strategies for organizational success. No matter the amount of technology and mechanization developed, human resource remains the singular most important resource of any success-oriented organization. After all, successful businesses are built on the strengths of exceptional people. HRM has now gained

significance academically and business wise and can therefore not be relegated to the background or left in the hands of non-experts. Attention must be paid to the human resources that organizations spent considerable time and resources to select.

1.1.1 HRM Practices

HRM practices are the policies and systems that influence employees' behaviour, attitudes, and performance. Many companies refer to HRM as involving "people practices". There are several important HRM practices that should support the organization's business strategy: analyzing work and designing jobs, determining how many employees with specific knowledge and skills are needed (human resource planning), attracting potential employees (recruiting), choosing employees (selection), teaching employees how to perform their jobs and preparing them for the future (training and development), evaluating their performance (performance management), rewarding employees (compensation), and creating a positive work environment (employee relations). An organization performs best when all of these practices are managed well. At companies with effective HRM practices, employees and customers tend to be more satisfied, and the companies tend to be more innovative, have greater productivity, and develop a more favourable reputation in the community (Noe, 2011).

Human Resource Management practices are informal approaches used in managing people (Armstrong, 2010). Wall and Wood (2005) outline HRM practices as sophisticated selection methods, appraisal, training, teamwork, communications, empowerment, performance related pay and employment security. Chad and Katou (2007) deal with this challenge by grouping HR practices into six broad groups namely recruitment and selection, manpower planning, job design, training and development, quality circles and pay systems.

1.1.2 Organizational Performance

In general, the concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Alchian & Demsetz, 2000; Barney, 2001; Jensen & Meckling, 2005; Simon, 2012).

Those providing the assets will only commit them to the organization so long as they are satisfied with the value they receive in exchange, relative to alternative uses of the assets. As a consequence, the essence of performance is the creation of value. So long as the value created by the use of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made available to the organization and the organization will continue to exist.

Javier (2002) equates performance to the famous 3Es; economy, efficiency and effectiveness of a certain programme of activity. According to Richard *et al.*, (2009) organizational performance encompasses three specific areas of firm outcomes; financial performance; profits, return on assets, return on investment, etc, product market performance; sales, market share, etc, and shareholder return; total shareholder return, economic value added, etc.

Organizational performance can be described as the actual output or results of an organization as measured against its intended outputs, that is; goals and objectives. Performance should not be confused with productivity; according to Ricardo (2001), productivity is a ratio depicting the volume of work completed in a given amount of time. Performance is a broader indicator that could include productivity as well as quality, consistency, effectiveness, efficiency and other factors. A study by (Chien 2004) found that there were five major factors determining organizational performance, namely: leadership styles and environment, job design, organizational culture, model of motive and human resource policies.

In this study, the term, “organizational performance” rather than “organizational productivity” is used when we evaluate how effectively and efficiently organizations are doing in achieving their goals in their mission statements. For example, when a police organization performs well in controlling crimes for example, high crime clearance rates, we can say that their crime control performance is at a high level. Although as Kearney and Berman (1999) explained, performance is similar to productivity as the effective and efficient use of resources to achieve outcomes, performance in the public sector has broader meaning than productivity, and it is guided and assessed by multiple, equally important standards of effectiveness, efficiency, and equity.

1.1.3 Real Estate Industry in Kenya

The construction and building industry in Kenya is well developed with readily available quality engineering, building and architectural design services. The industry is currently on an upward trend due to the implementation of programmes such as the Transport Infrastructure Plan (Mbugua, 2004).

Kenya's lucrative real estate sector has rapidly expanded to become the fourth biggest contributor to the country's wealth. Growth over the past 10 years has seen the real estate industry dislodge the retail sector as the fourth largest contributor to the economy even as traditional sectors such as agriculture, wholesale and financial services continued to diminish (PwC, 2016).

Kenya's real estate industry is well diversified in terms of income, geography and types. In terms of income, there is a clear segmentation of high, middle and low income. The main property types include residential, commercial, comprising office and retail, and industrial mainly found in cities, towns and urban centers. The key drivers of the real estate industry include demographics, income, availability and cost of credit, government policy, advertising, price, and changing lifestyles (Okumu, 2017).

In its 2017 Kenya Market Update Report, real estate management company Knight Frank cites that the retail sector in Kenya, has been on an exponential growth with several malls opening up in various parts of the country. Kenya continues to experience some of the most decentralized growth of the retail submarket to urban centres such as Mombasa, Kisumu, Eldoret and Nakuru, which is largely driven by increased urbanization with devolution as a catalyst, a growing middle class with enhanced purchasing power and their changing consumer patterns as well formalization of retail activities.

The office market in Kenya, like the retail sector has experienced increased supply and is currently estimated to be in surplus. The demand for offices spaces is usually driven by growth of the services sector. The major players in the services sector include Government, Financial institutions, Professional firms and NGOs. For the last two years the education and health sectors have emerged as great consumers of office

space with the opening of satellite college campuses and new hospital branches in major expansion drives (Okumu, 2017).

The residential market, which is heavily dependent on household disposable income and availability of credit, has actually been one of the key drivers of the property market. Residential sector performance average Kenya's household disposable income has been on upwards growth. This means households are able to spend more on shelter and other basic needs (Okumu, 2017). There has been significant number of development projects that have come up both within the greater Nairobi area and other urban areas such as Mombasa, Naivasha and Kisumu. The growth in Kenya's middle class has led to an increase in demand for residential real estate. (PwC, 2016).

1.2 Statement of the Problem

Despite the immense importance of HR practices towards the realization of employee performance in particular and organizational performance in general, many real estate firms do not give emphasis to its utilization so as to ensure organizational performance in developing countries like Kenya. Instead of ensuring that HRM is managed by professionals, they tend to put that role to line managers and board of directors who are non HRM experts to implement strategies, policies, processes and practices. It is in light of this that the researcher sought to establish the relationship between HRM practices and organizational performance in real estate firms in Kenya to demonstrate that HRM is equally as important when it comes to organizational performance in this sector.

A series of studies have been conducted on HRM practices in Kenya but focus has been mainly on banks, academic institutions, manufacturing firms and to some extent, government parastatals. Furthermore, the few studies that have been done on real estate sector have mostly been on financing. These gaps motivated the researcher to research on organizational performance in the real estate industry in Kenya. The purpose of this study was to establish the relationship between HRM practices and organizational performance in the real estate industry in Kenya with a view to bridging the existent gap.

1.3 Research Objectives

1.3.1 General Objective

The general objective of this study was to establish the relationship between HRM practices and organizational performance in the real estate industry in Kenya.

1.3.2 Specific Objectives

The specific objectives of the study were;

- i. To assess the relationship between employee resourcing and organizational performance in the real estate industry in Kenya.
- ii. To examine the relationship between training and organizational performance in the real estate industry in Kenya.
- iii. To determine the relationship between compensation and organizational performance in the real estate industry in Kenya.
- iv. To find out the relationship between performance appraisal and organizational performance in the real estate industry in Kenya.

1.4 Research Questions

This study sought to answer the following questions;

- i. How does employee resourcing affect organizational performance in the real estate industry in Kenya?
- ii. What is the relationship between training and organizational performance in the real estate industry in Kenya?
- iii. What is the effect of compensation on organizational performance in the real estate industry in Kenya?
- iv. What is the relationship between performance appraisal and organizational performance in the real estate industry in Kenya?

1.5 Significance of the Study

The primary role of this study was to establish the relationship between HRM practices and organizational performance in the real estate industry in Kenya. With this study, the researcher hopes to contribute to a better understanding of the role of HRM practices in creating and sustaining organizational performance, specifically in the real estate context.

It is hoped that the findings and recommendations of the study may be useful to managers and administrators of real estate firms. Good management practices are a key driver of organizational performance. This research is about some of the most important HR aspects that influence organizational performance. By adopting these practices they would attract, motivate and retain employees to support the objectives and strategies of their organizations leading to enhancement of organizational performance.

The findings of this study may be helpful to HR managers in real estate firms for formulation and development of HR practices that would ensure a high level of organizational performance.

The findings of this study may aid policy makers and implementers in re-examining the policies embedded in HRM practices.

The researcher hopes that the study forms a basis for further research on the relationship between HRM practices and organizational performance in the real estate industry in Kenya. This should lead to generation of new ideas for the better management of real estate firms.

1.6 Scope of the Study

The study was basically concerned with the relationship between HRM practices and organizational performance in the real estate industry in Kenya. It specifically sought to establish the relationship between employee resourcing, training, compensation and performance appraisal and organizational performance.

The study was conducted in four real estate firms based in Nairobi, Kenya, namely Acorn Group Limited, Cytonn Real Estate, HF Group and Planning Project Management Limited. Data was collected by the researcher using questionnaires administered online. The information was obtained from a sample size of 119 respondents comprising 39 managers and 80 non management employees working in these firms.

1.7 Limitations and Delimitations of the Study

Questionnaires were the primary means of collecting data in the study. Not all the respondents were comfortable with providing required information since they felt like they were being investigated, the study was thus limited to the pieces of information that the respondents were willing to disclose.

To mitigate this, the researcher provided reasons and purpose of the study to the respondents as well as assured them of confidentiality on the information provided.

Other respondents found it difficult to spare time off their busy work schedules and complete the questionnaire. Constant follow up by the researcher yielded positive results.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter forms the basis of the study by reviewing the existing knowledge and literature on HRM practices and their effects on employee performance as mentioned by various scholars, authors and academicians. It looks at HRM practices in detail as well as their relationship with employee performance.

2.2 Theoretical Review

The theoretical framework adopted for this study was derived from the following theories, which have significance on HRM practices and organizational performance.

2.2.1 Resource Based View Theory

There is strong evidence that supports the Resource Based View (Crook *et al.*, 2008) which indicates that firms compete in an ever changing and dynamic business environment. Organizations can attain and achieve a sustained competitive advantage through their employees according to Barney (1991). This can be realized when a firm has a human resource pool that cannot be imitated or substituted by its rivals or competitors. The RBV as a basis of competitive advantage lies primarily in the application of the bundle of valuable resources at the disposal of the firm. The firm has to identify the key potential resources which should fulfil the criteria of being valuable, rare, in-imitable and non-substitutable by the firm's competitors (Gabreath, 2005) in the area in which the firm operates.

A resource must be valuable to enable a firm to employ a value-creating strategy, by either outperforming its competitors or reduce its own weakness (Barney, 1991; Amit & Schoemaker, 1993). Rare – to be of value, a resource must be rare by definition. In perfectly competitive strategic factor market for a resource, the price of the resource will be a reflection of the expected discounted future above-average returns (Barney, 1986a). in-imitable – if a valuable resource is controlled by only one firm it could be a source of a competitive advantage (Barney, 1991). This advantage

could be sustainable in the long run if competitors are not able to duplicate this strategic asset perfectly (Peteraf, 1993; Barney, 1986b.). Non-substitutability – even if a resource is rare, potentially value-creating and imperfectly imitable, an equally important aspect is lack of substitutability (Dierickx & Cool, 1989; Barney, 1991). Firms have to provide care for and protection of resources that possess these evaluations, because doing so can improve organizational performance (Crook, *et. al*, 2008).

2.2.2 Best Fit Theory

Best Fit theory, also known as universalistic theory postulates that HRM practices are universal in the sense that they are best in any situation and that adopting them will lead to superior organizational performance. Universalistic scholars (Luthans & Summers, 2005; Pfeffer, 2001).

The universalistic perspective, according to its scholars and researchers starts with the premise that there exists a relationship between the adoption of particular HRM practices and increased organizational performance (Delery and Doty, 1996). It proposes ‘best practices’ that when adopted and implemented would contribute to contribute positively to financial performance regardless of the strategic goals of the organization (Huselid, 1995). Further, there is the assumption that HRM practices have an effect on employee motivation as well as increased efficiency (Ichniowski *et al.*, 1996).

There is a universalistic link between HRM and performance, where some HR practices or systems of HR practices give way for increased organizational performance across the population of organizations and under all circumstances. Pfeffer’s (1998) seven practices is an example of this view, where he holds that employment security, selective hiring, self-managed teams and decentralization of decision-making, high contingency pay, extensive training, reducing status distinctions and barriers, and extensive sharing of information all will have a positive influence on organizational performance independent of organization and other conditions. Essentially, scientists holding this view believe that it is not necessary to adapt the HR practices in accordance with any particular strategy or to any specific organizational context (Lengnick-Hall *et al.*, 2009).

2.3 Empirical Review

2.3.1 Employee Resourcing and Organizational Performance

Employee resourcing is one of the major functions of HRM that helps managers attract and select best candidates, which in turn leads to improved organizational performance (Rehman, 2012). Recruitment which is the process of generating a pool of capable people to apply for employment to an organization and selection which is the process by which managers and others use specific instruments to choose from a pool of applicants a person or persons more likely to succeed in the job(s) given management goals and legal requirements (Bratton and Gold, 2007).

Recruitment and selection can play a pivotal role in shaping an organization's effectiveness and performance, if organizations are able to acquire workers who already possess relevant knowledge, skills and aptitudes and are also able to make an accurate prediction regarding their future abilities. Performance improvement is not only a result of well functioning system but also depends on effective human resource strategies that succeed in recruiting and maintaining a committed and motivated workforce (Al-Ahmadi, 2009).

Recruitment and selection has become ever more important as organizations increasingly regard their workforce as a source of competitive advantage. It is often claimed that selection of workers occurs not just to replace departing employees or add to the number but rather aims to put in place workers who can perform at a higher level and demonstrate commitment (Ballantyne, 2009). This function of HR is presented as a planned rational activity made up of certain sequentially-linked phases within a process of employee resourcing, which itself may be located within a wider HR management strategy. The process of recruiting and selecting may come in four stages: defining requirement, planning recruitment campaign, attracting candidates and selecting candidates (Armstrong, 2010). Similarly, many researchers agreed that effective recruitment and selection will lead to competitive advantage and high performance of organization (Pfeffer, 2006).

2.3.2 Training and Organizational Performance

Training is the process of teaching, informing or educating people so that they become well qualified to do their jobs and perform in positions of greater difficulty and responsibility (Van Dersal, 2012). According to Buckley and Cample (2000), training is a planned and systematic effort to modify or develop knowledge, skills and attitudes through a learning experience to achieve effective performance in an activity or range of activities. On the other hand, Alan Cowling and Mailer (2008) define training as the acquisition of skills and attitudes that result in improved performance in another environment.

Research conducted by Choo and Bowler (2010), reveals that training was ranked amongst the highest HRM motivational practices mentioned by employees. The research also confirmed that opportunities geared towards training improve employee skills to work with up to date technologies, providing employees with qualified skills will equip them with new knowledge to operate the latest technology or simply an opportunity to refresh existing skills which improves their overall performance. Employee training initiatives are vital to both management and the employees. This is because the management is likely to experience high productivity while the employees are able to obtain additional skills to help them advance their careers thus improve their performance. Moreover the presence of training initiatives promotes efficiency in an organization, (Ngeno, 2005). On the other hand, an organization should strengthen its bond with its employees by investing in them through providing opportunities for training and development (Hall and Moss, 2001).

According to Michael Armstrong (2010), training also builds company loyalty because employees realize that the company is investing in their future. It further eliminates the difficulties that they are likely to go through while performing a job. The relevant skills acquired enable them to work with surety and limited pressure. It also enables the workers to develop confidence as a result of self fulfillment thus job satisfaction which is directly related to improved employee performance. This implies that management has a responsibility of providing employees with an environment that enhances self development.

2.3.3 Compensation and Organizational Performance

Compensation processes are based on compensation philosophies and strategies contained in the form of policies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation. This constitutes measuring job values, designing and maintaining pay structure, paying for performance, competence and skill and providing employee benefit. However, compensation management is not just about money, it is also concerned with that non-financial compensation which provides intrinsic or extrinsic motivation (Bob, 2011). Compensation has a motivational effect and therefore implies that having a compensation structure in which the employees who perform better are paid more than the average performing employees is vital to enhancing organizational performance (Hewitt, 2009).

According to Kanfer (2005), an individual can be motivated towards the work with two fold motivation such as grant of financial and non-financial rewards. These rewards enhance the performance of individuals. It is assumed by most of the managers, that pay of an employee can enhance the quality and quantity of work and can reinforce the commitment towards organization but the benefits most often claimed with regard to pay performance are not granted in practice. According to some employees pay is a good motivational factor but most of the employees argue that pay is not the only motivational factor which is required by the employees to increase their performance. Kanfer further notes that the requirement for finance may be the important motive for employees. He states that there are numerous types of informal rewards which are offered to employees by the company like titles, awards, favorable mention in company's publications etc. They have freedom to perform job duties and with regard to working hours and assignment of meaningful responsibilities, they influence in formulation of goals and decision making process as discussed by Kerr (2009).

2.3.4 Performance Appraisal and Organizational Performance

Performance appraisal is a systematic periodic and impartial rating of employee's excellence in matters pertaining to his present job and to his potentialities for a better

job. It is mainly used for three purposes; (i) as a basis of reward allocation such as salary increments, promotion and other rewards. (ii) it will point out the weaknesses of employees and will spot the areas where development efforts are needed. Performance appraisal is a tool for identification of deficiencies. (iii) it can be used for the selection and development programme. It will differentiate satisfactory performers from unsatisfactory ones. Performance appraisal helps the management to perform functions relating to selection, development, salary, and promotion that influence organizational performance (Fillippo, 2012).

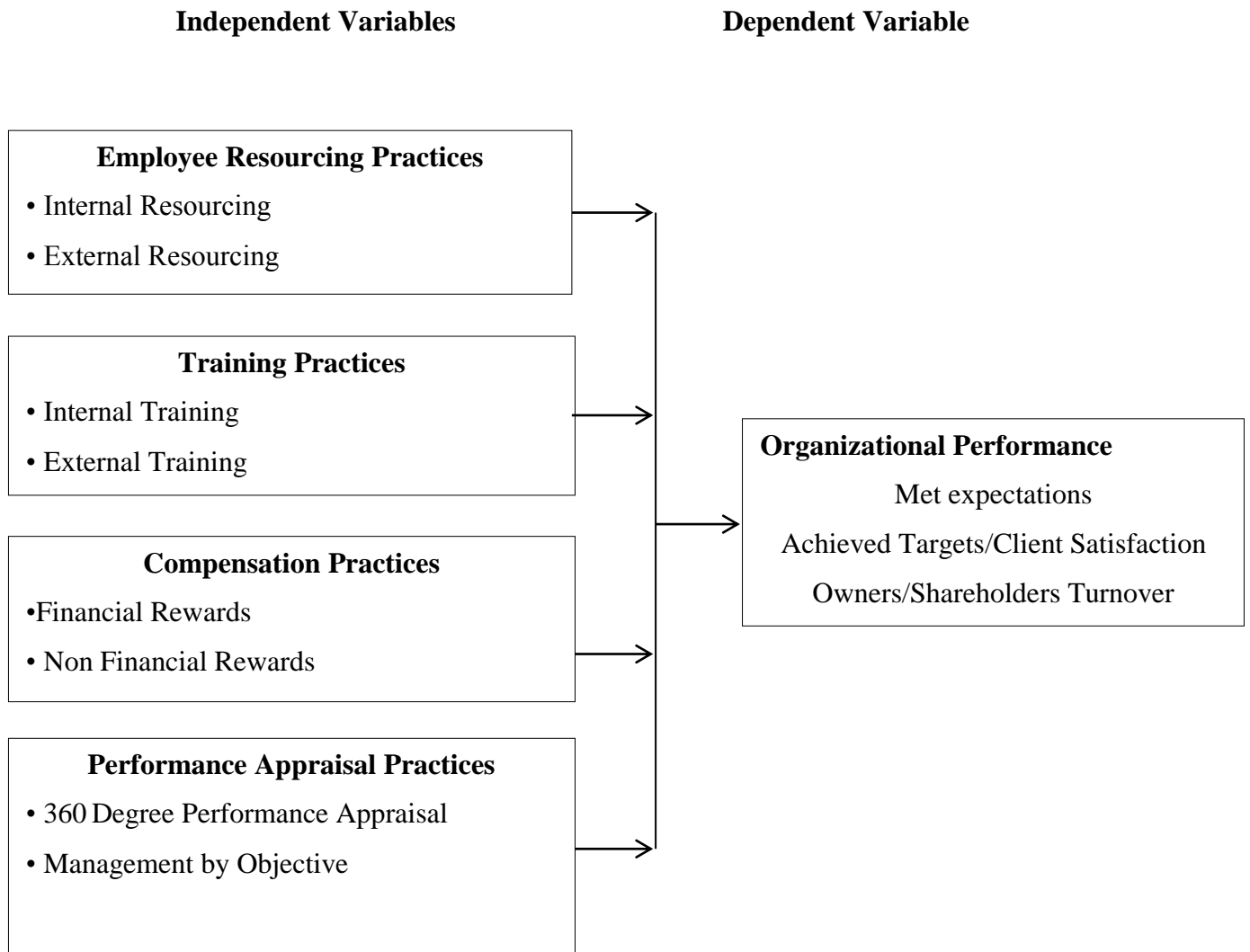
Geer (2001) observed that performance appraisal would benefit organizations in various ways: (1) Enhancing the quality of organizational decisions from promotions, compensation, transfers for job fit and terminations. (2) Through periodic informal reviews, managers will have an opportunity to see how well employees are performing relative to their goals and to provide opportunities for early intervention.s

Performance appraisal rates the employees in terms of their performance criteria and takes into account the performance over looks critically into the strength, weaknesses and deficiencies in the performance given. The focus is on improvement in future performance of the employees. Performance appraisal shows relative worth of an employee. The focus of the performance appraisal is measuring, analyzing and improving the actual performance of the employee and also to find out the potentials of the employees for future assignments. When this is done, employees are motivated to work much harder (Heyel, 2002).

2.4 Conceptual Framework

A conceptual framework is made up of the following variables: independent variables, moderating factors and dependent variables. The independent variables are the variables which a study seeks to examine in order to determine their impact on a particular subject matter (Creswell, 2002). In this study, the following were the independent variables; Employee resourcing, Training, Compensation and Performance Appraisal. The dependent variables are influenced by independent variables and in this study the dependent variable was organizational performance. Figure 2.1 shows a representation of the conceptual framework adopted in this study.

Figure 2.1 Conceptual framework



Source; Adopted from Ilias Vlachos (2009) and modified by the researcher

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the overall approaches that were employed in the study. These include description of the research design, population, sample size and sampling techniques, data collection procedures and analysis.

3.2 Research Design

The research design adopted for this study was a descriptive survey of four real estate firms based in Nairobi, Kenya. This type of research design was used to describe the relationship between human resource management practices and organizational performance in the real estate industry in Kenya.

According to Chandran (2004), descriptive research design portrays an accurate profile of people, events or situations. In this case the results obtained should also be obtained by any other researcher if she is to do the same research.

This type of research design was deemed the best approach of fulfilling the objectives of this study as it allowed for the collected data to be analyzed quantitatively using descriptive and inferential statistics (Saunders *et al.*, 2007)

3.3 Target Population

This refers to the members of a real or hypothetical set of people to which the researcher wishes to generate the results of the research. The study was conducted among the employed staff of four real estate companies in Nairobi, Kenya namely Acorn Group Limited, Cytonn Real Estate, HF Group and Planning Project Management Limited. The choice of the four companies was informed by the fact that they are among the leading real estate firms and their employees are diverse in terms of different academic backgrounds and qualifications. The targeted population comprised of managerial and non managerial staff of the companies.

The researcher's target population was 78 managers and 160 non managerial staff as illustrated in Table 3.1 below.

Table 3.1 Target Population

	Target Population	Percentage (%)
Management Staff	78	32.77
Non Management Staff	160	67.23
Total	238	100

Source: (Real Estate Data, 2017)

3.4 Sample and Sampling Technique

In determining the sample size, both probability and non-probability methods were used. In probability method, the researcher adopted simple random sampling because it avoids biasness as recommended by Amin (2005).

Simple random sampling was used to ensure that the target population is divided into different homogenous strata and that each sub group is represented in a proportion equivalent to its size in the target population.

The non-probability methods adopted were purposive and convenience sampling techniques. This was so that the researcher could zero in on respondents whose opinions would be relevant to the study. Purposive sampling technique was used in sampling managerial staff because they had to meet a criterion of belonging to the predefined group of managers. Convenience sampling technique was used so that any non-managerial employees could participate as a respondent. This suited this group better due to their relative ease of access.

In this case there were two strata (managerial and non managerial staff) as illustrated in Table 3.2.

Table 3.2 Sample size

Category	Target Population	Sample Size
Management Staff	78	39
Non Management Staff	160	80
Total	238	119

Source: (Primary Data)

3.5 Data Collection Instruments

This study mainly relied on primary data collected using questionnaires. According to Cohen *et al.*, (2004) a questionnaire is a collection of items to which a respondent is expected to react, usually in written form. The researcher used two sets of questionnaires, for management and non management staff as the main data collection instrument at the selected organizations. The questionnaires had three sections. Section 1 captured questions on the respondents background information, Section 2 focused on HRM practices namely employee resourcing, training, compensation and performance appraisal. Section 3 was on organizational performance which was measured in terms of meeting expectations, achievement of targets, owners/shareholders turnover and client satisfaction. The questionnaires were distributed online among the managers and non management staff in the selected real estate firms. The advantage of selecting this method was that it enabled the respondents to express general attitudes and options that helped the researcher interpret their responses. Moreover the respondents were free to express their views genuinely due to confidentiality hence accuracy in the research findings.

In order to eliminate all the extraneous variables (real and imagined) that may confound results, the researcher used randomization sampling technique to control variance since it was the simple best way to control the many extraneous variables.

3.5.1 Validity of Data Instruments

Instrument validation was achieved in several ways. The researcher's supervisor's input on the appropriate questions and type of questionnaire were considered. A pre-

test was done by administering the instrument to five conveniently selected human resource managers. The five human resource managers were requested to evaluate the statement items for relevance, meaning and clarity. On the basis of their response, the instrument was adjusted appropriately. Content validity involved the examination of content to determine whether it covered a representative sample of the measurement items. Validity can be assessed using expert opinion and informed judgment (Kerlinger, 2002).

3.5.2 Reliability of Data Instruments

Reliability refers to the ability of an instrument to produce similar results at different times with the same respondents (Shaughnessy and Zechmeister 1997). Reliability was tested using pre-testing data sets and Cronbach's reliability. A Content Validity Index was used to assess the validity of each construct in the model while the reliability of the variables was assessed using Cronbach's alpha (1951). A cut off level of 0.5 was accepted. The reliability of the questions used in the study ranged from 0.821 to 0.976 which is above the acceptable minimum of 0.5. The questionnaires were also pre-tested with a sample of respondents in order to establish whether the questions therein measured the expected theorized variables in the conceptual framework. In this case respondents were asked to comment on the clarity and the amount of time it took to fill one questionnaire. The questionnaire was then reviewed based on the findings of the pilot test and the final version was developed thereafter for use.

3.6 Data Analysis

The process of data analysis involves data clean up and explanation. Data is coded and checked for any errors and omissions (Kothari, 2007). Data collected in this study was both qualitative and quantitative. Qualitative data was analyzed by use of content analysis. Quantitative data was analyzed through descriptive and inferential statistics by use of Statistical Package for Social Science (SPSS) Version 21. The responses were then reported by descriptive narratives. Descriptive statistics such as frequencies and percentages were used.

In addition, correlation and regression analysis were used to establish the relationship between the dependent and independent variables. According to Orodho (2007),

regression analysis is a statistical process for estimating the relationships between variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

The study used a 95% confidence interval. A 95% confidence interval indicates a significance level of 0.05. This implied that for an independent variable to have a significant consequence on the dependent variable, the p-value ought to be below the significance level (0.05).

3.7 Ethical Considerations

The major ethical problem in this study was informed consent, privacy and confidentiality. The researcher clearly explained the purpose of the study to the respondents and participation in this study was strictly voluntary, no respondent was forced or coerced in any manner to participate. Both confidentiality and anonymity were strictly adhered to.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis and findings of the study as set out in the research methodology. The results were presented on the relationship between HRM practices and organizational performance in the real estate industry in Kenya.

4.1.1 Response Rate

An analysis of the response rate to establish the total number of respondents who actively participated in the study by completing and submitting the questionnaires was carried out and the results are as presented in Table 4.3. Twenty eight out of the 39 targeted management staff and 64 out of the 80 targeted non management staff responded to the questionnaires contributing to a response rate of 71.8% and 80% for the management and non management staff, respectively. This response rate was sufficient and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting, a rate of 60% is good while a response rate of 70% and over is excellent.

Table 4.3 Response rate

	Management staff		Non management staff	
	Frequency	Percent	Frequency	Percent
Responses received	28	71.8	64	80.0
No response	11	28.2	16	20.0
Total	39	100.0	80	100.0

Source: (Primary Data)

4.2 Demographic Information

4.2.1 Gender Distribution of the Respondents

The study sought to establish the gender of the respondents. The findings are as shown in Figure 4.2.

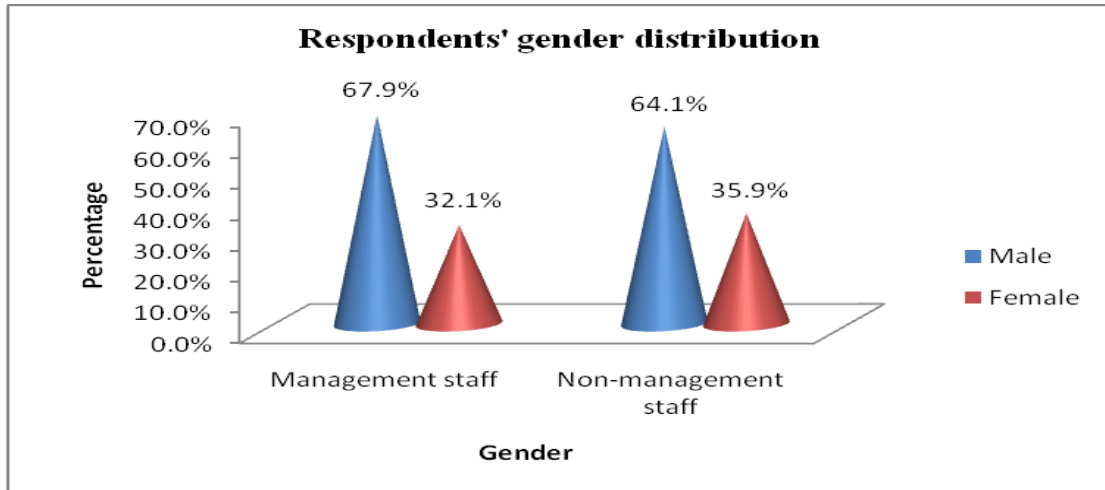


Figure 4.2 Gender distribution of the respondents

From Figure 4.2 above, majority (67.9%) of the management staff and 64.1% of the non management staff were male while 32.1% of the management staff and 35.9% of the non management staff were female. This showed that the study did not suffer from gender biasness as it involved both male and female respondents though the majority of the study respondents were male.

4.2.2 Years Worked in the Organization

The study sought to establish the number of years that the respondents had served in their organizations. The findings are as illustrated in Figure 4.3.

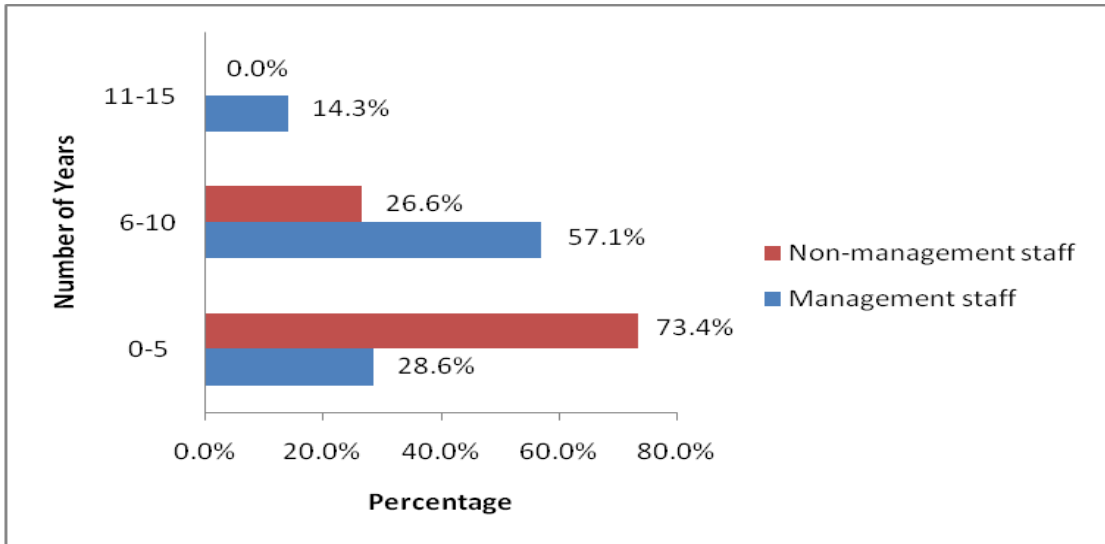


Figure 4.3 Distribution of the respondents based on the number of years worked

According to Figure 4.3 above, majority (57.1%) of the management staff had worked in their organization for 6-10 years, 28.6% had worked for 0-5 years while 14.3% of the management staff had worked in their organization for 11-15 years. On the other hand, majority (73.4%) of the non management staff had worked in their organization for 0-5 years while 26.6% of the non management staff had worked in their organization for 6-10 years. None of the non management staff had worked in their organization for over 10 years. This implied that majority of the study respondents had worked in their respective organizations for long enough to be able to provide crucial information relating to the influence of HRM practices on their organizations' performance. The results also indicate that on average the management staff had worked for longer in the selected organizations than the non management staff.

4.2.3 Highest Level of Education of the Respondents

The study sought to establish the highest education level of the respondents. The findings are as shown in Table 4.4.

Table 4.4 Highest education level of the respondents

	Management staff		Non management staff	
	Frequency	Percent	Frequency	Percent
Diploma	0	0.0	3	4.7
Bachelors degree	18	64.3	46	71.9
Masters degree	10	35.7	15	23.4
Total	28	100.0	64	100.0

Source: (Primary Data)

Table 4.4 above shows that majority (64.3%) of the management staff were Bachelors degree holders while 35.7% were Masters degree holders. Similarly, majority (71.9%) of the non management staff were Bachelors degree holders, 23.4% were Masters degree holders while 4.7% of the non management staff were Diploma holders. This implied that majority of the study respondents had a sound academic background and as such had a good understanding of the influence of HRM practices on their organizations' performance.

4.2.4 Respondents' Type of Employment Contract

The study sought to establish the type of employment contract of the non management staff. The findings are as shown in Figure 4.4.

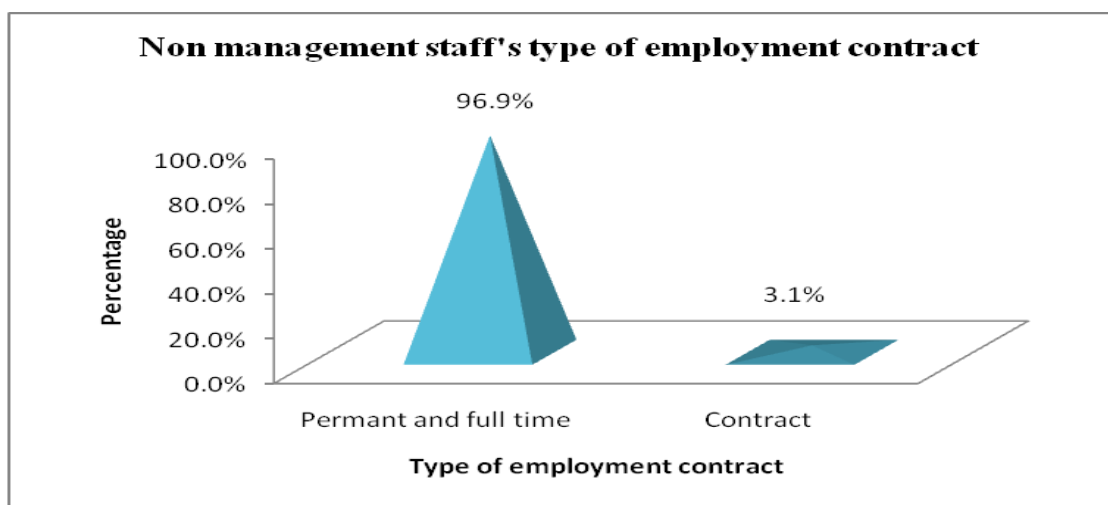


Figure 4.4 Respondents' type of employment contract

Table 4.4 above shows that majority (96.9%) of the non management staffs were employed on a permanent and full time basis while 3.1% were employed on contract basis. This showed that majority of the study respondents were permanent and full time employees of the selected real estate firms.

4.2.5 Number of Employees in Selected Organizations

The study sought to establish the number of employees in the selected organizations. The findings are as shown in Table 4.5.

Table 4.5 Number of employees in the selected organizations

Number of employees	Frequency	Percent
6-29	2	7.1
30-99	26	92.9
100 & above	0	0.0
Total	28	100.0

Source: (Primary Data)

Table 4.5 above shows that majority (92.9%) of the management staffs indicated that their organizations had 30-99 employees while 7.1% of the management staffs indicated that their organizations had 6-29 employees. None of the management staffs indicated that their organizations had 100 and above employees. This showed that majority of the selected organizations had 30-99 employees.

4.2.6 Existence of Human Resource Department

The study sought to establish whether the respondents' organizations had a department dedicated to Human Resource. The findings are as illustrated in Figure 4.5.

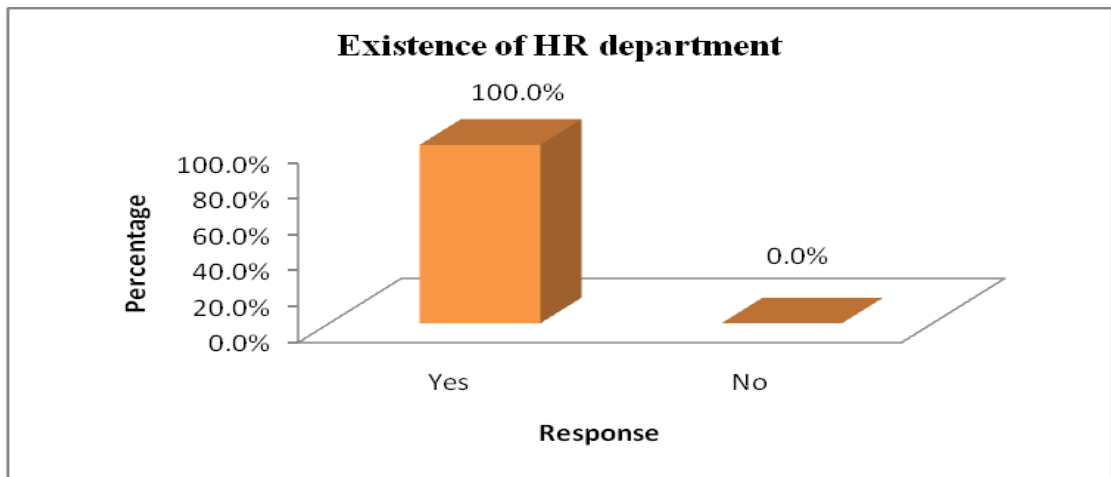


Figure 4.5 Presence of Human Resource department in the respondents’ organizations

Figure 4.5 above shows that all (100%) of the management staff indicated that their organizations had a Human Resource department. This implied that human resource was regarded as a crucial function in the selected organizations.

4.2.7 Mode of Execution and Management of HR Practices

The study sought to establish how the respondents’ organizations executed and managed selected HR practices. The findings are as illustrated in Table 4.6.

Table 4.6 Mode of execution and management of HR practices

	Employee resourcing		Training		Compensation		Performance appraisal	
	F	%	F	%	F	%	F	%
Centralized	25	89.3	19	67.9	28	100.0	17	60.7
Executed & managed by line managers	3	10.7	9	32.1	0	0.0	11	39.3
Total	28	100.0	28	100.0	28	100.0	28	100.0

Source: (Primary Data)

From Table 4.6 above, majority (89.3%) of the management staffs indicated that employee resourcing within their organizations was centrally executed and managed while 10.7% indicated that employee resourcing within their organizations was executed and managed by line managers. Further, majority (67.9%) of the management staffs indicated that staff training within their organizations was centrally executed and managed while 32.1% indicated that staff training within their organizations was executed and managed by line managers. The findings also indicate that all (100%) of the management staffs indicated that staff compensation within their organizations was centrally executed and managed. In relation to performance appraisal, majority (60.7%) of the management staffs indicated that it was centrally executed and managed while 39.3% indicated that performance appraisal was executed and managed by line managers. This showed that within the respondents' organizations employee resourcing, training, compensation and performance appraisal were centrally executed and managed.

4.3 Employee Resourcing and Organizational Performance

The first objective of the study sought to assess the relationship between employee resourcing and organizational performance in the real estate industry in Kenya. The study evaluated the respondents' level of agreement with various statements on employee resourcing using a scale of 1-5 where 5-strongly agree, 4-agree, 3-neutral, 2-disagree and 1-strongly disagree. The findings are as illustrated in Table 4.3.

Table 4.7 Respondents' level of agreement with statements on employee resourcing

Statements	Management staff		Non management staff	
	Mean	Std. Dev	Mean	Std. Dev
	My organization has a recruitment and selection policy	4.607	0.8317	4.313
My organization adheres to the recruitment and	4.393	0.5670	3.938	0.8141

selection policy every time it hires employees				
Job Descriptions and Job Specifications are clearly defined in the recruitment process	4.107	1.0306	4.047	0.8624
The interview process and other selection instruments are effective	4.179	0.6696	3.703	0.9542
Internal hiring motivates employees	4.393	0.4974	4.359	0.6754

Source: (Primary Data)

The study findings on Table 4.7 above showed that the management staff did agree that their organizations adhered to the recruitment and selection policy every time they hired employees (mean = 4.393) and that job descriptions and job specifications were clearly defined in the recruitment process (mean = 4.107). On their part, the non management staff did agree that internal hiring motivated the employees (mean = 4.359) and that the interview process and other selection instruments were effective (mean = 3.703). This implied that the selected real estate firms had adopted effective human resource management practices in the area of employee resourcing as evidenced by existence of clearly defined job descriptions and job specifications as well as recruitment and selection policy and which was adhered to in hiring of staff. This agreed with Al-Ahmadi (2009) who argued that recruitment and selection can play a pivotal role in shaping an organization's effectiveness and performance, if the organizations are able to acquire workers who possess relevant knowledge, skills and competence. The findings were also in line with Ballantyne (2009) who argued that effective recruitment and selection leads to competitive advantage and higher organizational performance as they aim not only to replace departing employees or adding staff numbers but rather to bring in employees who can perform at a higher level and demonstrate higher commitment to the organization.

4.4 Training and Organizational Performance

The second objective of the study sought to examine the relationship between training and organizational performance in the real estate industry in Kenya. The study evaluated the respondents' level of agreement with various statements on staff

training using a scale of 1-5 where 5-strongly agree, 4-agree, 3-neutral, 2-disagree and 1-strongly disagree. The findings are as illustrated in Table 4.8.

Table 4.8 Respondents' level of agreement with statements on training

Statements	Management staff		Non management staff	
	Std.		Std.	
	Mean	Dev	Mean	Dev
My organization has a training policy applicable to all employees	4.321	0.8630	4.156	0.8012
My organization links training with the company's business strategy	4.143	1.0440	4.063	0.9407
My organization has a fully fledged training and development department	2.357	1.3393	2.172	1.1347
Training needs are identified through a formal performance appraisal mechanism	4.214	0.7868	4.016	0.8260
Training programmes have yielded positive results in terms of performance	4.464	0.6373	4.219	0.7231

Source: (Primary Data)

The study findings on Table 4.8 above showed that the management staff were in agreement that training programmes had yielded positive results in terms of performance (mean = 4.464) and that their organizations linked training with the company's business strategy (mean = 4.143). However, the management staff disagreed that their organizations had a fully fledged training and development department (mean = 2.357). Similar sentiments were shared by the non management staff who also concurred that the training programmes had yielded positive results in terms of performance (mean = 4.219) and that the organizations linked training with the company's business strategy (mean = 4.063). The non management staff also disagreed that the organizations had a fully fledged training and development department (mean = 2.172). This indicates that staff training played a crucial part in

the real estate firms' performance. The findings were in agreement with those of Choo and Bowler (2010) who revealed that staff training was ranked amongst the highest HRM motivational practices mentioned by employees. They argued that efforts aimed at training employees to equip them with new skills and knowledge or simply to refresh existing skills improved their overall performance. The findings also agreed with Michael Armstrong (2010) who argued that staff training builds company loyalty because employees realize that the company is investing in their future. It further eliminates the difficulties that the employees are likely to face while performing a job. Van Dersal (2012) argued that staff training enables the workers to develop confidence in their abilities leading to job satisfaction which is directly related to improved employee performance.

4.5 Compensation and Organizational Performance

The third objective of the study sought to determine the relationship between compensation and organizational performance in the real estate industry in Kenya. The study evaluated the respondents' level of agreement with various statements on staff compensation using a scale of 1-5 where 5-strongly agree, 4-agree, 3-neutral, 2-disagree and 1-strongly disagree. The findings are as depicted in Table 4.9.

Table 4.9 Respondents' level of agreement with statements on compensation

Statements	Management staff		Non management staff	
	Mean	Std. Dev	Mean	Std. Dev
	This organization's salary and other benefits are comparable to that of similar organizations	4.286	0.5345	3.906
My organization has a bonus/incentive plan	4.250	0.6455	4.031	0.8159
In my organization, employees pay is directly linked to performance	3.964	0.8812	3.875	0.6785
Benefits provided by my organization are satisfying	4.179	0.7724	4.125	0.8819

My organization provides a cost of living increment 2.536 1.2318 2.313 1.1667

Source: (Primary Data)

The study findings on Table 4.9 above showed that both the management staff and the non management staff were in agreement that the benefits provided by their organizations were satisfying as indicated by a mean of 4.179 and 4.125, respectively. Further, both the management staff and the non management staff were also in agreement that their organization's salary and other benefits were comparable to that of similar organizations as shown by a mean of 4.286 and 3.906, respectively and also that the employees pay was directly linked to performance as shown by a mean of 3.964 and 3.875, respectively. The results further indicate that both the management staff and the non management staff disagreed with the statement that their organizations provided a cost of living increment as represented by a mean of 2.536 and 2.313, respectively. This showed that the real estate firms in Kenya linked their employees pay with organizational performance and made efforts to offer compensation benefits that were satisfying. However, the firms did not provide a cost of living increment. The findings agreed with Hewitt (2009) who argued that compensation has motivational effects and therefore having a compensation structure in which the employees who perform better are paid more than the average performing employees is vital to enhancing organizational performance. The findings were also consistent with the early works of Peter Drucker (1956) who stated that happy workers are productive workers. The findings also concurred with Luna-Arocas and Camps (2008) who found rewards, job enrichment and job stability to affect turnover intention through job satisfaction and organizational commitment.

4.6 Performance Appraisal and Organizational Performance

The last objective of the study sought to find out the relationship between performance appraisal and organizational performance in the real estate industry in Kenya. The study evaluated the respondents' level of agreement with various statements on performance appraisal using a scale of 1-5 where 5-strongly agree, 4-

agree, 3-neutral, 2-disagree and 1-strongly disagree. The findings are as shown in Table 4.10.

Table 4.10 Respondents’ level of agreement with statements on performance appraisal

Statements	Management staff		Non management staff	
	Mean	Std. Dev	Mean	Std. Dev
	The performance appraisal process supports the company’s business strategy	4.143	1.1774	4.344
In my organization performance appraisals are carried out periodically, and are not just a formality	4.071	0.8997	3.719	1.0760
I receive specific and accurate feedback during performance appraisal	4.000	0.9428	4.016	0.9511
Performance appraisal makes me better understand what I should be doing as it is measured on the basis of objective and quantifiable results	4.429	0.6901	4.141	0.7318
In my organization promotion and incentives are purely based on performance appraisal	4.179	0.7724	3.953	0.8053

Source: (Primary Data)

From Table 4.10 above the study findings indicate that both the management staff and the non management staff concurred that performance appraisal made them better understand what they should be doing as it was measured on the basis of objective and quantifiable results as shown by a mean of 4.429 and 4.141, respectively; that the performance appraisal process supported the company’s business strategy as shown by a mean of 4.143 and 4.344, respectively and also that they received specific and accurate feedback during performance appraisal as shown by a mean of 4.000 and

4.016, respectively. This showed that the real estate firms in Kenya were keen on staff performance appraisal as it provided a mechanism for evaluating the achievement of organizational objectives and goals. The findings were in agreement with Khan (2010) who found a significant positive relationship between performance appraisals on one hand and organizational performance on the other. The findings were also in line with Fillippo (2012) who pointed out that performance appraisal points out the weaknesses of employees and identifies the areas where development efforts are needed. On their part, Alford and Beatty (2005) argued that given that every employee differs in his/her abilities, attitudes and aptitudes, performance appraisal of employees is necessary to understand each employee's abilities, competencies and relative merit and worth for the organization (Alford and Beatty, 2005)

4.7 Human Resource Management Practices and Organizational Performance

The study required the respondents to rate their level of agreement on various statements on human resource management practices and organizational performance. The responses were rated using a scale of 1-5 where 5-strongly agree, 4-agree, 3-neutral, 2-disagree and 1-strongly disagree. The findings are as depicted in Table 4.7.

Table 4.11 Respondents' level of agreement with statements on human resource management practices and organizational performance

Statements	Management staff		Non management staff	
	Std.		Std.	
	Mean	Dev	Mean	Dev
The recruitment and selection policy plays a big role in bringing in employees who fit in	4.321	0.6696	4.078	0.6970
Training of employees bring greater returns in terms of performance	4.214	0.6299	4.438	0.6140
The compensation packages offered by my organization motivate employees to achieve the set targets/goals	4.071	0.7164	3.828	0.8462

Performance appraisal is appreciated by employees and is a factor in their performance	4.036	0.7927	3.938	0.7943
The organization is able to meet the expectations of the owners /shareholders	4.500	0.5774	4.406	0.5555
Customers/clients expectations are met	4.214	0.7868	4.266	0.6484
Most contractors and suppliers are happy to work with my organization	4.536	0.5079	4.156	0.7605
Employees are motivated to stay with this organization	4.179	0.7724	3.734	1.0117

Source: (Primary Data)

From Table 4.11 above the study findings revealed that the management staff agreed that most contractors and suppliers were happy to work with their organization (mean = 4.536) and that performance appraisal was appreciated by the employees and was a factor in their performance (mean = 4.036). On their part, the non management staff were in agreement that training of employees brought greater returns in terms of performance (mean = 4.438) and that as employees, they were motivated to stay with their organization (mean = 3.734). This showed that both the management and the non management staffs appreciated the significance of human resource management practices on their organizations' performance. Effective human resource management practices are critical in supporting the organization to meet its set goals and objectives including meeting the expectations of the owners/shareholders, suppliers and customers/clients. The findings concurred with Birdi et al. (2008) who concluded that performance benefits from employee empowerment, extensive training and fair remuneration contributed to the immense improvements in staff productivity leading to increased organizational performance. The findings were also in line with Edgar and Geare (2005) who pointed that HRM is hypothesized to fulfill employees' needs which enhances favorable attitudes, and subsequently improves performance outcomes.

4.8 Inferential statistics

In order to determine the relationship between employee resourcing, training, compensation, performance appraisal and the organizational performance of the selected real estate firms in the country, the study conducted a multiple regression analysis. The results are as summarized below.

Table 4.12 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.890 ^a	0.792	0.737	.561

Source: (Primary Data)

Predictors: (Constant), employee resourcing, training, compensation, performance appraisal

From Table 4.12, R squared is the coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variables. From Table 4.12 the value of R squared was 0.791 which means that 79.1% variation in the real estate firms' organizational performance was due to changes in employee resourcing, training, compensation and performance appraisal. Hence, 20.9% of variation in the real estate firms' organizational performance was explained by other factors not in the model or not focused on in the current study.

Table 4.13 ANOVA (Analysis of Variance)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.375	4	11.09375	82.953	.0000 ^a
	Residual	11.635	87	.133736		
	Total	56.01	91			

Source: (Primary Data)

a. Predictors: (Constant), employee resourcing, training, compensation, performance appraisal

b. Dependent Variable: organizational performance

Analysis of Variance (ANOVA) consists of calculations that provide information about levels of variability within a regression model and form a basis for tests of significance. The "F" column provides a statistic for testing the hypothesis that all $\beta \neq 0$ against the null hypothesis that $\beta = 0$ (Weisberg, 2005). From the findings the significance value is .0000 which is less than 0.05 thus the model is statistically significant in predicting how employee resourcing, training, compensation and performance appraisal affect the organizational performance of real estate firms in Kenya. The F critical at 5% level of significance was 6.26. Since F calculated (value = 82.953) is greater than the F critical (6.26), this showed that the overall model was significant.

Table 4.14 Regression analysis results

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.431	.712		9.032	.0000
Employee resourcing [X ₁]	0.612	.248	.216	2.468	.0195
Training [X ₂]	0.708	.199	.178	3.558	.0013
Compensation [X ₃]	0.724	.153	.132	4.732	.0000
Performance appraisal [X ₄]	0.685	.232	.194	2.953	.0061

Source: (Primary Data)

Based on the regression results in Table 4.14 above, the regression model becomes;

$$Y = 6.431 + 0.612 X_1 + 0.708 X_2 + 0.724 X_3 + 0.685 X_4 + \varepsilon$$

From the regression equation above, taking all factors (employee resourcing, training, compensation and performance appraisal) constant at zero, organizational performance would be 6.431. The results further indicate that a unit increase in employee resourcing would lead to a 0.612 increase in organizational performance; a unit increase in training would lead to a 0.708 increase in organizational performance, a unit increase in compensation would lead to a 0.724 increase in organizational performance while a unit increase in performance appraisal would lead to a 0.685 increase in organizational performance. At 5% significance level [or 95% level of confidence], compensation had a 0.0000 level of significance; training had a 0.0013 level of significance; performance appraisal had a 0.0061 level of significance while employee resourcing had a 0.0195 level of significance. All the variables were significant ($p < 0.05$) with the most significant factor being compensation followed by training, performance appraisal and employee resourcing, respectively. This agreed with Ahmad and Schroeder (2003) who concluded that there was a positive influence of Human Resource Management practices (extensive training, selective hiring, compensation and incentives, performance evaluation and use of teams) on organizational performance. Uysal and Koca (2009) found out that recruitment, training, performance appraisal and performance based pay all have a significant positive relationship with organizational performance. Similarly, Booselie et al. (2005) analyzed 104 articles and established that the top four human resource management practices that had a positive impact on organizational performance were recruitment and selection, training and development, contingency and reward and performance management.

Table 4.15 Correlation analysis results

	Organizational performance	Employee resourcing	Training	Compensation	Performance appraisal
Organizational performance (r)	1				
(p) Sig. (2 tailed)					
Employee resourcing (r)	.548**	1			
(p) (2 tailed)	.000				
Training (r)	.632**	.016	1		
(p) (2 tailed)	.000	.114			
Compensation (r)	.671**	.182	.216	1	
(p) (2 tailed)	.000	.319	.127		
Performance appraisal (r)	.614**	.161	.233	.102	1
(p) (2 tailed)	.000	.229	.464	.094	

Source: (Primary Data)

Pearson's product moment correlation analysis ** Significant at 5%

Results of the Pearson correlation as shown on Table 4.15 above indicates that there is a significant positive correlation between employee resourcing and organizational performance ($r=0.548$, p value <0.05); this shows that an increase on employee resourcing is associated with increase in real estate firms' performance. The table indicates that there is a significant positive correlation between training and organizational performance ($r=0.632$, p value <0.05); this demonstrates that an increase in training is associated with increase in the real estate firms' performance. The table indicates that there is a significant positive correlation between compensation and organizational performance ($r=0.671$, p value <0.05); this confirms that an increase in compensation is associated with an increase in the real estate firms'

performance. The table indicates that there is a significant positive correlation between performance appraisal and organizational performance ($r=0.614$, p value <0.05); this indicates that an increase in performance appraisal is associated with increased real estate firms' organizational performance. This concurs with Booselie et al. (2005) who argued that the top four human resource management practices that had a positive impact on organizational performance were recruitment and selection, training and development, contingency and reward and performance management.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings, conclusion and recommendations of the study in line with the study objectives. The chapter also gives suggested areas for further research. The study sought to establish the relationship between HRM practices and organizational performance in the real estate industry in Kenya.

5.2 Summary

5.2.1 Employee Resourcing and Organizational Performance

The study findings showed that both the management and non management staff of the selected real estate firms in Kenya did agree that their organizations adhered to the recruitment and selection policy every time they hired employees, internal hiring motivated the employees, their organizations had a recruitment and selection policy that clearly defined job descriptions and specifications and that the interview process and other selection instruments were effective. This implied that the selected real estate firms had adopted effective human resource management practices in the area of employee resourcing as evidenced by existence of clearly defined job descriptions and job specifications as well as recruitment and selection policies and which were adhered to during the hiring of staff.

5.2.2 Staff Training and Organizational Performance

The study findings indicated that both the management and non management staff of the selected real estate firms in Kenya agreed that their organizations had a training policy applicable to all employees, their organizations linked training with the company's business strategy, staff training needs were identified through formal performance appraisal mechanisms and that the training programmes adopted had yielded positive results in terms of performance. However, the management and non management staff disagreed that their organizations had a fully fledged training and development department. This indicates that staff training played a crucial part in the selected firms' organizational performance.

5.2.3 Staff Compensation and Organizational Performance

The study findings revealed that both the management and non management staff of the selected real estate firms in Kenya were in agreement that their organization's salary and other benefits were comparable to that of similar organizations and that the benefits provided by their organizations were satisfying. Further, both the management staff and the non management staff did also agree that employees pay was directly linked to performance and that their organizations had a bonus/incentive plan. However, both the management staff and the non management staff disagreed with the statement that their organizations provided a cost of living increment. This showed that the real estate firms in Kenya linked their employees pay with organizational performance and made efforts to offer compensation benefits that were satisfying implying that compensation was a critical element of the firms' human resource policy. However, the firms did not provide a cost of living increment.

5.2.4 Performance Appraisal and Organizational Performance

The study findings also showed that both the management and non management staff of selected real estate firms in Kenya did agree that performance appraisal made them better understand what they should be doing as it was measured on the basis of objective and quantifiable results, the performance appraisal process supported the company's business strategy, the performance appraisals were carried out periodically and were not just a formality, that they received specific and accurate feedback during performance appraisal and that in their organizations, promotion and incentives were purely based on performance appraisal. This implied that real estate firms in Kenya were keen on staff performance appraisal as it provided a mechanism for evaluating the achievement of organizational objectives and goals.

The study results also indicated that through the various human resource management practices adopted by the selected real estate firms in Kenya, the organizations were able to meet the expectations and needs of their owners/shareholders, customers/clients as well as contractors and suppliers. Further, as a result of the HRM practices, the organizations' employees were motivated to achieve the set targets/goals and to remain with the organizations, which were factors in their

performance. The regression analysis results revealed a significant positive relationship between employee resourcing, training, compensation, performance appraisal and the organizational performance of the selected real estate firms in Kenya as indicated by beta values of 0.612; 0.708; 0.724 and 0.685 (with all having $p < 0.05$), respectively.

5.3 Conclusion

The findings of the study led to the conclusion that the selected real estate firms had adopted effective human resource management practices in the area of employee resourcing as evidenced by existence of recruitment and selection policies that clearly defined job descriptions and job specifications and which were adhered to during the hiring of staff. Further, the study concluded that there existed a significant positive relationship between employee resourcing and the organizational performance of the selected real estate firms in Kenya.

The study concluded that the selected real estate firms had adopted effective human resource management practices in the area of staff training as evidenced by the respondents' agreement with the view that their organizations had a training policy applicable to all employees and that the organizations linked training with the company's business strategy. In addition, the study also concluded that there existed a significant positive relationship between training and the organizational performance of the selected real estate firms in Kenya.

Based on the study findings it was concluded that staff compensation was a critical element of the selected real estate firms' human resource policy as evidenced by the respondents' assertions that the organization's salary and other benefits were comparable to that of similar organizations and that the benefits provided by the organizations were satisfying. The respondents' also indicated that employees pay was directly linked to performance and that their organizations had a bonus/incentive plan. Further, the study concluded that there existed a significant positive relationship between compensation and the organizational performance of the selected real estate firms in Kenya.

The study further concluded that employee performance appraisal played a significant role in supporting the selected real estate firms in Kenya achievement of their organizational goals and objectives. This is supported by the assertion that the staff received specific and accurate feedback during performance appraisal and that in the organizations, promotion and incentives were purely based on performance appraisal. The study also concluded that there exist a significant positive relationship between performance appraisal and the organizational performance of the selected real estate firms in Kenya.

5.4 Recommendations

Real estate firms in Kenya should enhance their employee resourcing strategies especially in the areas of talent identification, recruitment and selection. This can be achieved through development of robust recruitment and selection policies that emphasize on matching employee skill and competence with the business strategy.

Real estate firms in Kenya should institute fully-fledged training and development departments within the human resource department that can be charged with the responsibility conducting a training needs analysis that will identify. The section can also be responsible for developing the training and development plan of the firms' employees.

To continually motivate staff, real estate firms in Kenya should use a competitive compensation scheme, comprising of both financial and non-financial rewards, and that which reflects the value of their staff to the organization. They should aim to improve reward structures of their employees by developing structures that recognize outstanding performance by teams and individual employees, develop a pay package that competes with other players in and outside the industry as well as salary increment which are linked to performance.

Lastly the study recommends that real estate firms in Kenya should continue using existing performance appraisal mechanisms with the view of detecting skills and competency gaps that may require to be addressed. Real estate firms should design better performance appraisal schemes which distribute timely and relevant information on performance or goals to employees.

5.5 Suggested Areas for Further Research

This study sought to establish the relationship between human resource management practices and organizational performance in the real estate industry in Kenya. The study was limited to only four real estate firms in Nairobi, Kenya and therefore generalizations cannot be adequately extended to the whole real estate industry. Further research into the relationship HRM practices and organizational performance in more firms located in different counties should be conducted to enable better generalization of the findings.

It is also suggested that further research should focus on strategic human resource management practices and organizational performance.

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APPENDICES

Appendix I: Introduction Letter

Susan Akinyi Ooko
Kenyatta University
P.O. Box 43844-00100
Nairobi, Kenya

Dear Respondent,

RE: DATA COLLECTION

This is to inform you that the researcher **Susan Akinyi Ooko** is a student at Kenyatta University pursuing a Masters of Business Administration (M.B.A), Human Resource Management option. The researcher intends to investigate the relationship between human resource management practices and employee performance in the real estate industry in Kenya.

In order to complete the above research paper the researcher would like to kindly request you to fill in the questionnaire provided to assist her collect accurate data.

It is the assurance of the researcher that the information given will be treated with utmost confidentiality and will not be used for any other purpose other than for the purpose of this project.

Your positive response will be highly appreciated.

Yours sincerely,

Susan Akinyi Ooko

Appendix II: Questionnaire for Management Staff

This research study aims at establishing the relationship between human resource management practices and organizational performance in the real estate industry in Kenya. In order to conduct this research study the questionnaire attached below has been developed as the main instrument of data collection. The information required is strictly for academic purposes and the information provided would be treated with the utmost confidentiality and shall be used only for the intended purpose. Your candid opinion is highly solicited. It will be much appreciated if you could spare some minutes to complete this questionnaire. Please respond to the questions below by ticking (✓) the right option.

Section 1

1. Gender: (a) Male (b) Female

2. For how long have you served in this organization?

0 – 5years 5 – 10years 10 – 15years Over 15 years

3. Job title.....

4. What is your highest level of education?

Masters Degree Bachelors Degree HND Others (specify)

5. How many employees are in your organization?

0-5 6-29 30-99 100 and above

Section 2 – HRM Practices

1. Does your organization have a department dedicated to Human Resource?

Yes ()

No ()

2. How does your organization execute and manage the following HR practices;

a. Centralized (C) OR b. Executed and managed by line managers (LM)

i. Employee Resourcing (.....)

ii. Training (.....)

iii. Compensation (.....)

iv. Performance Appraisal/Management (.....)

Strongly Disagree (DA) 1	Disagree (D) 2	Neutral (N) 3	Agree (A) 4	Strongly Agree (SA) 5
-------------------------------------------	---------------------------------	--------------------------------	------------------------------	----------------------------------------

Using the scale above (1 – 5) please tick (√) the levels of agreement in each of the items below with regards to the HRM practices of your organization.

Statement	SA 5	A 4	N 3	D 2	SD 1
Employee Resourcing					
My organization has a recruitment and selection policy					
My organization adheres to the recruitment and selection policy every time it hires employees					
Job Descriptions and Job Specifications are clearly defined in the recruitment process					
The interview process and other selection instruments are effective					
Internal hiring motivates employees					
Training					
My organization has a training policy applicable to all employees					
My organization links training with the company's business strategy					
My organization has a fully fledged training and development department					
Training needs are identified through a formal performance appraisal mechanism					

Training programmes have yielded positive results in terms of performance					
Compensation					
This organization's salary and other benefits are comparable to that of similar organizations					
My organization has a bonus/incentive plan					
In my organization, employees pay is directly linked to performance					
Benefits provided by my organization are satisfying					
My organization provides a cost of living increment					
Performance Appraisal					
The performance appraisal process supports the company's business strategy					
In my organization performance appraisals are carried out periodically, and are not just a formality					
I receive specific and accurate feedback during performance appraisal					
Performance appraisal makes me better understand what I should be doing as it is measured on the basis of objective and quantifiable results					
In my organization promotion and incentives are purely based on performance appraisal					

Section 3 – Organizational Performance

Statement	SA	A	N	D	SD
	5	4	3	2	1
The recruitment and selection policy plays a big role in bringing in employees who fit in					
Training of employees bring greater returns in terms of performance					
The compensation packages offered by my organization motivate employees to achieve the set targets/goals					

Performance appraisal is appreciated by employees and is a factor in their performance					
The organization is able to meet the expectations of the owners /shareholders					
Customers/clients expectations are met					
We do not have problems in dealing with national and county governments when it comes to compliance matters					
Most contractors and suppliers are happy to work with my organization					
Employees are motivated to stay with this organization					

Thank you for your participation

Appendix III: Questionnaire for Non Management Staff

This research study aims at establishing the relationship between human resource management practices and organizational performance in the real estate industry in Kenya. In order to conduct this research study the questionnaire attached below has been developed as the main instrument of data collection. The information required is strictly for academic purposes and the information provided would be treated with the utmost confidentiality and shall be used only for the intended purpose. Your candid opinion is highly solicited. It will be much appreciated if you could spare some minutes to complete this questionnaire. Please respond to the questions below by ticking (√) the right option.

Section 1

1. Gender: (a) Male (b) Female

2. For how long have you served in this organization?

0 – 5 years 6 – 10 years 11 – 15 years Over 15 years

3. What is your highest level of education?

Masters Degree Bachelors Degree HND Others (specify)

4. What type of employment contract do you have?

Permanent Full Time Part-time Contract Temporal

Strongly Disagree (DA) 1	Disagree (D) 2	Neutral (N) 3	Agree (A) 4	Strongly Agree (SA) 5
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Using the scale above (1 – 5) please tick (√) the levels of agreement in each of the items below with regards to the HRM practices of your organization.

Statement	SA 5	A 4	N 3	D 2	SD 1
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Employee Resourcing					
My organization has a recruitment and selection policy					
My organization adheres to the recruitment and selection policy every time it hires employees					
Job descriptions and job specifications are clearly defined in the recruitment process					
The interview process and other selection instruments are effective					
Internal hiring motivates employees					
Training					
My organization has a training policy applicable to all employees					
My organization links training with the company's business strategy					
My organization has a fully fledged training and development department					
Training needs are identified through a formal performance appraisal mechanism					
Training programmes have yielded positive results in terms of performance					
Compensation					
This organization's salary and other benefits are comparable to that of similar organizations					
My organization has a bonus/incentive plan					
In my organization, employees pay is directly linked to performance					
Benefits provided by my organization are satisfying					
My organization provides a cost of living increment					
Performance Appraisal					
The performance appraisal process supports the company's business strategy					
In my organization performance appraisals are carried out					

periodically, and are not just a formality					
I receive specific and accurate feedback during performance appraisal					
Performance appraisal makes me better understand what I should be doing and is measured on the basis of objective and quantifiable results					
In my organization promotion and incentives are purely based on performance appraisal					

Section 3 – Organizational Performance

Statement	SA	A	N	D	SD
	5	4	3	2	1
The recruitment and selection policy plays a big role in bringing in employees who fit in					
Training of employees bring greater returns in terms of performance					
The compensation packages offered by my organization motivate employees to achieve the set targets/goals					
Performance appraisal is appreciated by employees and is a factor in their performance					
The organization is able to meet the expectations of the owners /shareholders					
Customers/clients expectations are met					
Most contractors and suppliers are happy to work with my organization					
Employees are motivated to stay with this organization					

Thank you for your participation