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EFFECT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEE PERFORMANCE IN SUGAR INDUSTRY IN WESTERN REGION OF KENYA

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Abstract

The success of an organization lies in the commitment of the individual human resource towards the attainment of a common goal. Organizations consider human capital significant in establishing and maintaining a competitive advantage. Studies in the sugar industry in Kenya have indicated low employee performance and consequent decline in employee productivity. Owing to the foregoing facts the study sought to find out the effects of Human Resource Management practices on Employee performance. The objective of this study was to determine the effect of training practices on employee performance in sugar industries in Kenya. This study was guided by Resource-Based Theory as propagated by Werner Felt in 1984. Descriptive survey research design was used in this study. The target population of the study was 2,987 members of the two (Nzoia and Mumias) sugar manufacturing firms in Western region. Purposive sampling technique was used to select the 11 managers and Random sampling technique was used to select 331 subordinates' employees, both primary and secondary data were used. Data was collected by use of questionnaires and interview schedules. Prior to the main study, a pilot study was carried out to ascertain the validity and reliability of the research instruments. Employees were stratified into managers and subordinates. Data was analyzed by use of both descriptive and inferential statistics. Multiple regression results indicated the value of R2 as 0.297 which tells us that human resource practices can account for 29.7% of the variation in the level of employee Performance. On overall, the study found out that the independent variables TP had a positive and significant influence on employee performance in sugar industry at 95% interval confidence level. The strength and significance of the correlation displayed showed that the variable TP was lowly related with TP (1=0.226,p<0.000). It was therefore concluded that Training Program was one of the most preferred attributes of Human resource practices, though this human resource attribute was not effectively used. It was recommended that the Management of Sugar industry should embrace sensitization on the role of human resource practices in a competitive environment. The government ministries, on the other hand, may use the findings of this study to initiate reward programs that will improve employee performance. The ministries will benefit through integration of HRM practices in their business operations hence facilitate enhanced output at factory level. The study recommended that sugar industries should continue to improve on the aspects of on-the-job training, enhancement of employee morale, recognition of employees' hardwork, paying employees best to reflect their efforts and sharing of formal levels of disciplinary sanctions among other recommendations.

Key Words: Employee Performance, Human Resource Practices, Training Practices

INTRODUCTION

Background

Human Resource Management (HRM) practices have a significant role in the enhancement of Employee Performance (EP). Organizations pursue proactively HRM practices and systems to capitalize on strength of this vital asset for sustained competitive advantage in knowledge economy (Jackson and Schuler, 2000). Becker, Huselid and Ulrich (2001) argued that because organizations consider human capital one of the most salient organizational assets in establishing and maintaining a competitive advantage, many are investing considerable resources to support employee and organizational development activities such as training and development, employee reward schemes, performance appraisal among other activities.

The sugar industry worldwide is beset by complex problems affecting both developed and developing countries (FAO, 2012). Most of these problems result from poor HRM practices that greatly influence employee performance.

In an attempt to establish the extent of this influence, researchers and experts worldwide use a variety of measurements to quantify employee performance. The measurements include but not limited to task performance, contextual performance, productivity tests, 360-degree feedback, goal attainment, performance appraisal, job dedication, interpersonal facilitation and customer satisfaction (Office of Personnel Management, US, 2011).

Among the HRM practices that have been known to affect employee performance are training practices, reward practices and disciplinary procedures. The interrelations of these variables continue to draw keen interest from researches. Proper HRM practices enable organizations to optimize resource and achieve high effectiveness. Organizations take time to nurture and develop human capital in the form of knowledge, skills, abilities, motivation, attitude, and interpersonal relationship, and make it difficult for competitors to imitate (Becker and Gerhart, 1996). Pfeffer (1994) stressed that human resource has been vital for firm sustained performance.

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In knowledge economy, the human resource has been recognized as a strategic tool, essential to organizational profitability and sustainability.

This realization has led to the new role of human resource managers as strategic partners in formulation implementing organizational strategy (Myloni, Harzing and Mirza, 2004). Much research has demonstrated statistically relationships measures of HRM practices and firm profitability (Guthrie, 2001). While these studies have been useful for demonstrating the potential value created through HRM practices, they have revealed very little regarding the processes through which this value is created (Wright and Gardner and Wright, 2003). Also other researchers like Purcell et al (2003) referred to this as the black box problem, noting that the conceptual development of the mediating mechanisms through which HRM has an impact on profitability has thus far eluded empirical testing.

In Kenya, the sugar industry is both strategic and political; it ensures food security, improves rural lives and provides sustainable livelihoods for millions of Kenyans (Institute of Economic Affairs, 2005). The industry has suffered heavy government intervention as it has remained under constant threat of collapsing due to perennial challenges caused by poor industry policies and structures among others (Institute of Economic Affairs, 2005). These poor structures have failed to address basic problems that would assist in recovery. Moreover, continued government intervention has resulted in mismanagement of the industry (Institute of Economic Affairs, 2005).

After Kenya got its independence, the government decided to invest heavily in the sugar industry. This move was to enable the Kenyan sugar industry attain self-sufficiency. However, with the lapse in time, the production has slowed. In a bid to turn around matters, the Sugar Sub-sector Restructuring Study (SSRS) in 1994 recommended the introduction of performance-based contracts for employees in Sony, Muhoroni and Nzoia Sugar Companies (Institute of Economic Affairs, 2005).

Several studies in Kenya have indicated low employee performance due to various reasons in the sugar industry. For instance, (Ombayo, Otuya, & Shiamwama, 2013) revealed that many sugar industries lack of career counseling. Lack of this counseling resulted into low employee productivity. Furthermore, lack of funds, poor utilization of funds and misappropriations of funds has affected programs aimed at boosting employee rewards and training hence decline in employee motivation level. Consequently, the industry has experienced a drop in employee productivity. In order to increases efficiencies and boosts productivity of employees, organizations invest more resources in research and development of their employees through

staff training programs. It is an established fact that financial rewards boost employee performance. Despite this fact, employees in the Kenyan sugar industry continue to be subjected to low financial incentives and low fixed pay-cheque. This situation coupled with a high and ever increasing cost of living; prove to have a negative effect employee performance in the sugar industry.

Sugar industry in Kenya has not been able to formulate appropriate management practices that will give it a competitive advantage (K'Obonyo, Bolo, & Isaiah, 2011). In recent times, it has experienced employee performance issues namely low employee motivation, low incentives, poor working conditions, high employee turn-over, rare on-job training and development, which on overall analysis have reduced employee productivity, hence heavy financial losses for the company (Mumias Sugar Company Ltd, 2014).

General Objective of Study

The purpose of this study was to establish the effect of human resource management practices on employee performance in sugar industries in Western Kenya region.

Specific Objective of the study

The specific objective of the study was to:

 Determine the effect of training practices on employee performance in sugar industries in Western Kenya region.

Research Hypothesis

The research null hypothesis was:

Ho1: Training practices have no significant effect on employee performance in sugar industries in Kenya.

Conceptual Framework

Conceptual framework is a device that is used to organize and distinguish ideas in research (Shields & Tajali, 2006). It is a system of variable relationships. It is logically designed to present the systematic view of the research problem. It specifies more exactly, the variables to be studied, thus the Independent and dependent variables.

This study demonstrated how employee performance depended on such variable as training practices. It used the idea of organization climate and the BAGOZZI (1992) model which relates perception and attitudes to behavior as conceptual foundation for its analysis. The relationship expressed in the conceptual framework related effects of HRM practices on employees performance. The diagrammatic relationship between the independent and dependent variables was summarized in the Figure 1.1. The directions of the arrows show the interrelationship between the key variables of the study.



Figure 1 Conceptual Framework

LITERATURE REVIEW

The Concept of Human Resource Management Practices

Human Resource Management (HRM) are a bundle of policies, programmes and plans which these organisations adopt with the objective of making full use of the people they employ (Coyle-Shapiro, Haque, Kissle, Pepper, Richardson, & Walker, 2013). Likewise, Minbaeva (2005) viewed HRM practices a set of practices used by organization to manage human resources through facilitating the development of competencies that are firm specific, produce complex social relation and generate organization knowledge to sustain competitive advantage.

Guest (2002) has argued that the Impact of HRM on performance depends upon worker's response to HRM practices, so the impact will move in direction of the perception of HRM practices by the employee.

Ghebregiorgis and Karstan (2007) said that the perception of the employees provide broader evaluation of HRM systems. He also evaluated a positive picture of HRM practices including Training, reward systems and disciplinary procedures. Qureshi et al. (2007) concluded that HR practices are positively correlated with employee's performance.

Training Practices and Employee Performance

Training of employees is of critical importance to an organization. Coyle-Shapiro et al. (2013) noted that training equip individual employees with the skills necessary to enable them function efficiently and fully within the organization. Training has an effect of encouraging employee to be committed and engaged to his work (Holden, 2010).

Training practices in an organization are guided by HR training policies. A firm that desires to raise its productivity must be ready to technically process by means of innovations and new technology (Coyle-Shapiro et al.2013). New technologies call for a kind of labour a firm wants. With this new demand of labour, a firm has to be undergoing new recruitment of employees. Alternatively, the firm may resort to training already existing employees. This training offers a chance for the firm to invest in the employees, thereby raising the employee's average productivity levels.

Research indicates that employee performance is directly based on the function of training with motivation (Masood, 2013). A trained employee that is well motivated delivers superior output at work. In the performance model, Blanchard illustrated that an employee can have skills, knowledge and ability but if

not well motivated, can still under perform (Masood, 2013). Therefore, organizational factors such as size, play an important role in shaping employee performance apart from simply offering training opportunities. On-the-job training, instructor-led training off the job, and formal education courses are the training methods judged to be most effective (CIPD, 2005).

Although in the real world there exist difference in employee performance even amongst similar workers employed in a given firm, training practices adopted in the HR policy clearly influences the amount of human capital invested in an employee. These practices play a role in securing the competence and generate the motivation of the employee. In order for them to improve performance of employees, they should be focused towards inducing employee's willingness to give effort. Some firms give its employees discretion and power over how things at the workplace are done. Managers may wish to retain tight control and direct workers (i.e. 'control'). Alternatively, they might believe that it makes sense to give employees considerable leeway, because they believe that doing this will motivate employees to perform better.

A strategic HRM training policy seeks to capitalize fully on the productive potential of its employees. The employee, on the other hand should be aware that the firm is banking on his competence and be aware of what is required of him (Coyle-Shapiro et al.2013). To induce employees' willingness to perform, organizations emphasis on extrinsic satisfaction that come with extrinsic rewards or intrinsic satisfaction that come with intrinsic rewards.

Training practices may take form in a variety of forms. These include: induction training, remedial skills training and developmental training. Induction training is meant for new employees joining the firm. It provides general information on the processes, rules and organization of the firm. Remedial skills training serves to fill existing skills' gap especially with the changes in the technology and working environment. Developmental training concerns the acquisition of competencies such as managerial skills and attitude that the firm will need in future. However, some firms have neglected the training aspect to the detriment of employees, for fear of losing employees to competitor (Saba, 2013).

Technological advancements and talent wars in recruiting and retaining high performers are among the other major reasons that organizations seek to leverage training outcomes. In this connection, organizations seek to foster workplace performance improvement, facilitate development of individual and organizational effectiveness. They aim to establish and maintain market share within the rapidly changing business environment as echoed by Braham (2005) and Michael, Handfield-Jones and Axelrod (2001).

RESEARCH METHODOLOGY

The study adopted descriptive survey research design. This design was considered appropriate for this study since it enabled more information to be collected in a large and widely distributed population and provided a fast, time efficient and robust means of data collection. As observed by Mugenda and Mugenda (2003), descriptive survey design is considered to be relevant in a survey since it involved collecting data which can then be used to answer the research hypotheses in the current state of the object of the study.

This study targeted the government established sugar firms because of their almost similar nature in infrastructure, management concerns and ease of access. These firms were Muhoroni, Chemilil, Mumias, Nzoia, South Nyanza, and Sony Sugar Factory. Since the study was concerned with the employee performance at the industry level and the managers are directly involved in implementing firm's practices in training they formed part of the target population together with subordinate employees.

For the purpose of this study, 30% of the firms were selected through a simple random sampling procedure. This was in accordance with the recommendation made by Wamalwa, Onkware and Musiaga (2013) that a sample size of 10% to 30% is representative enough. The number of sugar firms were selected through simple random sampling technique to obtain Nzoia and Mumias Sugar Companies. Employees were stratified two categories they were managers and subordinate employees. The information provided by managers was used to collaborate with the data collected from the subordinates. This embraced triangulation which in turn enhances validity of data collected.

The sample of the study was calculated based on the Cocran's formular which is a well established scientific formulae for determining sample sizes. Bartlett, Kortlik and Higgins (2001) recommended the use of Cochran's formula in determining the sample size for a huge population. Using Cochran's formula the sample size was determined as 342 respondents. In this study, data was collected by use of structured questionnaires and interview schedules that had items relevant for testing the objectives of this study. With questionnaires, respondents can independently read and give honest responses to each item and they can reach a large number of subjects (Orodho, 2014). The constructs was measured on a five point Likert-scale. The Likert-scale rating took the form: strongly agree (SA) =5, agree (A) = 4 Undecided (UD) = 3, disagree (D) = 2, and strongly disagree (SD) =1. The study used structured interviews to collect qualitative data. These interviews were conducted with key informants who were the managers of the sugar firms. The interview schedules were administered in person by the researcher to get

firsthand information on the key concepts of the study. Interview schedules give in-depth information or insightful information on the subject of the study. Although, interviews are time consuming, the study capitalized on their strength. In this study, they were used because they offer opportunity for the researcher to collect quality in-depth responses from the interviewees (Kothari, 2003). However, to cushion the study from time-consuming interviews, the researcher developed a precise schedule with at least a question for each study objective.

Validity of the instruments of data collection was ascertained through consultation with research experts and university supervisors. Validity included aspects of face validity, construct validity and content validity. In order to ascertain the reliability of instruments, the used researcher Cronbach's alpha co-efficient. Collected data was coded and analyzed using descriptive techniques. Objective was analyzed using descriptive statistics and presented in cross tabulation and frequency tables. Regression analysis was used to analyze the objective to ascertain how performance appraisal variables interact with employee job productivity. This method was then adopted since the data to be collected was categorical. Qualitative data was analyzed using thematic approach for the responses from the interview schedules. Using the thematic approach, the information contained in the findings of the study was sorted out, classified and categorized under the themes identified. The frequency with which an idea, word or descriptions appears was interpreted as a measure of importance, attention or emphasis. Bar graphs, charts and graphs were used to present analyzed data. The findings drawn from the study guided the researcher in drawing informed conclusions and later recommendations. All statistical tests were performed using SPSS version 20 software programs commonly accepted descriptive statistics including measures of central tendency for frequency distribution, correlation, regression and standard deviation as a measure of variation were determined, as advocated by Neuman (2003) and Stephens (2004).

RESULTS AND DISCUSSIONS

Training Practices on Employee Performance

Several questions on training practices were asked and the results were as discussed in *Table 4.1*. The number of respondents was 294. The questions were rated on the five (5) point Likert scale ranging from 5= strongly agree, 4= agree, 3=Undecided, 2= Disagree, 1=Strongly disagree.

Provision of on-the-job training for non-managers

Respondents were asked to state their observation on whether they receive on-the-job training for non-managers in their sugar firms. As tabulated in Table 4.1, majority 73.8% of the non-managerial employees generally agreed that the firms provided on-the-job

training for non-managers. However, 12.6% generally disagreed.

Table 1 Target population

Sugar Firms	No. of managers	No. of Subordinate employees	Population	Percentage
Nzoia	40	1260	1300	43.5.%
Mumias	50	1637	1687	56.5%
Total	90	2897	2987	100%

Source: Human Resource Department of the firms.

Table 1 Descriptive Statistical Analysis of Subordinate response on training practices and employee performance

Sno.	Description	SA	Α	U	D	SD	Total
1.	Provision for on-the-job training for non- managers	23.8%	50.0%	13.6%	7.3%	5.3%	100.0%
2.	Provision of training that enhances employees' morale	46.1%	45.1%	4.6%	2.3%	2.0%	100.0%
3.	Granting of permission for training exercises	39.7%	50%	6.3%	3%	1.0%	100.0%
4.	Performance of continuous training on career prospects	32.1%	49%	8.3%	7.3%	3.3%	100.0%
5.	Needs assessment as a precursor of training	29.7%	48.8%	9.9%	9.9%	0.00%	100.0%
6.	Enhancement of performance through training	1.4%	43.1%	5.2%	5.2%	44.1%	100.0%

Source: Research data (2016)

Provision of training that enhances employee's morale

The study sought to investigate whether there was training intended to enhance employees' morale. As indicated by the high percentage 91.2%, majority of non-managerial employees agreed that their firms provide training that enhanced employees' morale. However, 4.3% disagreed.

Table2 Correlation among study variables

		TP	RP	DP	PF
	Pearson Correlation	1			
TP	Sig. (2-tailed)				
	N	304			
	Pearson Correlation	.450**	1		
RP	Sig. (2-tailed)	.000			
	N	304	304		
	Pearson Correlation	.420**	.461**	1	
DP	Sig. (2-tailed)	.000	.000		
	N	304	304	304	
	Pearson Correlation	.404**	.312**	.501**	1
PF	Sig. (2-tailed)	.000	.000	.000	
	N	304	304	304	304

^{**.} Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data (2016)

Granting of permission for training exercises

This finding suggested that the firms were granting permission for the non-managerial employees to participate in training sessions. This was supported by a

majority, 89.7% of the respondents. On the other hand, 4.0% disagreed.

Performance of continuous training on career prospects

As tabulated in Error! Reference source not found., 81.1% of non managerial employees observed that there was continuous training on career prospects.

Needs assessment as a precursor of training

78.5% of the Respondents indicated that their firms conducted a needs assessment as a precursor of training with 9.9% of respondents were undecided on whether needs assessment was carried out.

Enhancement of performance through training

In this respect, majority 87.2% of the employees believed that their firms carried out training that enhanced their performance. In contrary, 7.6% did not concur with this observation.

Correlation Results of Self-Assessment on Employee Productivity

The correlation shown in the table 4.11 presents bivariate correlations between variables. Since a single construct in the questionnaire was measured by multiple items, the average score of the multi-items for a construct was computed and used in further analysis such as correlation analysis and multiple regression analysis.

In order to establish the relationship among the different variables in the study, a bi-variate correlation analysis was carried out on the human resource management practices and employee performance in sugar firms in Western Kenya region. The matrix indicated show correlation between the dependent variable (employee performance of sugar firms) and predictor variable (training practices) being our concern at 95% level of significance (Table 4.2).

As variable used to measure employee performance, training practices show statistically significant relationship(with $r=0.404^{**}$, P=0.001 for TP-PF-positive and statistically significant at 95% level of confidence. From the attached table 4.2, when correlation coefficient value(r) range from 0.10-0.29, is considered to be weak, 0.30-0.49, Medium, 0.5-1.0 is considered strong (Wong and Hiew, 2005). The strength and significance of the correlation displayed shows that the variable is averagely related to the performance of employees in Sugar firms.

CONCLUSIONS

The objective was to determine the effect of training practices on employee performance. The study therefore established that there exists some positive effect between training practices and employee performance. This study established that according to the most employees, the sugar industries provide more training that aimed to enhance employees' morale.

TP=Training Program, RP=Reward Program, DP=Disciplinary Practices,

PF=Performance

Table 3 Model summary for regression analysis of survey data

		R Square Adjusted R Std. Erro Square the Estir	A division D	Jimate d D Ct d Emery of	Change Statistics				
Model	R		the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	
1	.645°	.797	.290	.45512	.797	42.270	3	300	.000

Source: Survey (2016)

a. Predictors: (Constant), DP, TP, RP

Performance

b. Dependent Variable: Employee Performance in sugar firms

R Squared was positive (0.797) in this study.

Table 0.4 ANOVA Results from Survey Data

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	26.266	3	8.755	42.270	.000
1	Residual	62.139	300	.207		
	Total	88.406	303			
. Predicto	rs: (Constant), TP					
	ent Variable: PF rvey (2016)					

The employees also noted that their firms granted permission to allow employees to pursue training. They pointed out that the sugar firms conducted training to enhance performance, this findings are in line with, Masood, 2013 who asserts that employee performance is directly based on the function of training with motivation where a trained employee and who is well motivated delivers superior output at work. Further, in the performance model, Blanchard illustrated that an employee can have skills, knowledge and ability but if not well motivated, can still under perform and this concurs with the majority of respondents who agreed that there was continuous training on career prospects for non managerial employees. As pertained needs assessment was carried out as a precursor for training. A majority of employees testified that their firms provided on-the-job training for non-managerial employees. The study realized that training practice and employee performance were correlated by a Pearson correlation co-efficient of 0.410. This indicated that an improvement in training practices is most likely to cause a slight improvement in employee performance.

Recommendation

Based on the findings, the researcher therefore recommends that there is need for the sugar firms to continue in improving on the aspects of training practices, such as on-the-job training, training for enhancement of employees' morale and performance, as the correlation index was still low. These improvements would improve employee performance.

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