

# RELATIONSHIP BETWEEN HIGH PERFORMANCE WORK PRACTISES AND EMPLOYEE PERFORMANCE AT MUMIAS SUGAR COMPANY

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**Abstract:** Organization's success and sustained competitive advantage depend on appropriate human resources (HR) strategies that promote employee well-being and care to foster employees' personal initiatives and proactive behavior. Prior research suggests that HPWP increase employees' knowledge, skills, and abilities and the result is greater job satisfaction, enhanced commitment, lower employee turnover, and improved employee performance. The main objective of this study was to investigate the relationship between High Performance Work Practices and employee Performance at Mumias Sugar Company (MSC). The specific objectives were to determine how extensive training, flexible work arrangements, information sharing, selective hiring and managerial support influence employee Performance at Mumias Sugar Company. Survey research design was carried out at Mumias Sugar Company. Descriptive research design was used. Primary data was collected by use of questionnaires while secondary data was collected from journals, books and reports. Data was analyzed through descriptive statistics (frequencies, percentages, mean and standard deviation) using statistical package for social sciences (SPSS). Inferential statistics was also used in analysis. A target population of 366 management staff was covered by a sample of 186 employees basing on Krejcie and Morgan formula for determination of sample size of research activity. Overall finding was that high performance work practices have a positive relationship on employee performance at MSC. There was a positive relationship between extensive training, flexible work arrangements, information sharing, selective hiring and managerial support on employee performance.

**Keywords:** Selective staffing, Flexible work arrangements, information sharing, extensive training.

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## I. INTRODUCTION

Performance could be enhanced by aligning the performance management techniques with HRM practices (Hartog et al., 2004). Globally and more significantly in Kenya, the sugar industry has evolved in the past 46 years into a formidable force that has transformed the social and economic well-being of many people. Performance in organizations is important since it contributes to the economic prosperity of any entity Giuca and Barrette, (2011). Performance enhances profitability of the organization (Gul et al., 2012).

Though performance is considered as a top strategic priority amongst organizations, very few have achieved it and even fewer have been found to sustain it. In order to cope with increasingly dynamic environments which demand rapid innovation and continuous changes, organizations are forced to shift their nature of work to more self-directed and decentralized way so that employees can use their initiative to solve the problems facing them and change the existing organizational settings (Parker, Williams, & Turner, 2006).

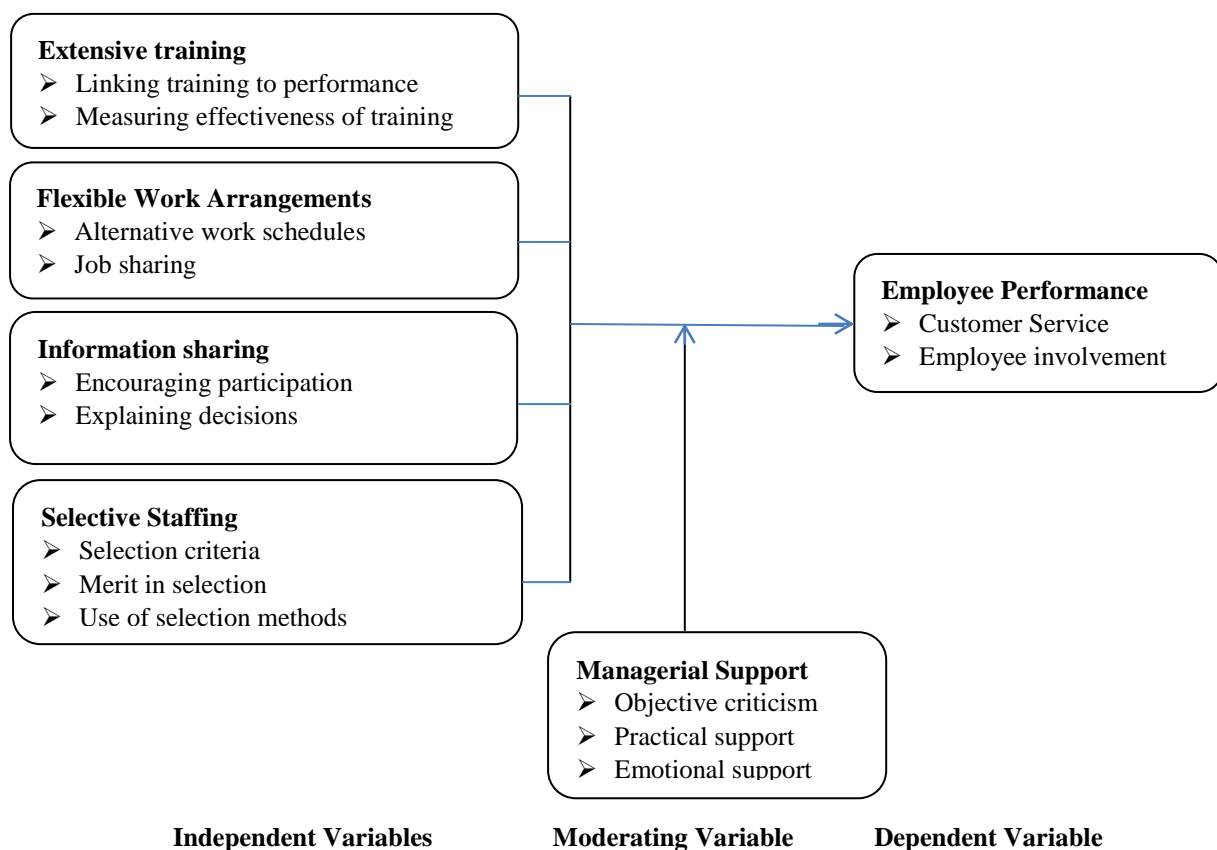
### 1.1 statement of the problem:

An Organization's success and sustained competitive advantage depend on appropriate Human Resource strategies that promote employee well-being and care to foster employees' personal initiatives and performance (Bateman & Crant, 1993; Parker et al., 2006). Whereas some have sort to align practices into internally coherent bundles, others have opted for external alignment with the business strategy. Various studies have failed to find support for external fit argument Huselid and Becker, (1995) while MacDuffie, (1995) found evidence of results related to fit with the business strategy. In a review of British aerospace Companies, Thompson (2000) found that establishments with high skills densities use HPWP more widely which is evidence of 'fit'. Those firms following a high skill, HPWP route spend a high percentage of their non-management training budget on behavioral skills training. With the significant change in the environment Mumias Sugar Company Ltd is presently operating under which are brought about by such factors as globalization, frequent changes in technology and competition, manifest in fierce competition from new entrants like Butali Sugar Company Ltd in Malava, the increased influence of West Sugar Company Ltd in Kabras, existence of imported sugar from the global market and focusing on how to operate at the end of the COMESA safeguard measures, this study sought to answer the question; what is the relationship between High Performance work Practices and employee Performance at Mumias Sugar Company.

### 1.2 Research Objective:

The main objective of this study was to investigate the relationship between High Performance Work Practices and Employee Performance at Mumias Sugar Company.

## 2. LITERATURE REVIEW



### 2.1 Review of variables:

#### 2.1.1 Extensive Training:

As noted by Barling et al. (2003), training allows employees to acquire greater competencies to control their work, leading them to perform their jobs more competently. This view is consistent with Osterman (1995), who argued from a human-capital perspective that extensive training increases the problem-solving skills of employees. Some studies have

proceeded by looking at performance in terms of employee performance in particular (Purcell, Kinnie & Hutchinson 2003; Harrison 2000) while others have extended to a general outlook of organizational performance (Guest 1997; Swart et al. 2005). The branch of earlier research on training and employee performance has discovered interesting findings regarding this relationship. Training has been proved to generate performance improvement related benefits for the employee as well as for the organization by positively influencing employee performance through the development of employee knowledge, skills, ability, competencies and behavior (Appiah 2010; Harrison 2000; Guest 1997).

### ***2.1.2 Flexible Work Arrangements:***

The need for flexible working is growing. The changing context of work is creating new challenges and opportunities that companies can only meet with the sort of agility that flexible working arrangements provide. In order to convince companies to embrace or extend flexibility, the benefits must be clear. Flexible work arrangements lead to twelve tangible benefits of flexible working. In responding to the changing context of work, companies that endorse flexible working can remain competitive by leveraging emerging opportunities. Flexible working arrangements allow companies to meet present and future challenges by creating choice, accommodating generations, enabling complexity, and creating agility. This, in the long run, improves employee performance.

### ***2.1.3 Information Sharing:***

Just as information sharing across organizational levels is critical for high performance in general, it is equally critical for optimal employee performance. Indeed, it would not be possible to work safely without full information about all aspects of one's job, and several studies support the role of information sharing in employee performance. Organizations with better employee performance programs (Zohar, 1980) and performance records (Cohen, 1977; Smith et al., 1978) were characterized by more open discussion between management and employees. Similarly, when employees felt comfortable discussing performance-related issues with their supervisors, they were more highly committed to following performance targets, procedures, and practices, which resulted in the lower occurrence of workplace injuries (Hofmann & Morgeson, 1999).

### ***2.1.4 Information Sharing:***

Huselid (1995) defined staffing as, a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting manpower in adequate numbers to facilitate effective selection of an efficient workforce. This practice of Staffing can ensure that the right people, with the desirable characteristics and knowledge, are in the right place, at the right time doing the right job so that they fit in the culture and the climate of the organization. Coming up with the right employees is believed to lower the cost of employees' education and development (Vlachos, 2009). On the study carried out by Belal, Kalfi, Bahaudin & Mujtaba (2010) concluded that education and experience have an impact on the performance of individuals. Workers perform relatively better with the increase in experience but in education, it is otherwise.

### ***2.1.5 High Performance Work Practices and Employee Performance:***

Organizations and Employees achieve a wide variety of outcomes from HPWP. The impact of HPWP on Employee Performance has received considerable attention in recent years (Jang and Khan, 2013; Zhang and Li, 2009; Luna-Arocas and Camps, 2007; Wienclaw, 2008; Godard and Delaney, 2000). While studying the relationship of HPWPs and Employee performance in a sample of pharmaceutical companies in China, Zhang and Li (2009) observed that the HRM index composed of HPWPs was significantly related to firm's market performance. Luna-Arocas and Camps (2007) proved the relationship between HPWS and labor turnover and observed that satisfaction and commitment act as intermediating variables between HPWP and labor turnover. While studying the mediating effect of job satisfaction in the relationship between HPWS and firm performance in Korea firm, Jang, and Khan (2013) found a positive association between HPWSs and firm performance. High-performing organizations tend to have lower turnover (20.87 percent) than low-performing organizations (34.09 percent) (Wienclaw, 2008).

## **3. METHODOLOGY**

### **3.1 Research design:**

A Research Design is a presentation of the plan, structure or strategy of investigation, which seeks to obtain or answer various research questions (Shuttleworth, 2008; Lesage, 2009; Fubara and Freshwater, 2006). Sekaran (2010) in his study

states that a good research design has a clearly defined purpose, consistency between the research questions and the proposed research method. Mugenda and Mugenda (2003) define this as simply the framework of blue print for the research. The study tested causation between the variables that were involved

### 3.2 Target Population:

The target population of this study comprised of Mumias Sugar Company Management staff from the integrated response program totaling to 366. The study used a sample of 186 respondents based on Krejcie and Morgan formula for determination of sample size of research activity.

### 3.3 Sample Size and Sampling Technique:

Random sampling was used to draw a sample of management staff from the target population. A random sample gives each and every member of the population an equal and independent chance of being selected (Kothari 2004). The study used a sample of 186 respondents based on Krejcie and Morgan formula for determination of sample size of research activity

### 3.4 Sample Frame:

According to Kothari (2004), sampling frame is a presentation of all the elements in the population from which the sample is drawn. Integrated response program totaling to 366 was represented by a sample of 186 respondents

<i>Department</i>	<i>Number of Staff</i>	<i>Sample Size</i>
<i>Agriculture</i>	<i>84</i>	<i>43</i>
<i>Factory</i>	<i>131</i>	<i>67</i>
<i>Supply Chain</i>	<i>19</i>	<i>10</i>
<i>Finance</i>	<i>38</i>	<i>19</i>
<i>ICT</i>	<i>11</i>	<i>5</i>
<i>Human Resources</i>	<i>33</i>	<i>17</i>
<i>Commercial</i>	<i>12</i>	<i>6</i>
<i>General Management</i>	<i>38</i>	<i>19</i>
	<i>366</i>	<i>186</i>

### 3.5 Data Processing and Analysis:

The data collected in the study was guided by the research objectives. Both descriptive statistics and inferential statistics were used to analyze data. Descriptive statistics was mainly used to analyze responses. Inferential statistics showed the relationship between the variables under study. Inferential statistics include regression and correlation. Data collected was coded to facilitate analysis. Data entry, storage and analysis was done using Scientific Package for Social Sciences (SPSS)

### 3.6 Model Specification:

The test for significance of Coefficient of Correlation was determined by the use of f-Test. The following linear regression was used:

$$Y = B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + B_5 X_5 + e_0$$

Where;

$B_0$  = Y intercept (X Constant) whose influence on the model is insignificant

$X_1$  = Extensive Training

$X_2$  = Flexible work Arrangement

$X_3$  = Information sharing

$X_4$  = Selective selection

$X_5$  = Managerial Support

$B_1$   $B_2$   $B_3$   $B_4$  and  $B_5$  = Model Coefficients which are significantly large to have significant influence on the model

$e$  is the error term for the model

#### 4. RESEARCH FINDINGS AND DISCUSSION

##### 4.1 Response Rate:

Out of the 186 questionnaires distributed, only 150 were filled and returned representing 80.65% response rate.

##### 4.2 Descriptive Information on Demographics: Age:

Age	Frequency	Percentage
Less than 25 years	12	5.2
26-35 years	69	30.1
36-50 years	87	38.0
More than 50 years	60	26.2

The results of the table show that 5.2 percent of the population had employees of less than 25 years, 30.1% of the employees were between 26-35 years, 38 percent of the employees were between 36-50 years, 26.2 percent of the employees were above 50 years. Majority of the employees were between 36-50 years of age followed by those in 26-35. These are the most productive ages in one's life

##### 4.3 Descriptive Information on Demographics: Years Worked:

Duration of service	Frequency	Percentage
less than 1 year	4	2.7
1-5 years	37	24.7
6-10 years	29	19.9
10 years and above	80	53.3

From the table, it can be noted that 53.3 % of the employees have worked for 10 years and above in MSC, 24.7% have worked for between 1-5 years, 19.3% have worked for between 6-10 years while 2.7% have worked for less than 1 year. This shows that majority of the employees in MSC had a wide working experience and it had a positive correlation with performance. Workers perform relatively better with the increase in experience. An experienced worker makes a good leader; his experience gives him an expert power (Andrew 2009).

##### 4.4 Descriptive analysis of the variables in the study:

Descriptive analysis included an assessment of cultural adaptability and competitive advantage of microfinance banks in Kenya. The statements were anchored on a five point Likert-type scale ranging from 5=Strongly Agree to 1=Strongly Disagree and respondents were asked to indicate the extent to which they agreed to the statements. Descriptive measures included percentage, frequency, mean and standard deviation. Mean is a measure of central tendency used to describe the most typical value in a set of values. Standard deviation shows how far the distribution is from the mean.

##### 4.4.1 Managerial Support:

Statement	Response	Frequency	Percentage	Mean	Std.dev
1. My manager values me as an important asset in the organization	Strongly Agree	3	2.0	1.89	0.26
	Agree	9	6.0		
	Neutral	30	20.0		
	Disagree	45	30.0		
	Strongly Disagree	63	42.0		
	Total	150	100		
2. My manager shows dislike towards my needs as a working parent	Strongly Agree	3	2.0	1.86	0.28
	Agree	9	6.0		
	Neutral	48	32.0		
	Disagree	0	0.0		
	Strongly Disagree	90	60		
	Total	150	100		
3. My manager helps me to figure out how to solve a problem	Strongly Agree	30	20.0	1.86	0.28
	Agree	36	24.0		
	Neutral	9	6.0		
	Disagree	15	10.0		

	Strongly Disagree	60	40.0		
	Total	150	100		
4. My supervisor is more willing to make informal arrangements to help employees strike a quality of work life balance	Strongly Agree	6	4.0	1.87	0.29
	Agree	9	6.0		
	Neutral	105	70.0		
	Disagree	30	20.0		
	Strongly Disagree	0	0.0		
	Total	150	100		
5. Management is helpful to me when I have a family or personal emergency	Strongly Agree	6	4.0	1.74	0.27
	Agree	3	2.0		
	Neutral	6	4.0		
	Disagree	39	26.0		
	Strongly Disagree	96	64.0		
	Total	150	100		

#### 4.4.2 Employee performance:

Statement	Response	Frequency	Percentage	Mean	Std.dev
1. It is because of my performance that I have been promoted	Strongly Agree	120	80.0	1.8	0.6
	Agree	15	10.0		
	Neutral	3	2.0		
	Disagree	9	6.0		
	Strongly Disagree	3	2.0		
	Total	150	100		
2. This organization deserves my loyalty because it has invested in employees	Strongly Agree	120	80.0	2.1	0.83
	Agree	15	10.0		
	Neutral	6	4.0		
	Disagree	3	2.0		
	Strongly Disagree	6	4.0		
	Total	150	100		
3. My manager gives me feedback about my performance	Strongly Agree	105	70.0	1.1	0.33
	Agree	27	12.6		
	Neutral	12	8.0		
	Disagree	3	2.0		
	Strongly Disagree	3	2.0		
	Total	150	100		
4. The experience I have gained has been because of this organization	Strongly Agree	45	30.0	1.08	0.36
	Agree	30	20.0		
	Neutral	15	10.0		
	Disagree	12	8.0		
	Strongly Disagree	48	32.0		
	Total	150	100		
5. Employees who perform poorly are punished	Strongly Agree	3	2.0	1.08	0.36
	Agree	90	60.0		
	Neutral	48	32.0		
	Disagree	9	6.0		
	Strongly Disagree	0	0.0		
	Total	150	100		

#### 4.5 Inferential Statistics:

##### 4.5.1 Cultural Adaptability and Competitive Advantage:

##### 4.5.1a Correlation between High Performance Work Practices and employee performance:

The Pearson correlation analysis was used to investigate the relationship between High Performance Work Practices and employee performance. The results are as shown in are Table 4.11

		1	2	3	4	5	6
Extensive training practices	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	150					
Information sharing	Pearson Correlation	.829**	1				
	Sig. (2-tailed)	.000					
	N	150	150				
Selective hiring	Pearson Correlation	.745**	.906**	1			
	Sig. (2-tailed)	.000	.000				
	N	150	150	150			
Flexible work arrangements	Pearson Correlation	.671**	.825**	.720**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	150	150	150	150		
Managerial support	Pearson Correlation	.605**	.731**	.547**	.706**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	150	150	150	150	150	
Employee performance	Pearson Correlation	.505**	.531**	.447**	.616**	.544**	1
	Sig. (2-tailed)	.0001	.000	.003	.000	.000	
	N	150	150	150	150	150	

Correlation analysis enables the researcher to determine the strength and significance of relationship between each individual independent variable and the dependent variable. The results in Table 4.11 show that extensive training practices have a positive and significant relationship with employee performance ( $R = 0.505$  and  $p\text{-value} = 0.001$ ). In addition, information sharing has a positive and significant relationship with employee performance since the results were ( $R = 0.531$  and  $p\text{-value} = 0.000$ ). Furthermore, Selective hiring has a positive and significant relationship with employee performance since the results were ( $R = 0.447$  and  $p\text{-value} = 0.003$ ). Flexible work arrangements have a positive and significant relationship with employee performance as shown by the results ( $R = 0.616$  and  $p\text{-value} = 0.000$ ). Similarly, Managerial support has a positive and significant relationship with employee performance as shown by the results ( $R = 0.544$  and  $p\text{-value} = 0.000$ ). Therefore, on the overall, high performance work practices has a positive relationship with employee performance in Mumias Sugar Company.

#### 4.5.1b Regression Results of High Performance Work Practices and Employee Performance:

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.632 <sup>a</sup>	.399	.336	1.10105	1.962

a. Predictors: (Constant), extensive training practices, information sharing, selective hiring, flexible work arrangement, managerial support.

b. Dependent Variable: Employee performance

The results indicate that the value of  $R^2$  is 0.399 thus 39.9% of variance in the independent variables can be accounted in the dependent variable employee performance. The Durbin Watson value of 1.962 indicates there is no autocorrelation since the value is between 1 and 3.

Table 4.13 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.630	14	7.658	6.317	.001 <sup>b</sup>
	Residual	46.067	136	1.212		
	Total	76.698	150			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), extensive training practices, information sharing, selective hiring, flexible work arrangement, managerial support

The result shows that p value (0.001) < 0.01 level of significance. The F value is significant at 1% level (F= 6.317, P<0.01) indicating application of the model. Thus, the result shows that Independent variables are significant in determining employee performance in MSC.

**Table 4.14 Multiple Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1(Constant)	4.580	.474		9.662	.000		
ETP	-.218	.214	-.229	-1.017	.015	.311	3.214
IS	.033	.407	.034	.082	.035	.089	8.176
SH	.092	.285	.096	.322	.749	.177	5.658
FWA	.158	.140	.191	1.123	2.68	.180	6.351
MS	-.549	.220	-.560	-2.494	.017	.314	3.187

a. Dependent Variable: EP

## 5. FINDINGS

The study was geared towards establishing the relationship between high performance work practices and employee performance. Overall finding was that a high performance work practice has a positive relationship with employee performance in MSC

### 5.1 Conclusion:

Extensive training plays a great role on employee performance; however demands related to employees' position at the workplace prevent them from attending trainings. Flexibility for employees is paramount. Employees need to manage their work and non-work interests. Information sharing is a recipe for employee performance. Information sharing contributes to the success of the organization. Staffing can ensure that the right people, with the desirable characteristics and knowledge, are properly placed, at the right time doing the right job so that they fit in the culture and the climate of the organization. A high level of managerial support motivates employees to contribute their best towards achieving organizational goals

### 5.2 Recommendations:

Mumias Sugar Company should avail both on the job and off the job training to enable employee equipped with the right skills for diversification and performance purposes. Managers in Mumias Sugar Company should be supportive of flexible work arrangements and discuss the same with employees. This will help employee performance in the company. Management at MSC should create participative forums to enable employees contribute information as far as employee performance is concerned. The management at MSC should match skills to the job description as this will improve performance. Furthermore employee retention will enhance progress for the set up system. Managerial support is important and therefore managers should value employees as important assets in the organization.

### 5.3 Suggestion for Further studies:

Further research should be conducted in other sugar companies on relationship between high performance work practices and employee performance. A study on each variable should be conducted in relation to employee performance in other companies.

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