

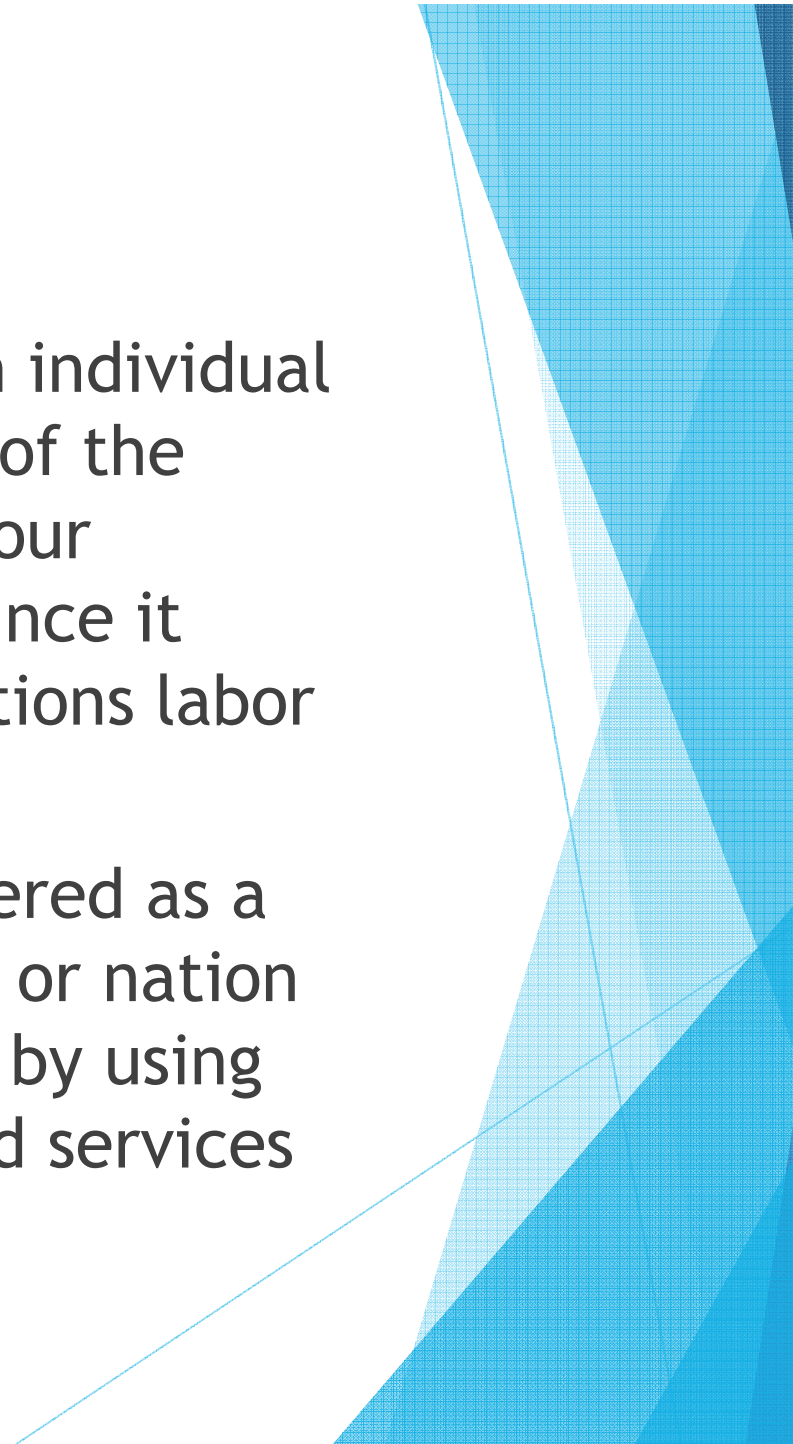
# **THE MODERATING INFLUENCE OF EMPLOYEE ENGAGEMENT ON THE RELATIONSHIP BETWEEN LABOUR PRODUCTIVITY AND RECRUITMENT PRACTICES IN STATE CORPORATION IN KENYA**

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# INTRODUCTION

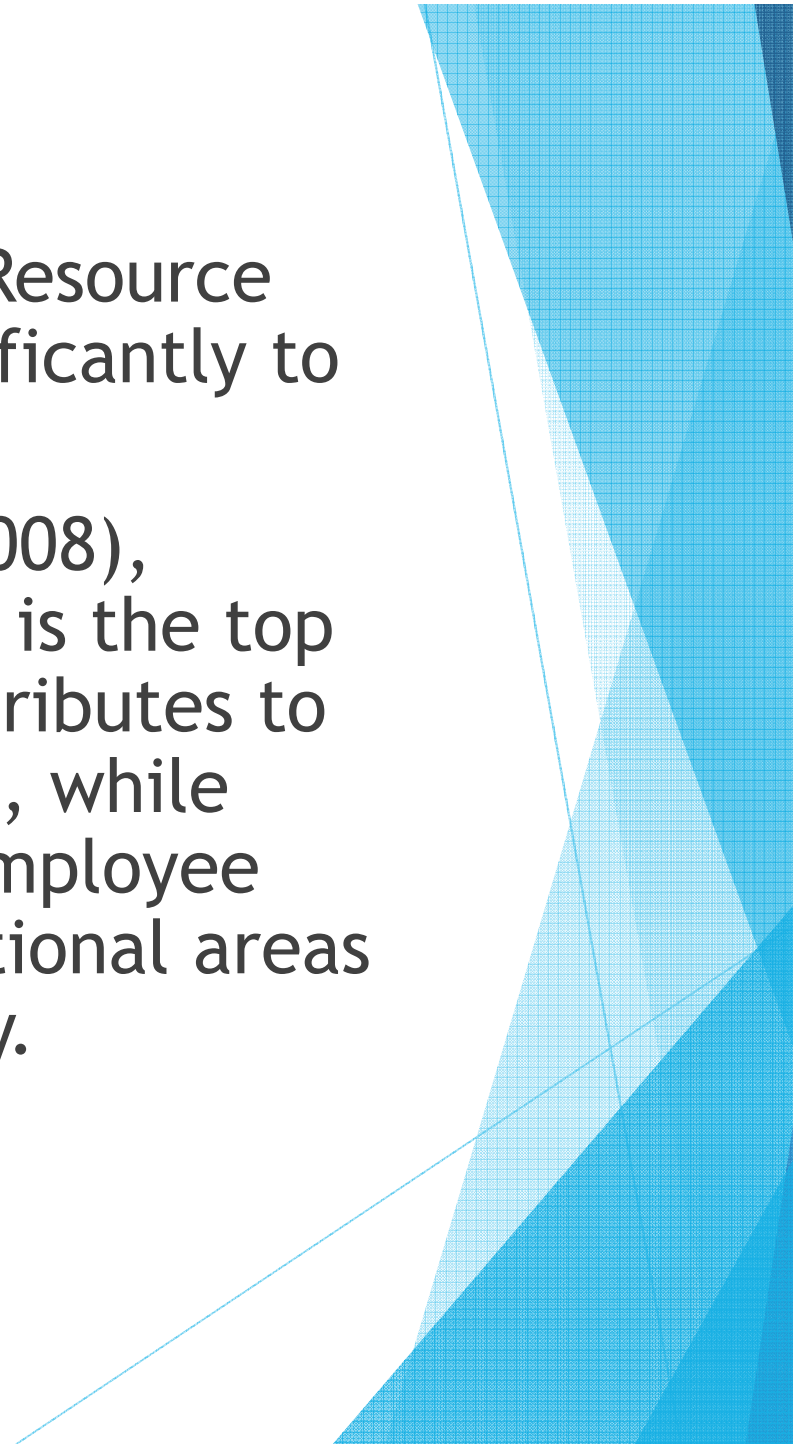
The performance and productivity of each individual in an organization leads to the prosperity of the organization and a nation as a whole. Labour productivity is therefore very important since it indicates the extent to which an organizations labor force is efficiently creating output

People management has long been considered as a very important aspect of any organization or nation because it is the people who create value by using corporate assets to create the product and services that people need (Tiwari, 2012).



Empirical studies suggest that Human Resource Management practices contribute significantly to Labour productivity (Wright, 2003).

According to an SHRM survey report (2008), staffing, employment and Recruitment is the top the top critical HR function which contributes to an organizations overall success at 52%, while Training and Development as well as Employee benefits are the other critical HR functional areas which contribute 29% each respectively.



# Problem Statement

Kenya faces the challenge of having a multi-ethnic, religious and cultural diverse society, where there is need for a national character principle in recruitment of employees into the Kenyan civil service as well as equal gender representation.

However there has been a decline in Labour force productivity despite increased in levels of employment and wage bill, this is according to a report by I.E.A (2010). The decline in Labour force productivity despite increased in levels of employment in the adoption of equal regional, ethnic and gender representation has been an area of concern.

Year	Employment	Contribution to G.D.P
2007	4.707 million	2.4%
2008	9.946 million	1.8%

Source: G.O.K (2008)

The current emphasis of job creation at the expense of labour productivity may finally cripple the Kenyan economy **High unit Labour costs associated with relatively low Labour productivity, will finally cripple the Kenyan economy**

Kenya aims to increase annual GDP growth rates to 10% and to maintain that average till 2030 under vision 2030

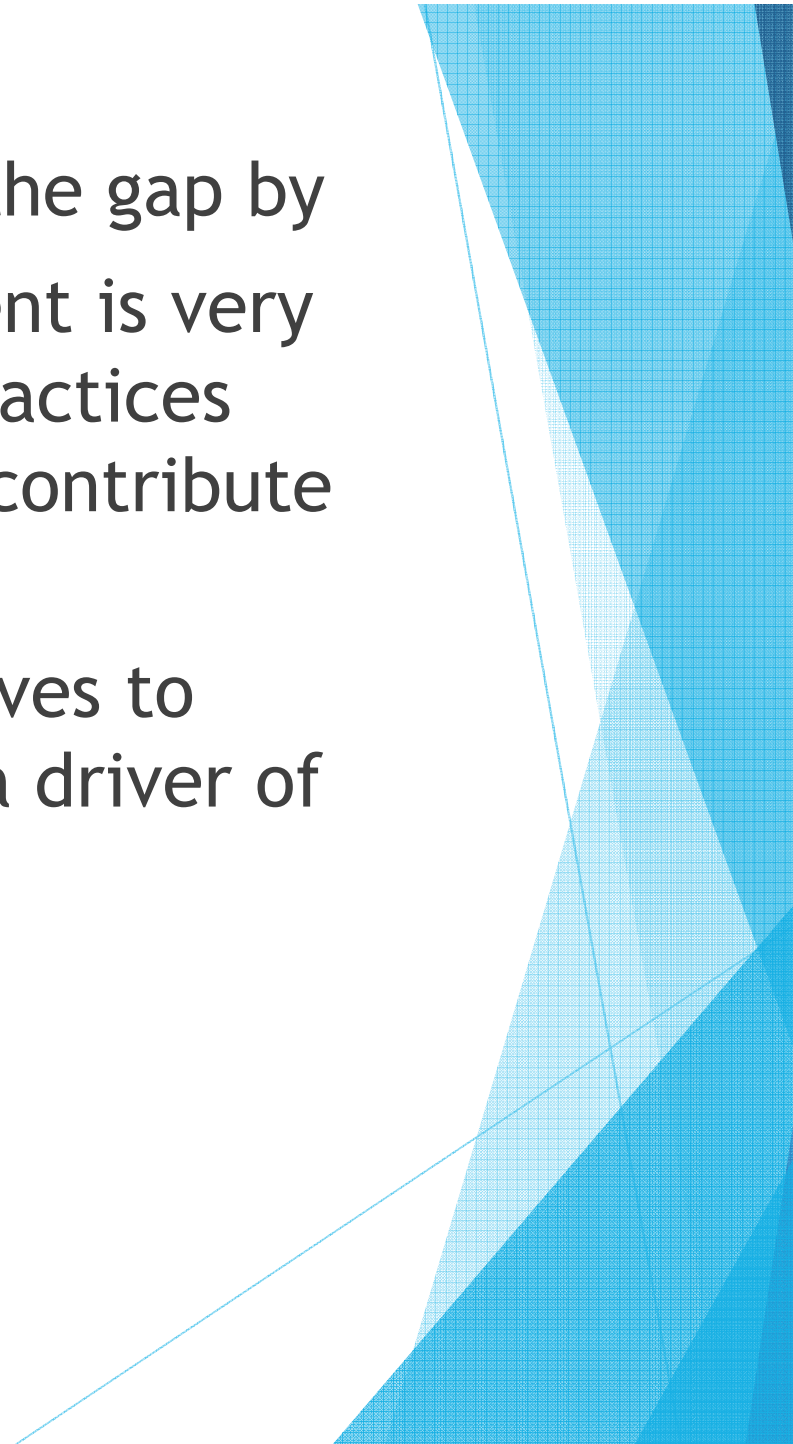
Year	G.D.P
2008	1.6%
2009	2.6%
2011	4.3%

Source: G.O.K report (2012)

This research therefore aims to bridge the gap by

Demonstrating that people management is very crucial and that sound Recruitment practices coupled with engagement strategies contribute to labour productivity

A shift in national policies and objectives to focus more on labour productivity as a driver of productivity and not only job creation





## Objectives and Hypothesis of the study

The study addressed the following specific objectives:

To establish the role of Recruitment and Selection on Labour productivity in State Corporations in Kenya

To investigate the moderating influence of Employee Engagement on the relationship between Recruitment practices and Labour productivity

### Hypothesis

$H_0$ : Employee Engagement does not significantly moderate the relationship between Recruitment practices Labour productivity

## Recruitment practices-Independent variable

A capable workforce is required, and such a workforce can only be obtained through correct recruitment and selection.

According to Armstrong (2009), people resourcing ensures that the organization obtains the right Human capital it needs and employs them productively

Recruitment and selection primarily aims at attracting a maximum number of highly talented applicants and selecting the best to achieve competitiveness

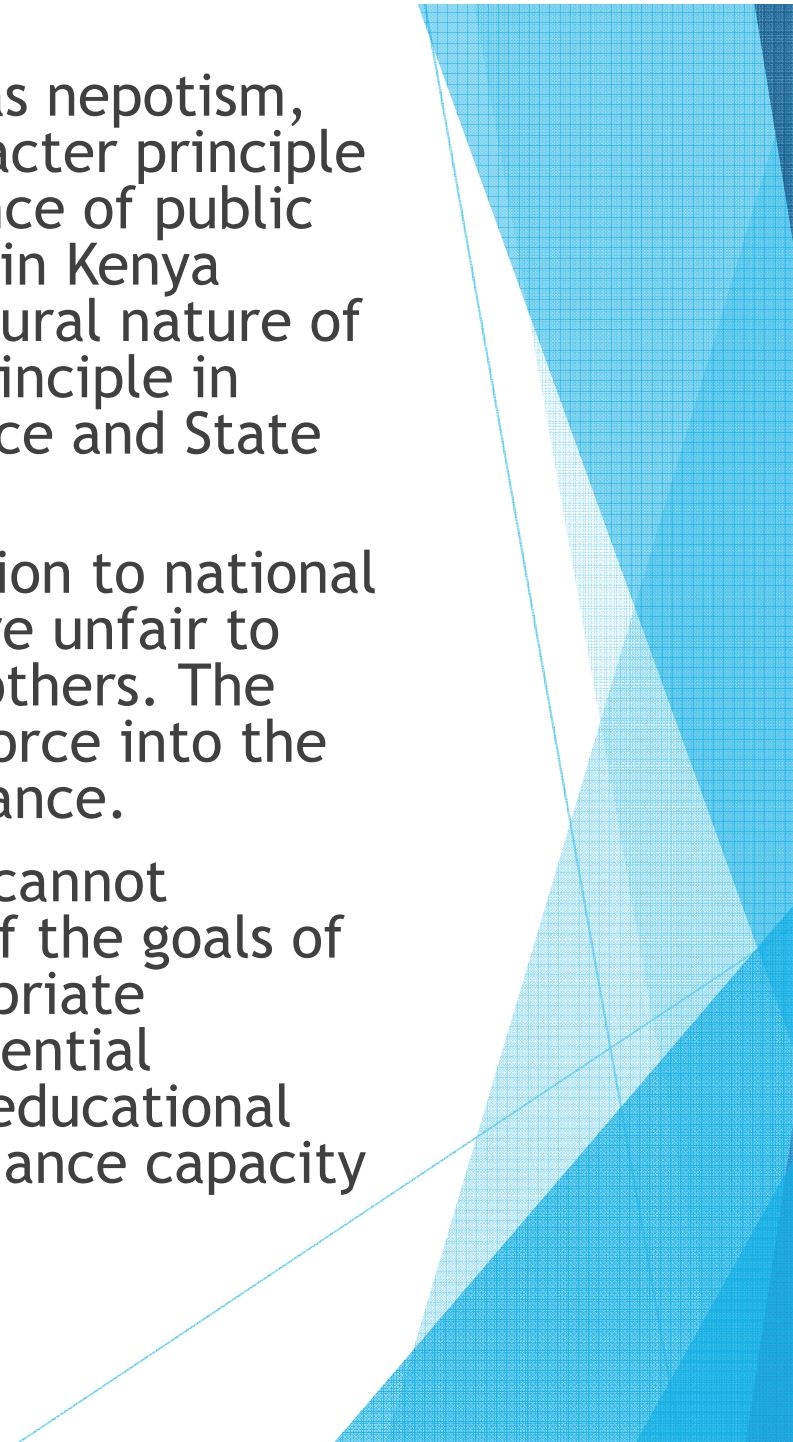
According to Gberevbie (2010), recruitment that is based on merit, appropriate educational qualifications, skills and experience even within the principal of equal regional and gender representation can act as a basis for enhanced labour productivity



study by Ayoade (2000), identified problems such as nepotism, favoritism, political consideration and national character principle employee recruitment as basis for poor performance of public sector workers in Nigeria. This is a similar challenge in Kenya where considering the multi-ethnic, religious and cultural nature of the society, there is need for a national character principle in recruitment of employees into the Kenyan civil service and State Corporations.

Subjecting recruitment/appointment and/or promotion to national character discriminates against merit and is therefore unfair to certain sections of the country to the advantage of others. The outcome is that of acquisition of incompetent workforce into the public service and the result is that of poor performance.

However this does not mean that such an employee cannot contribute meaningfully towards the enhancement of the goals of the organization. This is particularly so where appropriate recruitment strategies involving the screening of potential employees based on relevant skills, experience and educational qualifications are adopted, as well as training to enhance capacity



# Labour productivity-Dependent variable

According to Navaratne (2010) Labour productivity can be written simply as:

$$\text{Labour Productivity} = \text{Total Output} / \text{Total labour input}$$

Where labour productivity can be measured by looking at productivity per hour, productivity per person, total production, labour turn over, absenteeism, number of industrial actions to mention a few

In simple terms labour productivity is total output divided by total employment. According to a study by Spring Singapore (2011), Productivity is critical for the long-term competitiveness and profitability of organizations. Productivity is the relationship between the quantity of output and the quantity of input used to generate that output. It is basically a measure of the effectiveness and efficiency of your organization in generating output with the resources available. Output could be in the form of goods produced or services rendered

According to G.O.K (2008), On average over the period 2008–2012, employment grew by 8.2 per cent while output grew by 8.1 per cent, this indicates a decline in labour productivity.

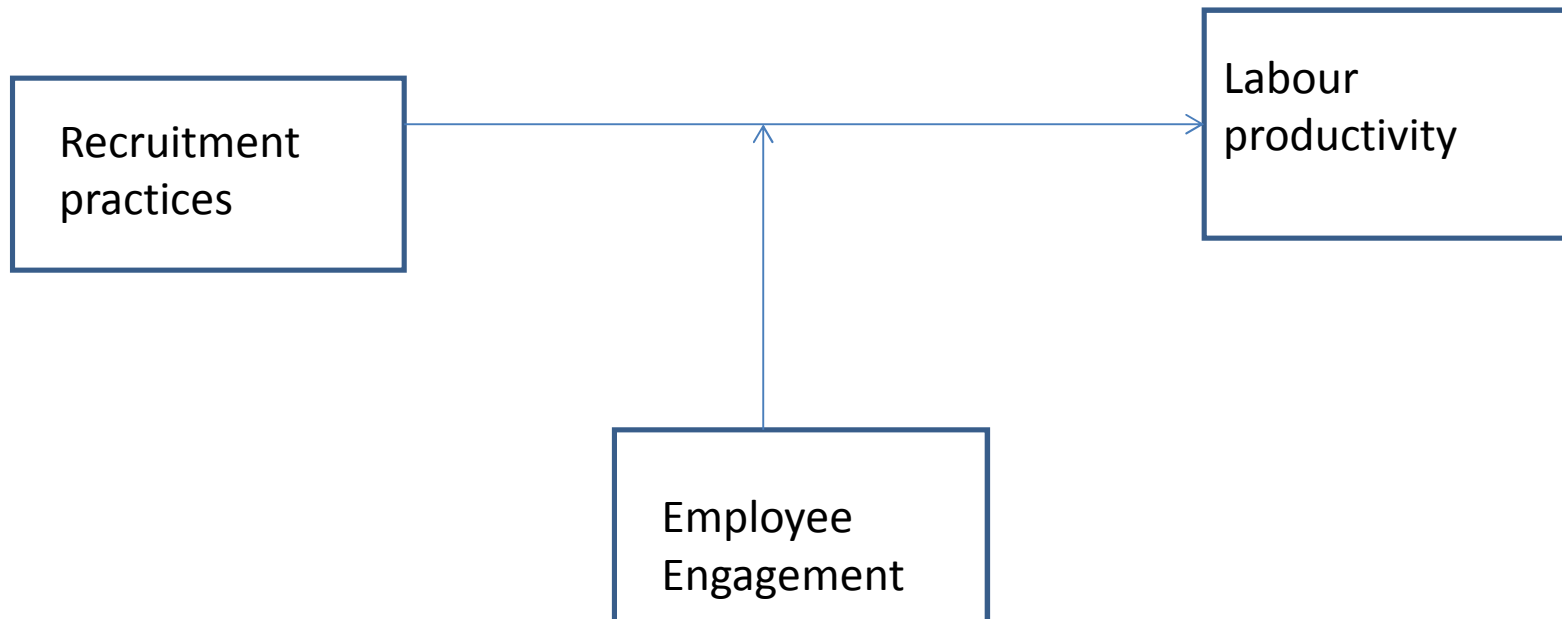
# Employee Engagement-Moderating variable

Schaufeli et al (2002) describes engagement as a positive, fulfilling, work-related state of mind characterized by vigor, dedication, and absorption. Job satisfaction and commitment to an organization are not the same as employee satisfaction

NHS National Workforce Projects, (2007) defines employee engagement as a measure of how people connect in their work and feel committed to their organization and its goals. People who are highly engaged in an activity feel excited and enthusiastic about their role, say time passes quickly at work, devote extra effort to the activity, identify with the task and describe themselves to others in the context of their task. This therefore means that engaged employees are interested in the success of an organization and also identify with this success.

Employee engagement can therefore be a predictor of Labour productivity. According to a survey on global engagement trends 58% of employees are engaged while 42% are disengaged.

# CONCEPTUAL FRAMEWORK



# Research Methodology

Explanatory research design was used for this study. According to Kothari (2004), explanatory research design is suitable for those studies that seek to determine relationships between variables.

The target population was the State Corporations in Kenya which are 205 in better placed to give an opinion on the relationship between Renumber (source: State Corporations Advisory Committee, 2014) while the target respondents were the 205 HR managers in the state corporations in Kenya who were regarded as a suitable unit of analysis since they are the policy makers, and are the implementers of HRM practices and are therefore recruitment practices and Labour productivity, with employee Engagement as a moderator.

A census approach was used because it affords more extensive and detailed study, and therefore it provides more accurate and exact information as compared to the sample enumeration (Gupta ,1994), therefore there was no need for a representatives sample.



## Data Collection and Analysis

Primary data was collected using questionnaires as the data collection instrument, which were composed of semi structured and open ended question

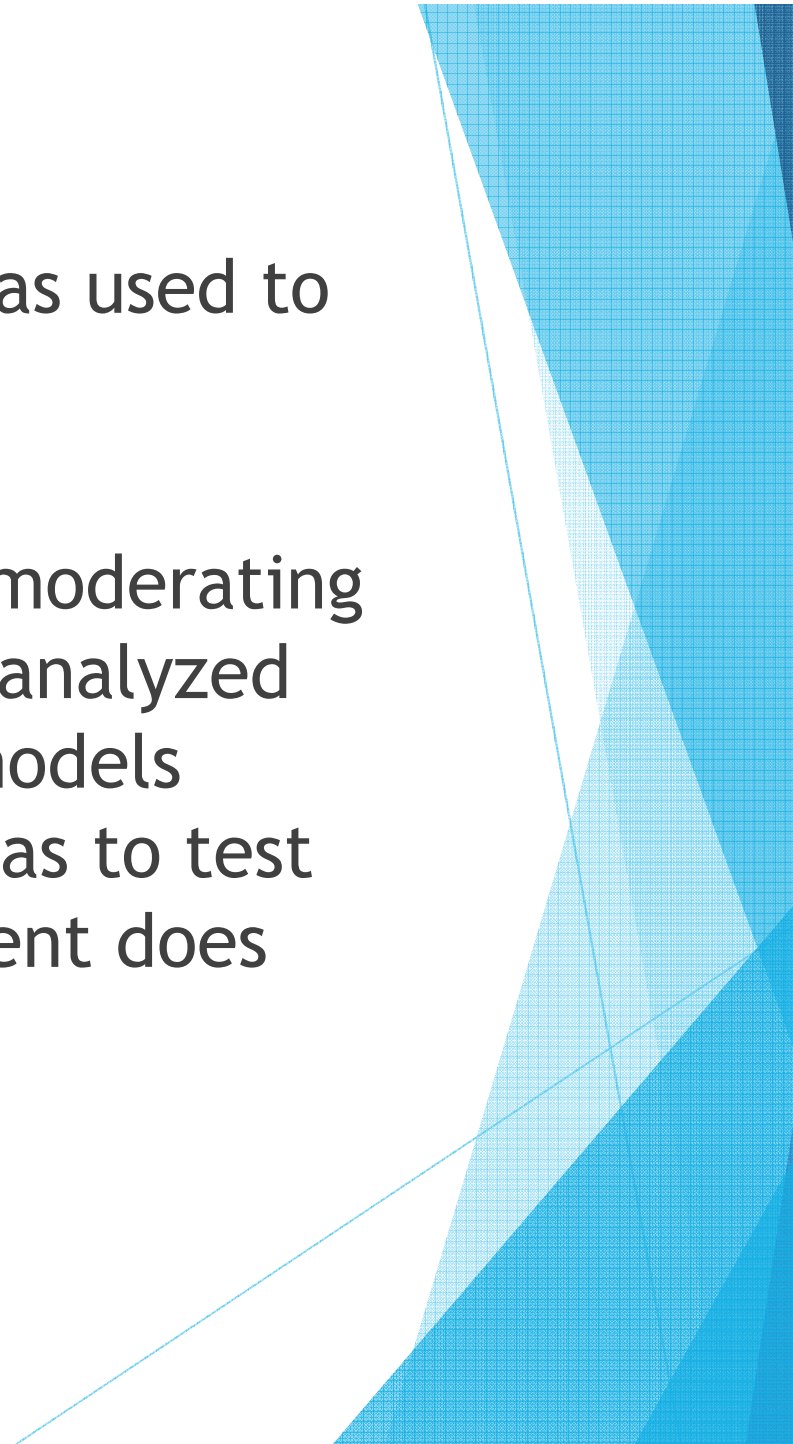
The data obtained was cleared and coded then SPSS was used for data analysis using both descriptive and inferential statistical data analysis.

A correlation analysis was conducted where Pearson  $r$  was used to determine if there was a significant, positive association between the independent variable and Labour productivity. The hypothesis testing was done at 5% level of significance.

Regression analysis was also used to find out if an independent variable predicts a given dependent variable.

Moderated multiple regression (MMR) was used to test the moderating effect of Employee Engagement.

MMR analysis was used to compare the moderating effect of the employee Engagement by analyzed and interpreting the  $R^2$  change in the models obtained from the model summaries so as to test the hypothesis that employee Engagement does not moderate the relationship between performance based reward and Labour productivity.



# RESULTS AND DISCUSSION

The response rate was 87% while the factor thresholds of variables was above the threshold of 0.33

## Correlation

Correlation was used to analyze the degree of relationship between Recruitment and selection with Labour productivity. A Pearson correlation coefficient ( $r$ ) of 0.597 was obtained and a  $p$ -value of 0.000, showing that there is a positive significant linear relationship between Recruitment and selection with Labour productivity. This is because it ensures correct person-job fit and person-organization fit, thus enhancing Labour productivity.

		Labour Productivity	Recruitment & Selection
Labour Productivity	Pearson Correlation	1	.597**
	Sig. (2-tailed)		.000
	N	178	178
Recruitment & Selection	Pearson Correlation	.597**	
	Sig. (2-tailed)	.000	1

## ▶ Regression

Regression analysis was used to find out if the independent variable (Recruitment practices) predicts the given dependent variable (Labour productivity). An R square value of 0.353 was obtained, this shows that it contributes 35.3% to Labour productivity while 64.7% can be explained by other factors. This implies that Recruitment and selections plays a role in explaining Labour productivity when used appropriately to ensure correct match between the employee and the job as well as organization, hence it contributes to Labour productivity.

Regression analysis: Recruitment practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.597 <sup>a</sup>	.357	.353	.25079
a. Predictors: (Constant), Recruitment & Selection				

## The moderating influence of Employee Engagement on Recruitment practices

In model 1 without the interaction effect of Employee Engagement on Recruitment and Selection the R square value is 0.649 and  $p = 0.000$ . This implies that 64.9% of the variance in Labour productivity can be explained by employee engagement and recruitment and selection. However after the moderation effect/interaction term of (employee engagement \* Recruitment and selection)

In model 2, the R square value is 0.655 and  $p = 0.014$ . This shows an R square change ( $\Delta R^2$ ) of 0.013 and  $p = 0.014$  indicating a significant moderation effect of Employee engagement on Labour productivity.



The moderating effect of employee engagement explains .3% variance in Labour productivity above and beyond the variance by recruitment and selection and employee engagement. Therefore, increasing Employee Engagement increases the effect of Recruitment and selection on Labour productivity

The null hypothesis is therefore rejected

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.806(a)	0.649	0.645	.18579	0.649	152.522	2	165	0.000
2	0.813(b)	0.662	0.655	.18295	0.013	6.156	1	164	0.014

## CONCLUSIONS

The study sought to investigate the moderating influence employee engagement on the relationship between recruitment practices and Labour productivity.

Based on the findings the study concludes that recruitment practices significantly affects Labour productivity, while increasing Employee Engagement increases the effect of Recruitment and selection on labour productivity

This shows that employee engagement is critical, because engaged employees deliver better results

# RECOMMENDATIONS

State corporations must focus their efforts on employee engagement drivers that can increase engagement such as recognition, career growth, employer branding, total rewards, good working environment, HR and people management practices and work tasks that promote a sense of accomplishment

Training and Career Development needs to be taken seriously by HR practitioners, so as to enhance Labour productivity in State Corporations in Kenya.

A shift from personnel management to Human Resource management in state corporations and the public sector in general

# Suggestions for further Research

The study recommends further longitudinal research, so as to clearly determine the moderating impact of employee engagement on the relationship between HR practices and organizational performance within the Kenyan and African context.

