



A CAUSAL MODEL OF LINKAGES AMONG CONTROL HR STRATEGY, EMPLOYEE JOB PERFORMANCE, ORGANIZATIONAL FACTORS, AND FIRM PERFORMANCE

Kiwi, Lucy Odo (PhD)¹, K'Obonyo, Peter. Owoko²,

¹Mwalimu Julius nyerere Chair in Pan-African studies, University of Dar es salaam, Tanzania, P.O box 35091, Dar es salaam, Tanzania,

²Professor, School of Business, University of Nairobi, P.O. Box 30197-00100 Nairobi-Kenya.

ABSTRACT

This study investigated the effect of control Human Resource (HR) strategy, employee job performance and organizational factors on organizational performance. Results from Tanzania State Corporations indicates that: First, there was a partial support for control HR strategy on organizational performance; second, employee job performance mediated the relationship between control HR strategy and organizational performance; third, structure had no significant moderating influence on the relationship between control HR strategy and employee job performance, while, culture and politics had a significant relationship between the two variables; and finally, control HR strategy, employee job performance and organizational factors jointly had a strong and significant effect on organizational performance.

Keywords: Control human resource strategy, Employee job performance, Organizational factors, Organizational performance, State Corporations

1. Introduction

The development of a normative model of Human Resource Management (HRM) has raised a critical debate among management scholars. The discourse is anchored on the nature of the approach offering two opposite sets of assumptions of control and commitment (Fombrun et al,

1984; Beer et al., 1985) and later (Arthur, 1984). These assumptions have created a divergent of opinion among HRM scholars either taking one sided approach of control (Eisenhardt, 1985; Snell, 1992; Cyr and Welborne, (1997) or that of commitment (Guthrie, 2001, Sun, Aryee and Law, 2007), or even others opting for a middle ground of bundling through (Gooderham, Parry and Ringdal, 2008; MacDuffie, 1995). In particular, Truss, Gratton, Hope-Hailey, McGovern, and Stiles (1997) extended the debate by explicating that it is the contradictions of rhetoric and reality embedded in the practical application of control and commitment approaches that has rendered strategic action of a normative model of HRM problematic³. Notwithstanding, whereas both strands give weight to the importance of employees to the achievement of organizational goals, they do provide inconsistent set of HR policies and procedures through which practice does not match HRM rhetoric. Indeed, research studies over the last years (Walton, 1985; Arthur, 1992) have provided empirical evidence on the adoption of commitment Human Resource (HR) practices in many organizations both in developed and developing countries. However, the extant literature such as that of Roche (1999) also has reported slow pace of diffusion of commitment-based HR strategy in organizations and therefore raising a serious concern of increasing investigation on the use of control HR practices on organizational performance. Literally, these literatures (Khatri et al. (2007; Arthur, 1984) has often highlighted control HR strategy as a model of employment relations that is non worker-centered development management. In an attempt to address performance variations and its determinants, there has been equally a growing empirical literature trying to understand the effect of HR control over employees on organizational performance. These include control of behaviors (Schuler & Jackson, 1989); bureaucratic control and outcome control (Cyr and Welborne, 1997), input, behavior, and output controls (1992), performance evaluation and divergence minimization (Eisenhardt, 1985).

Whereas evidence from these studies amounts to the use of control HR strategy on organizational performance through controlling employees behaviors, fewer⁴ have systematically described the conditions under which this occurs. With few exceptions (Snell, 1992), none of the previous studies actually investigated organizational environment through which control HR strategy influence organizational performance. These issues were the target of this study. Departing from

³ Truss et al. (1997)citing Guests (1997) argued that the two perspectives of HRM are viewed as opposing whereby the same term signaling opposite sets of assumptions about human nature and managerial control

⁴ For example, Schuler and Jackson (1987) presented a very comprehensive list of HR practices through which they argued to be reinforcing a particular needed employee behaviors linking to selected competitive strategy

the work of Cyr and Welborne, (1997) who investigated bureaucratic and outcome control of HR strategy in Initial Public Offering (IPO- small firms governed by an informal management processes), the current study investigated State Corporations in Tanzania, offering an opportunity to validate the study findings to the larger populations. Furthermore, unlike Snell (1992) who examined the use of HRM control systems within the strategic context of the firm in terms of product-market variation, work flow integration, and firm size mediated by administrative knowledge, this study use behavioral perspective of employee job on the performance as mediator variable together with structure, culture and politics as organizational context largely influencing employee management and performance relationships in the public sector organizations. Therefore, contributing to the debate, the purpose of this study was to empirically validate taxonomy of control-based HR strategy as developed by Walton (1985) and place it in the strategic context of State Corporations in Tanzania. The rest of the article is organized as follows: A brief overview of performance of State Corporations in Tanzania. This is followed by the conceptual and empirical review of a linkage among control oriented HR strategy, employee job performance, organizational factors and firm performance, issues that forms the basic framework of the study. Thereafter, a description of the methods used in the study is presented. The major findings of the study are discussed next. The final section draws out conclusion and implication of the findings.

2. Tanzania State Corporations

There is a widespread interest in the literature on the subject of State Corporations. In Tanzania, a State Corporation or Enterprise is an organizations established by the government under public law as a legal personality which is autonomous or semi- autonomous, which provide/produce goods and services on a full or partial self-financing basis, and in which the government or a public body/agency participates by way of having shares or representation in its decision-making organs (URT, 2004). State Corporations in Tanzania occupy a central role in the economic development of the country. After attaining political independence, Tanzania realized that economic independence was more important and urgent requirement to the national development (Nyerere, 1968). To that end, the government resorted to the creation⁵ of State Corporations in an attempt to promote self-sustaining economy (Ibid). After a decade, however, critics began to

⁵ Following the adoption of Arusha declaration in 1967, Tanzania nationalized all major means of production leading to a dramatic expansion in State Corporations

question the performance of State-Owned Enterprises better known in Tanzania as the Parastatals (Munishi, 1982). The frequent criticism was that most of the parastatals were chronically inefficient and had become an actual burden to the taxpayers. There have been a number of explanations about this poor performance of State Corporations. Lack of adherence to financial principles and poor management of employees were cited as factors responsible for the poor performance of State Corporations (Moshi, 1986; Kiragu and Mutahaba, 2004). Specifically, an analysis of productivity per employee, 1967 -1979, Kim, (1981) indicated that there was a decline in employee productivity in Tanzania's State Corporations which contributed significantly to the decline of their performance. Productivity growth of employee declined marginally to 0.4% by 1986 (URT, 2005).

Following State Corporations poor performance, the Tanzanian government embarked on parastatal sector reforms aimed at improving performance. Among others, the reform focused on performance of employees' job individually and collectively. To achieve this end, the government enacted Public Corporation Act of 1992 and Public Service Employment Policy of 1999 for management of human resources. This policy directed the development of HR strategies to guide the management of HR functions in the State Corporations. So far, the ongoing reforms have yielded substantial economic growth and in particular, impressive performance of the State Corporations. However, no systematic study so far has been carried to find out how employees carry out their work in Tanzania State Corporations. Given the outsourcing of some public services and bureaucratic nature of public sector, it is hard to tell whether there are realistic tangible job performance for employees and how these are influenced by HR strategies in Tanzania's State Corporations.

3. The Control Oriented HR Strategy, Employee Job Performance, Organizational Factors and Firm Performance

In the last decade studies have been attempting to prove the causal link between control-based HR strategy and organizational performance. Drawing from control theory⁶ as advanced by Ouchi (1979), and behavioral theories as suggested by Jackson and Schuler (1987), Arthur (1994) and Walton (1985) have consistently demonstrated the association between the two variables. In particular, some studies have focused on the use of control-based HR strategy on

⁶ Control theory is discussed in the classic work of Thompson (1967), and later that of Ouchi (1979). Drawing from these works, Snell and Youndt (1995) asserted that establishment of rules and procedures and the use of incentives ensures alignment of employee's behavior with organizational goals and therefore achievement of organizational performance

sales representative (Eisenhardt, 1985), and other studies such as that of Cyr and Melborne (1997) investigated production workers. Importantly, other studies have focused on how exogenous factors such as competitive environment, strategy, technology, and structure affect control based-HR practices (see Reeves and Woodward, 1970). Scholars such as Ouchi (1977) focused primarily on the evaluation component of control-based systems. However, in the recent past scholars such as Griffin (2007) started to explore the relationship among control- based HR strategy and employee job performance. The basis for this prediction is the different objectives of control- based HR systems as manifested in different combinations of HR practices and its effect on employees' behaviors. In a bid to establish the effect of control- based HR strategy on employee behavior, Snell (1992) posited that since HRM practices comprise the principal methods used to regulate employee performance, HR practices as a set manifest control⁷. Through recruitment, training, performance appraisal and rewards, control regulates the actions of subordinates exhibiting on the job. More importantly, control- based HR strategy structures the transformation process of work (Ouchi, 1977), initiates top-down operating procedures and ensure that superiors closely monitor and evaluate subordinates leading to completion of work as prescribed by their task hence increasing productivity. This is possible since employees will follow procedures of carrying out the task in cautious terms unquestioningly. In addition, to the extent that behavior control standardizes work processes superiors, set targets such as financial results for subordinates to pursue. This provides subordinates discretion in the means they use to carry out the tasks. It does not allow them to choose goals, only the methods used to perform the job. Subordinates can adapt their behavior to capitalize on opportunities and avoid threats that arise unexpectedly.

On the other hand, control-based HR strategy has been shown to decrease job⁸ performance through heavy job demands which it places on employees such as long working hours, close supervision and monitoring, work intensification and overtime pressures leading to job strain and exhaustion hence limiting employees' ability to perform their tasks (Ouchi, 1978; 1979; Reeves and Woodward, 1970; Snell, 1992). As Hockey (1997) explains, exhaustion is an extreme form of fatigue coming as a consequence of prolonged and intense physical and cognitive strain caused by prolonged exposure to specific working condition. Scholars such Gaillard (1986)

⁷ See Snell (1992) who attempted to empirically test control theory in HRM mediated by administrative information

⁸ Whereas tight controls of employees is aimed at minimization of cost and pursuit of economies of scale, this strategy is however, have been argued to have a negative effect on employees

posited that when a person is working under high level of (mental) workload and is already fatigued (i.e. at the end of a workday) extra energy to compensate fatigue has to be mobilized through mental effort in order to maintain task performance. Legge (1995) also argued that control-based HR strategy is good at providing job insecurity to employees which have been argued to affect their work performance. Researchers (Ouchi, 1978; Govindarajan and Fisher, 1990) argue that job insecurity has a negative effect on behavior outcome being a hindrance stressor that induces undesirable strain reaction. One way to emotionally cope with such stressor is to behaviorally withdraw from the situation. Behavior withdrawal can manifest itself in reduced task performance and contextual performance. Proponents of control-based HR strategy like (Walton, 1985) and (Snell, 1992) claims that job insecurity might have a positive effect on job performance. Snell (1992) essentially argues that the fear of losing one's job may motivate employees to engage in individual action to actively cope with the threat.

It is predicted that structure⁹ influences the relationship between control HR strategy and employee job performance. Bureaucratic organizations are often casted as static entities incapable of change in their mode of operations. This has sparked researchers to devote significant effort towards discovering structures and procedures that promote innovations in organizations. Organizational behavior scholars such as Hage and Aiken (1969) examined organizational structures primarily as direct antecedents of organizational performance. However, there is also increasing recognition of the moderating influence of organizational structure on the relationship between control HR strategy and employee outcomes. For example, Baron and Kreps (1999) noted moderating effect of structure on the relationship between HPWP and turnover. Likewise, Batt (2002) observed that structure moderated the relationship between SHRM and employee commitment. Therefore, it comes to the attention of this study that structure could also moderate the relationship between control HR strategy and employee job performance. A centralized structure is the one in which the right to make decisions and evaluate activities rests with top executives as a means of ensuring that decisions are tightly coordinated (Hall, 1977). Frederickson (1986) and later Youndt et al. (1996) contended that a centralized structure in which decisions on HR practices such as recruitment, training, employment security and high relative pay are determined by top management with low consultation with employees

⁹ Mintzberg (1979) conceptualized structure as the arrangement of tasks, roles, authority and responsibility through which a firm does its work. See also Chandler (1962) popular proposition of 'structure follows strategy'

decreases employee's discretion in scheduling their work and determining procedures for task accomplishment thus reducing their ability to perform their job. In particular, Frederickson (1986) posited that structural formalization which is characterized by presence of rules and procedures, accompanied by task formalization and standardization coupled with close supervision decreases employees' opportunity to think about task-related objectives, process and strategies and make decisions about how to perform the tasks hence increasing the likelihood of low task performance. Frederickson argued that when task are relatively stable, formalized and standardized individuals tend to develop routines, a less-capacity demanding behavior which have negative effects on creative thinking, problem solving and adaptation of decision-making which in turn leads to poor task performance.

The literature suggests that organizational culture may influence the relationship between Control HR practices and employee job performance. Scholars such as Rousseau (1990) suggest that culture and core values present within an organization are significantly influenced by HR activities such as employee selection, training and compensation systems. Rousseau argues that differences within these policies can influence the way in which employees react to workplace challenges and their level of commitment to the organization hence affecting their job performance. Chatman (1991) also reported that some organizations have cultures¹⁰ that emphasize values of teamwork, security, and respect for individual members. These values foster loyalty and long-term commitment to the organizations among all employees, regardless of their job performance. Other organizations have cultures that emphasize control practices such as personal initiative and individual rewards for accomplishing specific work objectives. These values foster a non entrepreneurial norm whereby the organization does not offer long-term security and the employees do not promise loyalty. Chatman suggested that weaker performers would soon leave such a culture, while stronger performers would stay. The government of Tanzania which is apparently facing challenges of transforming the public service is attempting to create result-oriented organizational culture where the performance of individuals and units are linked to organizational performance (Therkildsen, 2000). The view has been that effective HR strategic orientation can help create result-oriented culture that creates a variation in employees' job performance. A common thread through all these prescriptions is that improved

¹⁰ See Chatman, J.A and Jehn, K.A (1994). Assessing the relationship between industry characteristics and organizational culture. How different can you be. *Academy of Management Journal*, 37 (3) 522-553

HR strategies facilitate the identification of employees who are well trained to carry out their tasks thus leading to higher quality and quantity produced, job satisfaction, low labor turnover and absenteeism (Truss, 2009).

It is predicted that politics influences the relationship between control HR strategy and employee job performance. Whereas evidence has indicated that organizational politics can influence operations and outcomes of organizational systems, it was not until a decade ago that HRM scholars (Ferris et al., 1989; Cropanzano et al., 1997; Podsakoff, 2007) provided systematic examination of the effect of organizational politics on HRM. These scholars argued that organizational politics has an effect on the relationship between HR strategic orientation and employee outcomes including job performance (Ferris et al., 1989), job satisfaction (Vigoda, 2003), affective organizational commitment (Ferris et al., 1989; Cropanzano et al., 1997) and turnover intentions (Lewis, 2002). As noted by Ferris et al. (1989) that organizational politics trigger pressure on employees to engage in politicking to meet their goals. That is, highly political environment tends to reward employees who (1) engage in strong influence tactics, (2) take credit for the work of others, (3) are members of a powerful coalition, and (4) have connections to high-ranking allies (Vigoda, 2000). Research on the moderating influence of organizational politics is not consistent. For example, Ferris et al. (1989) found that perceived control was argued to moderate the negative relationships between perceptions of organizational politics and positive individual work outcomes. Similarly, Cropanzano et al. (1997) contended that politics is a stronger work performance predictor in situations categorized as weaker interpersonal contexts than stronger interpersonal contexts. Bozeman et al. (1996) on the other hand, found that those individuals who understand or can control political dynamics respond less negatively than those who lack understanding or control of politics. Likewise, Ferris et al (1992) found that interviewers gave higher ratings and recommendations for the job offered to applicants who employed self-promotion tactics than those who used ingratiation type of tactics thus, resulting in a likelihood of hiring a low performing individual.

There is a growing consensus in the literature that control oriented HR strategy can, if properly configured provide a direct and economically significant contribution to firm performance (Walton, 1985). Based on RBV, the presumption is that effective HR strategies can help implement a firm's business strategy and become a source of sustained competitive advantage. However, many studies in the literature have focused on the linkages among HR strategic orientation and organizational performance through employee outcomes such as employee

commitment (Edward and Wright, 1998) job satisfaction (Guest, 1997) and employee stress levels (Elliot, 1999) just to mention but a few. A good example is that of Boselie et al. (2002) who used employee retention, social climate and involvement as mediating outcomes between HRM and firm performance. Likewise, Lawler (1992) used employees' skills, attitudes and motivation as variables mediating the relationship between HRM and organizational performance. Though these connections are crucial, the linkage from control orientation HR strategy to employee job performance subsequently to organizational performance moderated by organizational factors has not received systematic research attention (Cyr and Welborne, 1997). The basic assumption of this proposition is that control orientated HR strategy affects organizational performance and is depicted through employees' behaviours¹¹ at work leading to organizational performance. As observed by Snell (1992) that control HR practices regulates the actions of subordinates exhibiting on the job which increase their ability to carry out and complete their tasks. This is further enhanced through cooperation with co-workers and following rules and procedures, which in turn lead to higher sales and profitability. In a similar vein, Dyer (1994) added that providing direct incentives and rewards will also increase employees' ability to work with co-workers and willingness to volunteer for extra assignment leading to the achievement of task performance, therefore improvement of overall organizational performance (Motowildo and Van Scotter, 1994). The influence of control orientation HR strategy on employee job performance and organizational performance is expected to vary with the variation of organizational factors. It is expected that organizational factors such as structure, culture and politics as discussed previously, moderate the relationship between control orientation HR strategy and employee performance and ultimately variance at firm-level performance. Previous studies have examined a number of contingent variables that influence HRM policies-organizational performance relationship. For instance, Guest (2001) used employee's satisfaction and commitment as moderating variables between HRM and performance. Similarly, Youndt et al. (1996) demonstrated that strategy moderated the relationship between HRM and performance. From this discussion it is suggested that, variation in employee job performance as affected by control orientation will be moderated by contingencies such as structure, culture and politics which interact with the process of strategic HR thereby affecting the level of job performance (Huselid, 1995; Vigoda, 2003).

¹¹ Agency theory (Eisenhardt, 1988) leads to similar predictions. If an employer knows what employee behaviors it needs, then the organization will enact policies and procedures that elicit these behaviors

4. Methods

4.1 Sampling and Data Collection

This study adopted cross-sectional surveys design which falls within positivist research paradigm. This was also a correlational study whereby variables of interest were not controlled or manipulated, but were measured as they naturally occur to help the researcher assess their relationship. Primary data was obtained using two structured questionnaires. The first questionnaire which collected data on control HR strategy, employee job performance, organizational factors and non-financial data on organizational performance was completed by the head of human resource department. The second questionnaire which solicited data on employee job performance had two sections. Section one was administered to employees who performed core functions of the organization. Section two of the questionnaire was administered to the immediate supervisors of the above selected employees who filled out the questionnaires. As per guidelines of Nunnally (1978) a value of 0.7 in alpha coefficient was used as the cutoff point and all items whose value was less than 0.7 were considered weak. All the instruments were subjected for reliability test and an overall cronbach's alpha score was .810. The organization was the unit of analysis.

This research was conducted in the Tanzanian State Corporations. It comprised all State Corporations that finance their operations primarily by selling their products/ or services. There were 94 such State Corporations which were all included in the study. The list was drawn from Tanzania public service directory 2012/2013. This also included employees and their supervisors. Employees were those who were working in the core functions of the organizations. The approach taken here is similar to those of Osterman (1994). The study had a target population of 680 employees out of which 318 paired responses (employee and Supervisor) were received. Employees who did not participate in the study were either absent from work or engaged in work activities that prohibited them from attending the data collection exercise. The number of employee's respondents per parastatal ranged from 3-13, and supervisor from 1 to 3. Each employee rated him/her self and by their immediate supervisor on a five point scale. To obtain a composite index for this variable, in step one, employee and supervisor ratings were given the same code, and thereafter, their scores were aggregated in order to get a mean score for each employee on all items. In the second step, we aggregated all scores for employees obtained in step one in order to get a mean score for each institution. This data was then used for further analysis. The average performance ratings ranged from 2 to 5. Using multiple employees

provided a psychometrically sound measure of these performance ratings in relation to HR practices, something that has rarely been observed in the past (Wright et al, 2001). Similarly, the use of multiple raters for the job performance measures minimized error variance (due to measurement error), resulting in a design that maximized the possibility of providing support for the hypothesized relationships. Since the number of employees in State Corporations was not uniform across the sector, it was necessary to take a sample of respondents. Disproportionate sampling technique was used to get respondents. In this regard, in a situation where the target population exceeded 200 employees, a sample of 10% was used. Likewise, in a situation where the target population was less than 200 employees, a sample of 20% was drawn. The researcher used job titles to identify employees who performed core functions. Thereafter, simple random method was used to select respondents to participate in the study.

Similarly, the survey responses were matched with publicly available financial data obtained from state corporations that participated in the study. Secondary data relating to financial performance was collected from corporation's audited accounts, yearly published reports and other financial statements. This was taken as an average of two years performance (2011-2012). Financial data for the year 2011 were used as control variable and 2012 used as the outcome to be predicted. This is in line with previous studies (Huselid et al, 1997; Waweru, 2007) who used similar analysis and provided useful findings. All questionnaire items were scored so that a high score (close to five) reflected a positive response and a low score (close to one) reflected a negative response to an item. In keeping with this scoring strategy, answers to negatively worded questions were reversed. Of the 95 items, 17 were negatively stated (e.g "employees have no opportunity to discuss training they should take") and all were reversed to control for the possibility of an acquiescent response set bias.

The data was also examined for normality by reviewing the skewness and kurtosis. Kolmogorov-Smirnov and Shapiro-Wilk tests were performed and the result showed that the significant value was greater than 0.05 for each group, suggesting non violation of the assumption of normality. We also checked for the problem of multicollinearity, collinearity and heteroscedasticity. This follows the suggestion provided by Cohen and Cohen (1983) who argued that a correlation higher than .70 indicates the probability of multicollinearity results of correlation analysis presented in table 5.20 indicate that all correlations between measures were lower than .70, which suggests that our measures were suitable for inclusion in the regression analyses used to test our hypotheses. The analysis also showed that all the variables had a V.I.F value greater than

1 and less than 4 which is a sign of no collinearity. The results of P-Plots show that the data points nearly all fall very close to the ideal diagonal line and the scatter plot diagram shows that the points are randomly and evenly dispersed throughout the plot. This pattern is indicative of a situation in which the assumptions of linearity and homoscedasticity have been met

4.2 Measures

Control HR Strategy was operationalized using items adopted from Snell (1992) and Cyr and Welborne (1997) and measured the extent to which employees were tightly controlled using written rules and procedures, centralized decision-making, lower skills demand and little training.

Employee job performance was operationalized with items adopted from Borman and Motowildo (1993). Job performance was measured with items developed using behavioral job statements demonstrating high job performance. Raters judged the likelihood that target respondents would engage in acts of task and contextual behavior

Organizational factors were operationalized using items adopted from adopted from Huselid (1995), Denison and Mishra (1995) and Vigoda (2000). Structure items measured the extent to which HR practices were formalized and followed centralized decisions making; culture items measured the extent to which values of teamwork, loyalty and respect for individual members were emphasized; and politics items measured the extent to which self interest and promotion tactics were influencing HR decisions.

Organizational performance measures were adopted from Delery and Doty, 1996 together with secondary data. All the scales (Likert-type) ranged from 1 (not at all) to 5 (to a very large extent).

5. Results

Out of 94 State Corporations that were requested to participate in the study, 13 were found to be non-operational, 16 declined to participate in the study citing company policies restrictions, while 3 had totally been privatized and 9 corporations did not return the questionnaires notwithstanding the efforts that were made to follow up. Therefore, at least 53 state corporations responded to the questionnaires comprising 56 percent of response rate. Of the 680 employees who received questionnaires, 318 responded by providing self report of their job performance. 34 responses were excluded as a result of missing supervisor ratings, leading to a final sample of 284 responses from employees, thus constituting 41 percent response rate. A total of 80 supervisors rated their subordinates on how well they performed their work.

5.1 Descriptive Statistics

The data was analyzed demographically by attributes of the organization namely, organizational sector, age and gender. Results of distribution by sector indicate: manufacturing sector 26%, financial, transport and communication 15%, authorities 13%, social security services 11%; other sectors 6%. The age distribution ranged from 35-40 with 55% and below 30 and 51 and-above documented the least with a 5%. On the other hand, the majority of supervisor's age fell under 51 and above constituting 58% and 41% fell between 31 to 50 years of age. Data also indicated that majority of respondents (60%) were males as compared to 39% being females while 58% of supervisors were males as compared to 41% female.

5.2 Correlation Analysis

A number of correlation analyses were performed on the research variables to examine the pattern of relationships among them. Pearson product moment correlation analysis (r) was used to measure the strength of association between these variables. In interpreting the correlations, the guidelines suggested by Cohen (1988) were followed whereby correlation coefficients of (r) of 0.10 and below show a small effect size, Correlations coefficient of 0.30 show a medium effect whilst those of 0.50 and above indicate a large effect. For the purpose of interpretation, p -values of < 0.01 and < 0.05 were considered statistically significant as suggested by Cohen and Cohen (1983). The outcomes of these analyses are presented in table 1. Correlations among the perceived study variables were generally modest and varied from .01 to .32 suggesting no multicollinearity. As shown, employee job performance had a modest and significant correlation with control HR strategy while organizational performance had a negative and significant correlation with control HR strategy and significant relationship with employee job performance.

Table 1. Means, SD, and Zero-Order Correlation Matrix of the Measurement Items

	Variable	M	SD	1	2	3	4	5	6	7	8
1	Gender	.47	.36	1							
2	Age	1.11	.62	.469**	1						
3	Tenure	2.10	.37	.354**	.174	1					
4	Control HR strategy	2.76	.19	-.042	.204	.356**	1				

5	Employee job performance	1.54	1.35	.310**	.139*	.279**	.243*	1				
6	Structure	.62	.66	.417*	-.220-	.412*	.511*	-	.274*	1		
7	Culture	.56	.90	.371*	.318	.488*	.153*	-	.131*	.448**	1	
	Politics	2.12	.04	-.261	-.199	-.360**	.294*	.112	.370**	.347*	1	
8	Overall organizational Performance	.51	.12	-.434**	-.338*	-.196	-	.417*	.384	.389**	.35	1

Note: N=53 * P< 0.05 level, **P< 0.01 level (2-tailed)

5.3 Tests of Hypotheses

Table 2 presents results of multivariate ordinary least squares (OLS) analyses. To test the hypothesized relationship between independent and dependent variables as well as moderating and intervening variables, as recommended by Aiken and West (1991), hierarchical regression analyses was performed. The standardized beta coefficients and associated significance tests are presented. Given the non-directional hypotheses, we used a two-tailed test to increase explanatory power. Furthermore, in order to facilitate data analysis, the absolute financial performance were reduced into performance bands which then fitted into likert type scale ranging from 1 to 5 representing the relative ascending order of magnitude of performance measures. All estimates reported in this study are standardized beta coefficient value (β). This is because the **standardized beta** measures standard deviation of each unit. For instance, a change of one standard deviation in the predictor variable will result in a change of (indicted β value) standard deviations in the criterion variable.

5.3.1 Control variables

Age, gender and tenure were used as covariates to control for their influence on the relationships between variables. Previous studies such as that of Gachonga (2009) have reported a significant effect of these variables on the relationship between HRM and organizational performance

Table 2. Results of Hierarchical Regression Analysis

Variable	Financial performance		Non-financial performance	
	Model 1	Model 2	Model 3	Model 4
Step 1: Control				
Age	.026	.020	-.003	.150
Gender	.308	.320	.047	.056
Tenure	.551*	-.118**	.241*	.097*
Step 2: Independent				
Centralized recruitment		.267*		
Informal training		.112		
Centralized Appraisal		.034**		
Centralized pay		-.219*		
Long working hours		.003*		
Step 3: Mediating***				
Step 4 : Moderating				
Structure			-.200	
Culture			.269*	
Politics			-.143*	
Step 5: Interaction				
Control HR strategy x structure				-.021
Control HR strategy x culture				.567*
Control HR strategy x politics				.221
R² =	.036*	.417*	.022**	.461**
Adj. R²=	.025*	.402	.013	.319**
F =	.207*	.512*	.204*	.675

*P<.05, ** p < .01 (2-tailed), *** Results are not indicated in the table, N=53

In model 1 which was the first step, control variables were entered to control for their possible confounding effects. The results shown in table 2 indicate that control variables accounted for .06 percent of the variation in organizational performance leaving 94 percent explained by other factors (R²=.036, Adj. R² =.025, F =.207 P<.05). The results also indicate that all coefficients of demographic variables were not significant except for tenure. Gender and age contribute (β=.026, P>.05) and (β=.038, P>.05) to the dependent variable, followed by tenure with (β=.515, p<.05). In the second model 2 the study sought to examine the effect of control-based HR

strategy on organizational performance. Results indicates that control-based HR strategy explained 41 percent of the variance in organizational performance ($R^2 = .417$, adjusted $R^2 = .402$, $p < .05$). The regression coefficient for four individual variables making up control HR strategy were only marginally significant ($\beta = .267$, $\beta = .112$, $\beta = .034^{**}$, $\beta = -.219^*$, $\beta = .003^*$) indicating that for a one standard change in the control-based HR strategy index is associated with a $-.043$ change in organizational performance. One variable of Informal training was nonsignificant ($\beta = .267$). Similarly, model 3 sought to establish the effect of employee job performance. Employee job performance was hypothesized to mediate the effects of control HR strategy on organizational performance. Under the guidelines provided by Baron and Kenny (1986), mediation is indicated if the effect of the independent variable (HR strategic orientation) on the outcome variable (organizational performance) substantially decreases upon the addition of the mediator (employee job performance) to the model. The three paths of testing mediation were carried out through regression analyses and the results indicated that the beta coefficient ($\beta = .002^*$) became weaker or reduced significantly hence indicating that employee job performance mediated the relationship between control HR strategy and organizational performance.

Model 4 sought to test whether structure, culture, and politics moderate the relationship control HR strategy and employee job performance. All variables were standardized or mean adjusted to make the interpretations easier and to avoid multicollinearity. In the model 4 moderators were entered first to test for their proposed main effect. In the last model, the two-way interaction or the multiplicative terms were added and results indicates when organizational structure was added to the equation in the fourth step, the beta coefficient of ($\beta=.200$) which was also non significant. Culture scored a beta coefficient of ($\beta=.269^*$) and politics with a beta coefficient of ($\beta=.143^*$). When the cross product term of structure was added to the equation in model 5, the beta decreased from ($\beta=.20$) to ($\beta=.2$) which were also not significant. Similarly, the regression weights for the multiplicative terms of culture indicated that the beta coefficients increased from ($\beta=.26$) to ($\beta=.56$) showing that culture influence positively influences the relationship. On the other hand, when the interaction term for politics was added to the equation 5 the beta coefficient improved to ($\beta=.221$) revealing a good fit of the model. In order to confirm the results of moderating effect of structure, culture and politics obtained above interaction plot analyses were performed. The interaction terms were tested depicting one standard deviation above the mean for high and one standard deviation below the mean. The interactions were plotted as per

guidelines provided by Dawson and Richter (2006). These interactions are shown in figure 1, 2 and 3.

Figure 1. Interaction Plot for the Effect of Structure and Control HR Strategy on Employee Job Performance

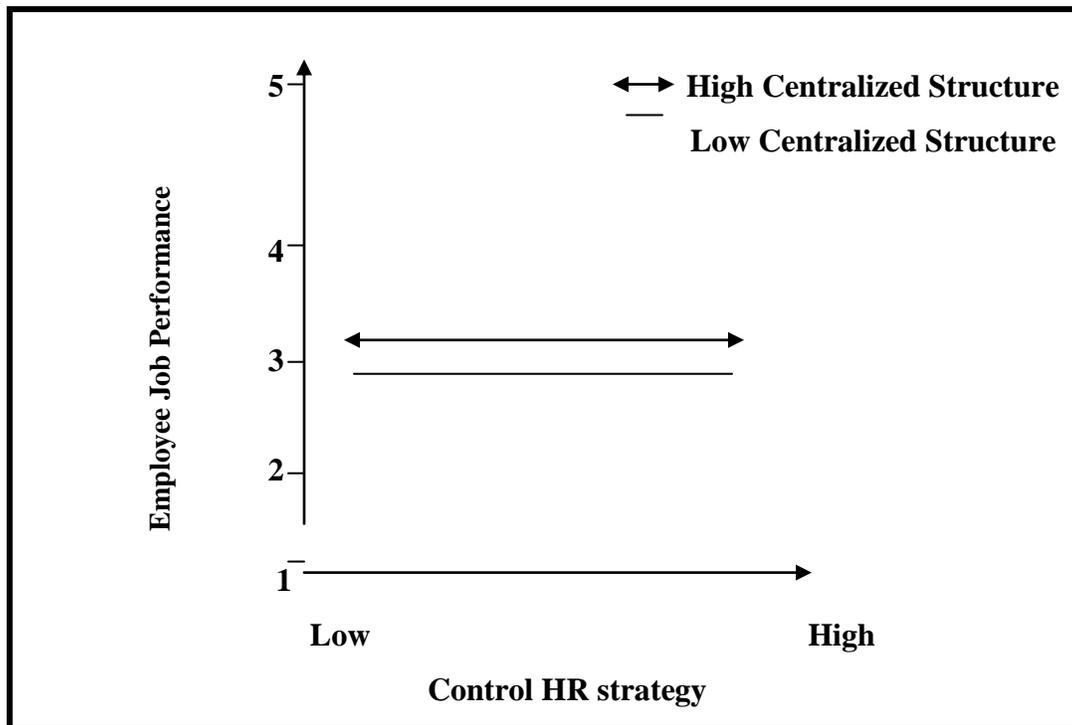


Figure 2. Interaction Plot for the Effect of Culture and control HR strategy on Employee Job Performance

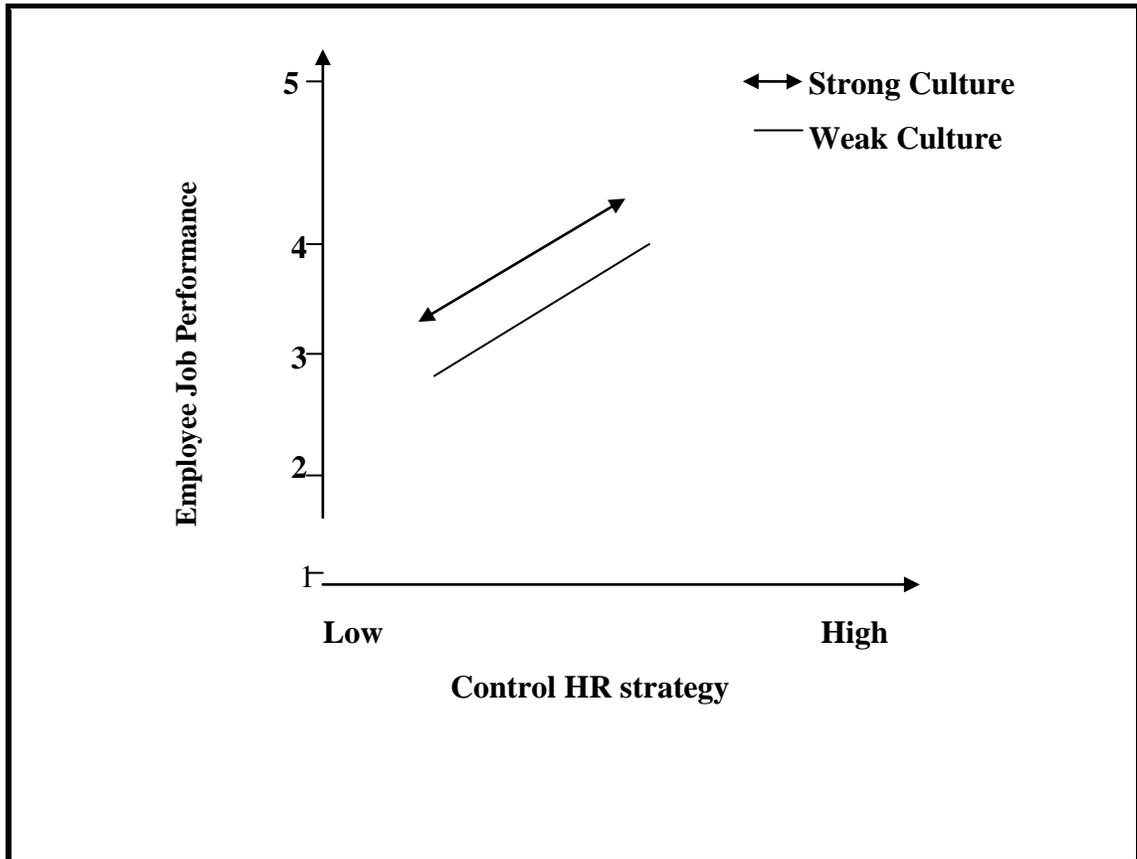
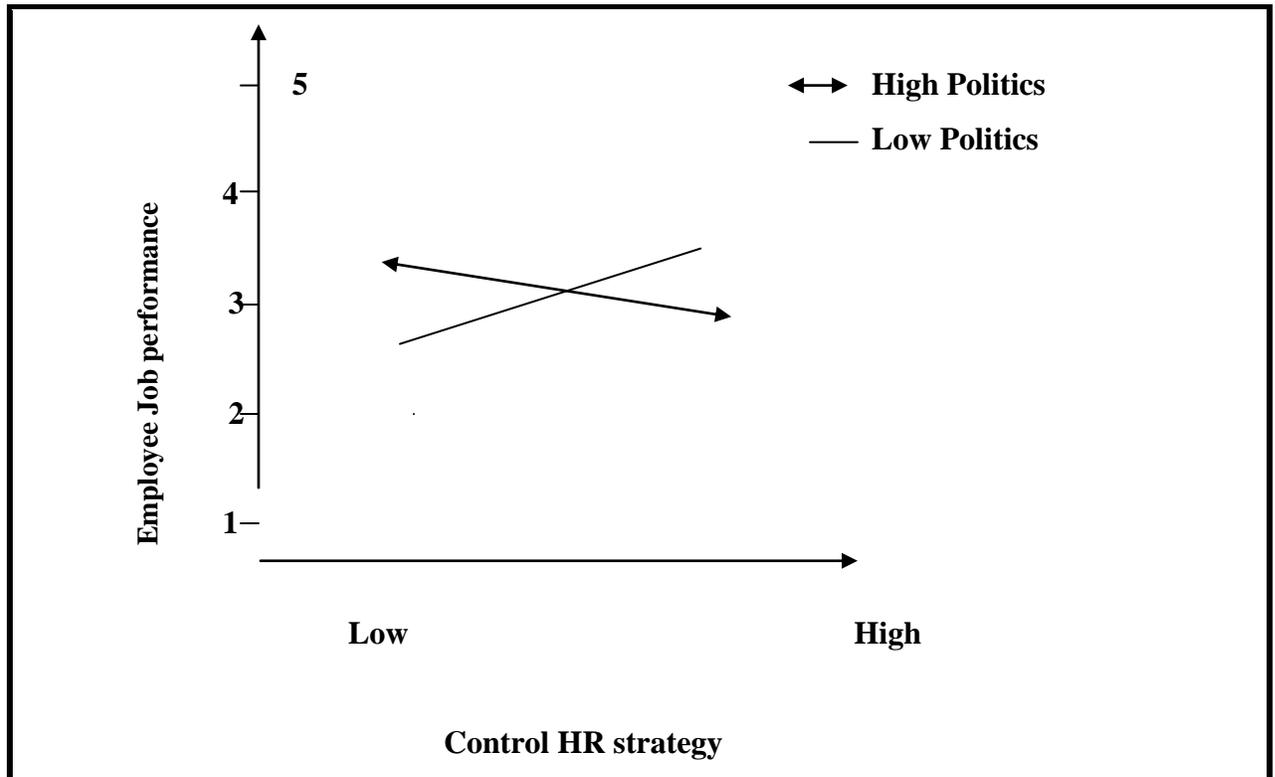


Figure 3. Interaction plot for Effect of Politics and HR strategic orientation on Employee Job Performance



5.4 Discussion and Conclusion

The broad objective of this study was to establish the linkage between control HR strategy, employee job performance and organizational factors on organizational performance. The findings of this study indicate that control HR strategy, and organizational factors jointly accounted for significance variation in organizational performance. The finding of this study compare well with those of other studies which established the joint effect of HR strategic orientation and employee outcomes on organizational performance. The work of Delery and Doty (1996) for instance, explored the effect of seven key strategic HR practices and three strategy variables namely universalistic, contingency, and configurational perspectives on two financial measures of organizational performance namely, ROA and ROE. From theoretical reasoning, these statistical findings reject the idea of the strong effect of individual variable of control or commitment-based HR strategy on organizational performance as propagated by

Walton (1985) and Arthur (1994). Low statistical of control-based HR practices such unstructured training and centralized recruitment obtained in this study, simply implies that, at the level of the individual company, the possibilities for achieving a competitive advantage using these HR strategies individually is not feasible, or will only have a marginal effect.

Past studies noted mixed empirical findings on the relationship between control-based HR strategy and some organizational factors. For instance, Eisenhardt, (1995) established that control -based HR strategy had a significant positive effect on sales representatives. Similarly, Snell (1992) found that control-based HR had a significant positive effect on ROA. Cyr and Melbourne (1997) also found that control-based HR practices affect employee job performance in initial public offering firms. However, contrary to the expectations, the findings of the current study show a weak relationship between control-based HR strategy and employee job performance. The results indicate that of the five attributes making up control-based HR practices, three of them namely centralized recruitment, unstructured/informal training and long working hours significantly related to employee job performance. These appear to derive some support from the study done by Legge (1995) who established a negative and non significant relationship between hard model HR practices and employee outcomes in the UK public sector organizations. A major contribution of the present study in analyzing the effect of individual variables making up control-based HR strategy on employee job performance is that the relationship may best be assessed at the individual level and the failure to do so may explain the wide range of effect sizes reported in the literature (Legge, 1995).

Indeed, the findings of this study agree with other empirical studies that have investigated the influence of structure on the relationship between HRM and employee outcomes. For instance, this finding is consistent with that of Kiggundu (1983) who found no support for the influence of structure on the relationship between task interdependence and work outcomes. The non statistically significant influence of structure found in the current study implies that control HR and other organizational activities in Tanzania State Corporations are still centralized and formalized, a feature likely to reduce the positive effects of HR practices on employee work performance. On the other hand, this finding sharply contradicts the findings of Markides and Williamson (1996) who established that structure had a statistically significant influence on the relationship between diversification and performance. However, these scholars cautioned that organizational structure should allow firm's sharing of strategic assets and transfer of competence in order to achieve performance. The findings of this study also show that culture

moderates the relationship between HR strategic orientation and employee job performance in Tanzania State Corporations. A broader implication of this finding is that under strong cultural values, HR practices emphasize values of teamwork, job security, and respect for individual members. Consequently, these values foster loyalty and long-term commitment of employees to the organization hence affecting their job performance. Furthermore, when employees perceive that they have influence over important aspects of their work, such as the range of tasks undertaken, the pace of work and how the job is done, they become more effective on their job resulting in work performance. However, under weak cultural values, HR practices emphasize individual rewards for accomplishing specific work objectives, does not offer long-term job security and therefore employees do not promise loyalty to the organization usually resulting into deterioration in morale leading to lower commitment and less willingness to do their jobs correctly hence poor work performance.

With respect to politics, this study found that politics moderated the relationship between control HR strategy and employee job performance. However, some interesting findings emerged from this analysis. When politics was entered in the second step, the result of the test was negative and significant ($\beta = -.143$, $p < .05$). However, when the interaction term of politics and control HR strategy was entered in the model, politics positively and significantly moderated the relationship ($\beta = .221$, $p < .05$). Indeed, these findings explain why previous studies have reported mixed findings on the influence of politics on various organizational outcomes. Some of the plausible findings point to the positive effects (Harrell-Cook et al., 1999) and other studies indicate negative effects of politics (Bozeman et al. (1996). Arguably, deeper interpretation of these findings which show changes from one direction to the other implies that political behavior has differential effects which are contingent on the type of behavior exercised and the type of outcomes anticipated. The findings explained above suggest that political skill is a better predictor of job performance under situations of low politics than under conditions of high politics in the Tanzania State Corporations. The implication of this is that when politics is high, conditions that define fairness in work environment become low hence produces lowest levels of job satisfaction. That is to say, political actions prohibit fair procedures of HR practices from being followed and thus, employees may feel frustrated and dissatisfied with their jobs as they have little hope that things will improve leading to poor work performance.

Previous studies had demonstrated statistically significant relationships between HR practices and firm performance (Arthur, 1994; Delery and Doty, 1996; MacDuffie, 1995). Whereas these

studies have been useful for establishing such a relationship, the findings of this study provides another alternative regarding the processes through which this relationship is established. In essence, the findings of this study imply that employee job performance is the intervening variable linking HR strategic orientation and organizational performance as indicated in Tanzania State Corporations. The use of employee job performance together with organizational culture and politics in the current study has improved significantly the explanatory power of HR strategic orientation on organizational performance. This finding adds fairly to the growing empirical literature on HRM suggesting that employee job performance is the key resource to achieving and sustaining organizational performance.

On account of empirical evidence adduced in this study, it is reasonable to conclude that the joint effect of control HR strategy, employee job performance and organizational factors (structure, culture and politics) on organizational performance is greater than the sum total of the independent effects of the same variables on organizational performance. These findings support a call by previous studies for more empirical studies to find out the mechanism through which HR leads to organizational performance. One of the important implications of these findings is that, they are expected to support the management of employees on their work performance leading to achievement of organizational performance as stipulated in the Tanzania's' Public Service Management and Employment Policy (1999).

The implication of this finding to control theory is that performance can not only be achieved through tight control of employees but also from better investment in employees. Furthermore, control theory does not seem to adequately explain changes in employee or organizational performance. Further, this research examined the relationship between control HR strategy, employee job performance, organizational factors and organizational performance in Tanzania State Corporations. A remark is given relating to the research design and methods used in this study. This study used cross-sectional research design to examine the relationship among study variables. Cross-sectional design cannot lead to any conclusion on causal relationships among study variables. Although the relationships in our model were based on solid theories and related empirical studies, the results should be interpreted cautiously so that causal conclusions are avoided. On the other hand, this study used performance ratings as a source of data collection on employee job performance variable. Researchers have raised a concern over this method due to rating errors such as leniency, halo effects and self-deception. The implication of these findings to this method is that the use of objective measure of job performance (outputs

per person or number of unit produced) would show consistency and clear picture of worker performance/productivity.

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