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MODERATING EFFECT OF HUMAN RESOURCE POLICIES ON BALANCED CONTRACT AND PERFORMANCE OF ACADEMIC STAFF IN SELECTED PUBLIC UNIVERSITIES





# MODERATING EFFECT OF HUMAN RESOURCE POLICIES ON BALANCED CONTRACT AND PERFORMANCE OF ACADEMIC STAFF IN SELECTED PUBLIC UNIVERSITIES

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#### **Abstract**

**Purpose:** The objective of the study envisaged examining moderating effect of human resource policies on balanced contract and performance of academic staff in selected public universities.

**Methodology:** This study was conducted using descriptive and explanatory research design. Equity theory, proposed by Adams (1963) and regarded as a justice theory, anchored this study. This study targeted six public universities whose student population are above 15,000 and a minimum of 4 similar schools across the universities. The target population was 6 selected public universities with a population size of 6,271 academic staff. The sample size was 362 academic staff of the selected schools, in the selected public universities. Primary data was collected using a questionnaire, bearing both structured and semi-structured questions. Given that the dependent variable in this study is continuous, multiple linear regression was performed in this investigation. The hypotheses was tested from the regression model output and presented by way of  $Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\epsilon$ .

**Findings:** The study findings demonstrated that human resources policies significantly moderated the relationship between balanced contract and performance of academic staff in selected universities in Kenya. The study concluded that progressive and interactive human resource policies communicate the values the institutions attribute to staff and can cause either sustainable performance of staff or negatively impact on the type of contract between employees and institutions. These policies also affect directly, the performance of staff by determining their level of job satisfaction. Equity theory, asserts that employees attempt to preserve parity between their contributions to a job and the rewards they receive, as compared to others' perceived contributions and incentives.

Unique Contribution to Theory, Practice and Policy: The study finally recommends that human resource departments streamline existing HR policies and formulate new policies that will enable recognition of existence of various psychological contracts and provide ways of ensuring employees adopt balanced contracts that will have positive impact on staff performance.

Keywords: Human Resources Policies, Balanced Contract, Staff, Performance, Universities



#### **INTRODUCTION**

The set of human resource policies adopted by an institution influences employees attitudes and behaviours towards work, productivity and turnover intentions. HR policies and practices certainly do affect organizational as well as individual performance (Rugami, Wambua & Muathe, 2016). The values, expectations and attitudes of employees that closely identify with the vision of the firm enhances the institutional continuity and prosperity. Thus, the effectiveness of a firm highly dependents on individual employees' performance (Shilaho & Mbugua, 2019). A balanced psychological contract features an expectation of career development and advancement in exchange for high performance on work goals and assignments (Ntalianis & Dyer, 2021). Employee performance is viewed as a rating system for determination of the abilities as well as out of each employee. Organizations have clearly set visions and missions aimed at giving employees direction towards attainment of organizational goals. Managers develop job descriptions and job specifications purposely to have each employee accountable for their responsibilities (Raju & Barnerjee, 2017).

Kamau and Mbugua (2018) asserts that the employee's service is measured against the actual work they execute. These are directly related to the expected organizational outputs, the desired goals, customer service and economic outcomes. Altrasi (2014) suggests that employees are an important asset to an organization and their performance at work have direct influence to the overall performance of an organization. Ondieki & Bula (2018) observed that, any organization's success or failure is pegged on job outcomes of the workers in that organization. It therefore follows that, through performance of employees, organizations are able to achieve and exceed their set goals of productivity efficiently.

Performance in tertiary education sector is crucial due to its contribution towards development of knowledge and skills vital for the growth of economies. Munene, Muli & Wambua (2019) observed that, effective performance of academic staff displayed through quality teaching, research and publication is of great importance to stakeholders within institutions of higher learning. The universities are expanding rapidly though the quality of education has highly been compromised. Owino, Munyoki, Kibera and Wainaina (2014) argued that, quality of education has continued to decline, there is a lot of overcrowding in the available infrastructure, there has also been an increase in student riots and strikes amongst the university workers. Despite all these challenges, the number of students joining universities has been on the rise. There is therefore need to come up with transformation that will improve employee performance in these universities (Muraguri, 2016).

According to Weng'ua, Rotich, Kogos (2018), the purpose for Commission for University Education (CUE) in promotion of research and scholarly publications had not been entirely realized in the universities across Kenya and that incentives extended to university faculty members for the purpose of research and publications are ineffective. University faculty members experience research challenges which include, insufficient research funding and infrastructure, abjectly funded libraries, inadequate time for research and training, and a negative research culture. Therefore, there is need for universities to ensure that their faculty members are motivated and adequately facilitated to undertake research and publish their research findings. In Nigeria, positive growth is expected to stem from performance in higher education sector. On the contrary, Nigerian universities are far behind this level when compared with majority of the universities in Europe and USA. Different stakeholders in the



East African region, including parents and students, are concerned with the quality of education in universities in their jurisdictions. Factors compounding the problem of quality of learning in a number of East African countries has been linked to sudden growth in number of higher learning institutions, accompanied by massive level of student's enrolment.

The links between psychological contract fulfillment and performance, according to Oppenheim (2018), can be considered as contractual reciprocity. Employees prove high performance in their work and positive job attitudes to reciprocate their employer for perceived equitable treatment. The sort of psychological contract held by an employee, and whether they feel the contract has been breached or not, might have effects on individual's ability to accomplish their job obligations. In fact, psychological contracts recognition has been found to be very influential towards the behaviors and attitudes of employees at work (Wollman, 2017). Contracts between employers and employees are not what they used to be. With the introduction of performance contracts, shift to independent consultants, freelancers, on-call workers and retirees taking up positions as consultants, it is helpful to understand not only these new type of contract with employers, but also to what extent the employees are satisfied with their unique work arrangements.

Balanced psychological contract is characterized by an indefinite and relationship-based employment with conscientiously set down performance terms, expected to change in the long run (Shapiro, 2018). They are flexible and indefinite employment contracts that are contingent on the success of the employing institution, employee growth, and career advancement based on their talents and performance. Employees and employers both contribute to each other's development in this form of contract. Workers get compensation according to their expected accomplishment and contributions to organization's positive results in achieving its objectives, especially in the face of a changing business climate. Studies have shown that, balanced type of psychological contract exists in most public owned and professionally managed organizations (Bankins & Hansen, 2020).

Human resource policies substantially influence institutional human resource effectiveness and efficiency. Human resource policies vary from institution to institution, conditional to the type of the commercial engagement and configuration of their employees (Chelimo & Ouma, 2017). Human resource policies in institutions of higher learning may include policies on recruitment which include procedures and rules surrounding hiring, advertisement of positions, development of job descriptions, vetting of candidates and how offers are made.

Training and development policies may include procedures on selection of candidates for training and follow-up measures. Compensation and benefits policies encompass all types of employment accepted by the business, whether full-time, part-time, expert, or transitory employees, and if such classifications are eligible to full, limited, or no benefits at all. These benefits include medical insurance, reimbursement for medical expenses, benevolence benefits, annuity schemes; benefits related to professional development, cessation emoluments and others bonuses (Terera & Ngirande, 2014).

#### LITERATURE REVIEW

#### **Theoretical Review**

This research was based on equity theory. Equity theory, regarded as a justice theory, was proposed by Adams (1963), who claimed that employees attempt to preserve parity between



their contributions to a job and the rewards they receive, as compared to others' perceived contributions and incentives. People value fair treatment, which pushes them to maintain fairness in their dealings with coworkers and the organization, according to this notion. The ratio of inputs to outcomes determines the structure of workplace equity, where inputs are said to be the contributions made to the organization by employees. Equity theory further brings forth the believe that individuals put more value on treating people fairly which causes the people to put more effort in attaining the goals of the organization (Ho, 2016; Perry, 1993).

Scholars have also argued that the theory does not consider differences amongst individuals and different cultures, does not predict behavior that is likely to be absorbed amongst the individuals in different setup of employment. Employees demand a fair return for their effort, which is known as the equity norm; employees calculate their equitable return by comparing their inputs in terms of what they provide to the business and results in terms of compensation with those of their coworkers, which is known as social comparison (Komari, 2019). Equity theory has therefore been used in this study to anchor employee performance, in the sense that fulfillment of employee's psychological contract in an employment relationship, motivates them to ensure they nurture the equity between the inputs brought to a job and the outputs received, hence having a positive effect on their performance.

#### **Empirical Literature Review**

A balanced contract entails an open-ended and relationship-oriented engagement, in which, a acceptable performance terms that are expected to change over a period of time. They are flexible, open-ended employment contracts that are predicated on the company's success, employee development, and possibilities for advancement based on performance and capabilities. Both the employee and the organization benefit from one another's growth (Moore, 2014). The exchange's partners will strive to maintain balanced social exchange relationships in order to ensure excellent employee performance.

According to Singh, Tyagi, and Bamel (2020) findings, the relationship between a balanced contract and non-confrontational commitment was fully mediated by workforce diversity. The study took place in India, whereas the current one will take place in Kenya. Hassan, Bashir, Raja, Mussel, and Khattak (2020) found that balanced psychological contracts had a substantial effect on rule following behavior in a study on personality and balanced psychological contracts, intermediating roles of rule following behavior and epistemic curiosity. Hamilton and von Treuer (2012) surveyed 202 health workers in Australian hospitals, and path analyses using structural equation modelling revealed that careerism partially mediated the association between contract types and intention to vacate. The findings corroborated Nishanthi and Mahalekamge (2016), who discovered that balanced contracts have a significant impact on employment outcomes, implying that the working environment aided in the establishment of trust and fairness, both of which are part of the balanced contract's content. The results of Hamilton and von Treuer's (2012) investigation, however, could not be generalized because it was done in a developed country.

## RESEARCH METHODOLOGY

This study was conducted using descriptive and explanatory research design. This study targeted six public universities whose student population are above 15,000 and a minimum of 4 similar schools across the universities. The target population was 6 selected public



universities with a population size of 6,271 academic staff. The sample size was 362 academic staff of the selected schools, in the selected public universities. Primary data was collected using a questionnaire, bearing both structured and semi-structured questions. To analyze quantitative data, descriptive statistics was used in describing the variables whereas inferential statistics established the association in the independent and dependent variable, outcomes are displayed through tables, charts, diagrams and numerical values. The study inferential statistics were tested at 95% confidence level. Moderation effect was tested using Baron and Kenny (1986) approach. Balanced contract was interacted with the moderator (human resource policies) to test its moderation effect on the association between balanced contracts and the performance of academic staff, as presented in the equation below.

The model is presented as follows:

PAS= the dependent variable (performance of academic staff)

BC= Balanced contracts)

Z = Moderator (Human Resource Policies)

#### **FINDINGS**

This section presents the response rate which indicates the number of the questionnaires administered, those that were dully filled and those that were unreturned. The Results are shown in Table 1.

**Table 1 Response Rate** 

| Response Rate               | Frequency | Percent (%) |
|-----------------------------|-----------|-------------|
| Dully filled questionnaires | 274       | 76%         |
| Unreturned Questionnaires   | 88        | 24%         |
| Total                       | 362       | 100         |

Source: Survey Data (2022)

The results show out of 362 questionnaires that were administered, a total of 274 were dully filled and returned. This represented a response rate of 76% which was considered adequate basing on the argument by Babbie (2004), who indicated that a response rate of above 50% for first survey is adequate for analysis. This study adopted google forms and sent an online survey to respondents whose contacts were from the universities HR departments and further relied on snowballing techniques to reach the selected respondents.

# **Descriptive Statistics for Balanced Contract**

The study further evaluated the effect of balanced contract on performance of academic staff at selected public universities in Kenya. A balanced contract benefits both the institution in terms of growth while also emphasizing on the career of the employees. The statements in



Table 2 were used to determine whether there existed a balanced contract amongst academic staff of the selected public universities.

**Table 2 Descriptive Statistics for Balanced Contract** 

| Tuble 2 Descriptive Statistics for Dataneed Contract                                              |     |     |     |       |             |
|---------------------------------------------------------------------------------------------------|-----|-----|-----|-------|-------------|
| Descriptive Statistics                                                                            | N   | Min | Max | Mean  | Std.<br>Dev |
| There are opportunities for career growth within the university structure                         | 274 | 1   | 5   | 2.89  | 1.56        |
| There are opportunities in the institution for acquisition of new knowledge                       | 274 | 1   | 5   | 2.87  | 1.57        |
| The university provides opportunities to develop professional capabilities for the academic staff |     | 1   | 5   | 2.89  | 1.60        |
| There is a coaching and mentorship programme for all employees in the university                  | 274 | 1   | 5   | 2.89  | 1.59        |
| Employees in the university have more than one potential position for promotion                   | 274 | 1   | 5   | 2.88  | 1.59        |
| Good working environment motivates me to get to my job early                                      | 274 | 1   | 5   | 2.85  | 1.59        |
| My job provides me with opportunity to develop marketable skills                                  | 274 | 1   | 5   | 1.89  | 1.57        |
| The university cares for my well being                                                            | 274 | 1   | 5   | 1.93  | 1.62        |
| My loyalty to this organization stems from the fact that it shares in my values                   |     | 1   | 5   | 2.86  | 1.56        |
| I am committed to, and believe in this organization's mission                                     | 274 | 1   | 5   | 1.88  | 1.54        |
| Aggregate Score                                                                                   | 274 |     |     | 2.583 | 1.58        |

Source: Survey Data (2022)

On whether universities had opportunities for career growth within the university structure, majority of the respondent disagreed as indicated by the mean score of 2.89. However not all the respondent disagreed as indicated by the standard deviation of 1.56 that show large variation among the responses received on this statement. The study sought to establish whether opportunities for knowledge acquisition existed within the public universities in Kenya. The statement had a mean response of 3.80 which implied that respondent agreed and strongly agreed. The study asked the respondents whether university provides opportunities to develop professional capabilities for the academic staff, of which majority of the respondents



disagreed as shown by the mean score of 2.87. The respondents further disagreed that there was a coaching and mentorship programme for all employees in the university and further that employees in the universities have more than one potential position for promotion as shown by the mean score of 2.88 and 2.88 respectively.

The results further show that respondents disagreed that good working environment motivated them to get to their jobs early as indicated by the mean of 2.85, however the standard deviation of 1.59 indicated that a significant proportion of the respondents had varying opinion. The results indicated that respondents disagreed on whether their job provided opportunity to develop marketable skills, whether their university cared for their wellbeing and whether their loyalty to the organization stemmed from the fact that it shared in their values and finally agreed that they are committed to, and believe in their organization's mission.

The findings in this section demonstrated that academic staff in public universities were of the opinion that their contract with the institution was not balanced since besides the pay check, they lacked access to promotion opportunities, they were not provided with mentoring and coaching opportunities for advancement of their careers and also lacked access to other benefits such as acquisition of new knowledge and development of new marketable skills. Balanced contract is attributed to high level of engagement among employees and further boost productivity, hence lacked of it among the public universities in Kenya justifies low motivation that has been experienced in these universities. The study finding supported the finding of Moore, (2014) who found that balance contract are flexible, open-ended employment contracts that are predicated on the company's success, employee development, and possibilities for advancement based on performance and capabilities. Both the employee and the organization benefit from one another's growth. The finding also supported those of Hamilton and von Treuer (2012) whose results showed that HR and direct managers shape balanced psychological contract and significantly impacted job performance. The findings corroborated Nishanthi and Mahalekamge (2016), who discovered that balanced contract has a significant impact on employment outcomes, implying that the working environment aided in the establishment of trust and fairness, both of which are part of the balanced contract content. The results of Hamilton and von Treuer's (2012) investigation, however, could not be generalized because it was done in a developed country.

#### **Descriptive Statistics for Human Resource Policies**

The objective of the study was to analyze the moderating effect of human resource policies on the relationship between psychological contract and performance of academic staff at selected public universities in Kenya. Human resource policies critically determine the many factors of staff performance such as remuneration, benefits, and allowances among others. In this section the study analyses some of the human resources policies available in the public universities in Kenya and their moderating effect on the relationship between psychological contract and performance of academic staff in the universities. Table 3 presents the descriptive results on how the respondents responded to statement on human resource policies among the public universities in Kenya.



**Table 3 Descriptive Statistics for Human Resource Policies** 

| Descriptive Statistics                                                                                                  | N   | Min | Max | Mean | Std.<br>Dev |
|-------------------------------------------------------------------------------------------------------------------------|-----|-----|-----|------|-------------|
| My salary is reviewed annually                                                                                          | 274 | 1   | 5   | 1.86 | 1.14        |
| Am comfortable with my salary                                                                                           | 274 | 1   | 5   | 1.90 | 1.14        |
| There are benefits such as retirement benefits in the institution                                                       | 274 | 1   | 5   | 4.33 | 0.76        |
| The university is able to pay its workers in good time                                                                  | 274 | 1   | 5   | 4.28 | 0.93        |
| Am comfortable with the allowances given by my employer                                                                 | 274 | 1   | 5   | 1.79 | 1.04        |
| Employees are drawn to merit-based compensation (a pay<br>for performance permanently added to compensation<br>package) | 274 | 1   | 5   | 1.85 | 1.06        |
| Am compensated for working extra hours                                                                                  | 274 | 1   | 5   | 1.89 | 1.06        |
| The selection process is transparent                                                                                    | 274 | 1   | 5   | 4.37 | 0.86        |
| The induction process is formal                                                                                         | 274 | 1   | 5   | 4.25 | 0.93        |
| Vacancies are filled by qualified personnel who are already employed by the university                                  | 274 | 1   | 5   | 4.34 | 0.78        |
| Our university policies impact on our performance                                                                       | 274 | 1   | 5   | 4.29 | 0.85        |
| There is a policy on training for academic staff in the university                                                      | 274 | 1   | 5   | 4.41 | 0.76        |
| Training and mentorship have been continuous in the past 3 years                                                        | 274 | 1   | 5   | 3.95 | 1.17        |
| Aggregate Score                                                                                                         | 274 |     |     | 3.35 | 0.96        |

Source: Survey Data (2022)

The study sought to find out from the respondents whether their salary review is done regularly and according to the results, many of the respondents disagreed as shown by the mean of 1.86. The level of agreement on whether the respondents were comfortable with their current salary was low as indicated by the mean of 1.90. The respondents further expressed their contentment with retirement benefits, timely payment and allowances provided by their institutions. The results further show low level of agreement with the statement that academic staff in the public universities in Kenya were drawn to merit-based compensation, are compensated for working extra hours at 1.85 and 1.89 respectively but highly agreed that the selection process was



transparent and that the induction process was formal. The findings implied that majority of the participants as indicated by the aggregate means score of 3.35 had varying opinion on the human resources policies in the public universities. The respondents further agreed that vacant opportunities were adequately filled by competent staff, and also, there were opportunities for further trainings and mentorship programme.

The finding of this study supported the finding of Chelimo and Ouma (2017) whose study's findings showed recruitment policy as having significant impact on role adjustment and performance. The study also discovered that hiring policies affect employees' achievement of stated goals by attracting top talent. The findings further agreed with Hazra, Sengupta and Ghosh (2013) who established that human resource policies directly impacted employee performance. The findings of Martin-Perez and Martin-Cruz (2015) also linked intrinsic and extrinsic rewards to employee commitment to a company, concurred with the findings of the study, which demonstrated that rewards provided an atmosphere that allowed employees to build active commitment to the organization.

### Test for Moderating Effect of HR Policies on Balanced Contract and Staff Performance

The hypothesis of the study was to test  $H_0$  Human Resource policies have no moderating effect on the relationship between balanced contract and performance of academic staff at selected public universities in Kenya. The study adopted the two-step method as suggested by Baron and Kenny (1986). In the first step, human resources policies were used as a predictor variable while in the second step used as a moderating variable.

# Step One: Test of moderating Effect of Human Resources Policies

In this step, a regression model was fitted with a composite of balanced contract and human resources policies as explanatory variables of performance of universities staff in Kenya. This step sought to test whether human resources policies could be an explanatory variable besides being a moderating variable. The results are presented in Table 4.

**Table 4 Step One Test for Moderating Effect** 

|                      |                             |          | Adjusted R |                            |         |       |  |
|----------------------|-----------------------------|----------|------------|----------------------------|---------|-------|--|
| Model Summary  ANOVA | R                           | R Square | Square     | Std. Error of the Estimate |         |       |  |
|                      | .782a                       | 0.611    | 0.608      | 0.37                       |         |       |  |
|                      | Sum of<br>Squares           |          | df         | Mean<br>Square             | F       | Sig.  |  |
| AITOVA               | Regression                  | 59.782   | 2          | 29.891                     | 212.637 | .000b |  |
|                      | Residual                    | 38.095   | 271        | 0.141                      |         |       |  |
|                      | Total                       | 97.877   | 273        |                            |         |       |  |
| Coefficients         |                             | β        | Std. Error | Beta                       | t       | Sig.  |  |
|                      | (Constant)                  | 0.469    | 0.193      |                            | 2.434   | 0.016 |  |
|                      | BC                          | 0.287    | 0.029      | 0.407                      | 9.969   | 0.000 |  |
|                      | Human Resources<br>Policies | 0.619    | 0.047      | 0.533                      | 13.053  | 0.000 |  |

a Dependent Variable: Academic Staff Performance Score

b Predictors: (Constant), Human Resources Policies Score, BC

Source: Survey Data (2022)



The results show that model fitted had R-square of 0.611 which implied that the composite of balanced contract (independent variable) and human resources policies (moderating variable) accounted for 61.1% of the variation in the performance of academic staff in universities in Kenya. The model was statistically significant as shown by f-statistics =212.637, p-value=0.000 which implied the model used to link composite of balanced contract (independent variable), and human resources policies (moderating variable) and performance of academic staff in universities in Kenya had a goodness of fit.

The coefficient of balanced contract (independent variable), was  $\beta$ =0.287, p-value=0.000 which was also statistically significant at 5 percent while that of human resources policies was=0.619, p-value=0.000 which was also statistically significant at 5 percent. The finding implied that human resources policies was a significant explanatory variable of performance of academic staff in universities in Kenya. The findings further implied that human resources policies can be used as both the moderating variable and an explanatory variables of performance of academic staff at selected public universities in Kenya.

# Step Two: Test of moderating Effect of Human Resources Policies

In this step an interaction variable was computed by calculating the product of balanced contract and human resources policies (BC\*HRP). Another regression model was fitted to test whether the interaction significantly affected performance of academic staff at selected public universities in Kenya. The results are presented in Table 5.

**Table 5 Step Two Test for Moderating Effect** 

|                      |            | R       | Adjusted | Std. Er | ror of the   |       |
|----------------------|------------|---------|----------|---------|--------------|-------|
| <b>Model Summary</b> | R          | Square  | R Square | Estima  | te           |       |
|                      | .775a      | 0.601   | 0.598    | 0.37962 |              |       |
|                      |            | Sum of  |          | Mean    |              |       |
| ANOVA                |            | Squares | df       | Square  | $\mathbf{F}$ | Sig.  |
|                      | Regression | 58.822  | 2        | 29.411  | 204.082      | .000b |
|                      | Residual   | 39.055  | 271      | 0.144   |              |       |
|                      | Total      | 97.877  | 273      |         |              |       |
|                      |            |         | Std.     |         |              |       |
| Coefficients         |            | β       | Error    | Beta    | t            | Sig.  |
|                      | (Constant) | 3.119   | 0.112    |         | 27.757       | 0.000 |
|                      | BC         | 0.568   | 0.083    | 0.807   | 6.828        | 0.000 |
|                      | BC*HRP     | 0.198   | 0.016    | 1.493   | 12.63        | 0.000 |

a Dependent Variable: Academic Staff Performance Score

b Predictors: (Constant), BC\*HRP, BC

Source: Survey Data (2022)

The results show that model fitted had R-square of 0.601 which implied that the composite of balanced contract (independent variable) and the product of balanced contract and human resources policies (BC\*HRP) accounted for 60.1% of the variation in the performance of academic staff in universities in Kenya. The model was statistically significant as shown by f-



statistics =204.082, p-value=0.000 which implied the model used to link composite of balanced contract (independent variable), and the product of balanced contract and human resources policies (BC\*HRP) and performance of academic staff in universities in Kenya had a goodness of fit.

The coefficient of the product of balanced contract and human resources policies (BC\*HRP) was  $\beta$ =0.198, p-value=0.000 which was also statistically significant at 5 percent. These finding implied that human resources policies had a significant moderating effect on the relationship between balanced contract and performance of academic staff at selected public universities in Kenya. The study therefore rejected the null  $H_{05}$  Human Resource policies have no moderating effect on the relationship between balanced contract and performance of academic staff at selected public universities in Kenya. The finding of this study supported the finding of Chelimo and Ouma (2017) whose study's findings showed recruitment policy as having significant impact on role adjustment and performance. The study also discovered that hiring policies affect employees' achievement of stated goals by attracting top talent. The findings further agreed with Hazra, Sengupta and Ghosh (2013) who established that human resource policies directly impacted employee performance. The findings of Martin-Perez and Martin-Cruz (2015) also linked intrinsic and extrinsic rewards to employee commitment to a company, concurred with the findings of the study, which demonstrated that rewards provided an atmosphere that allowed employees to build active commitment to the organization.

#### CONCLUSION AND RECOMMENDATIONS

The study concluded that progressive and interactive human resource policies communicate the values the institutions attribute to staff and can cause either sustainable performance of staff or negatively impact on the type of contract between employees and institutions. These policies also affect directly, the performance of staff by determining their level of job satisfaction.

The study finally recommends that human resource departments streamline existing HR policies and formulate new policies that will enable recognition of existence of various psychological contracts and provide ways of ensuring employees adopt balanced contracts that will have positive impact on staff performance.



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