

**OUTSOURCING SERVICES, LEADERSHIP AND EMPLOYEE
PRODUCTIVITY: A CASE OF KENYA POWER AND LIGHTING COMPANY
LIMITED, NAKURU COUNTY**

BY

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DECLARATION

Declaration by the Candidate

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DEDICATION

This thesis is dedicated to my Husband Prof. Charles Lagat, my children Bruno, Emmanuel, Angeline, and Caroline for their support and encouragement during the study. May God bless them abundantly.

ABSTRACT

Employee productivity is essential in any organization. Higher employee productivity provides numerous benefits to both the organization and its workforce. Increased productivity results in significant profitability, favorable economic growth, and improved social progress. Nonetheless, despite the potential of outsourcing tactics to enhance organizational efficiency, they have not received significant support or attention in Kenya. Research is deficient regarding the effect of outsourcing on organizational performance in Kenya, and existing studies from various countries yield inconsistent findings. Therefore, this study sought to examine the moderating effect of leadership on outsourcing services and employee productivity at KPLC, Nakuru County. The study aimed to determine the effect of compensation, workforce administration, external recruitment, and benefits administration on employee productivity at Kenya Power and Lightning Company, Nakuru County. In addition, the study sought to determine the moderating effect of leadership on the relationship between outsourcing services and employee productivity. The research was based on theories of leader-member exchange theory, agency theory, and social exchange theory. The study employed an explanatory research design and targeted 291 managers, middle managers, and support staff as respondents. Using census methodology, 291 participants were chosen to provide data for the study. The questionnaire served as the instrument for data collection. Using descriptive and inferential statistics, quantitative data was analyzed and presented using frequencies, percentages, means, inferential statistics, correlation analysis, and hierarchical regression analysis. The study discovered a positive and significant correlation between compensation ($\beta = .378$, $p\text{-value} = 0.000$), workforce administration ($\beta = 0.207$, $p\text{-value} = 0.000$), and external recruitment ($\beta = 0.128$, $p\text{-value} = 0.011$) and employee productivity, as well as a positive correlation between benefits administration ($\beta = 0.307$, $p\text{-value} = 0.000$) and employee productivity. In addition, the findings demonstrated that the moderating effect of leadership on the relationship between compensation and employee productivity was insignificant ($\beta = 0.054$, $p\text{-value} = 0.392$). In addition, the study found that the moderating effect of leadership on the relationship between workforce administration and employee productivity ($\beta = 0.127$, $p\text{-value} = 0.042$) was positive and significant. Additionally, the study found that the moderating effect of leadership on the relationship between external recruitment ($\beta = 0.119$; $p\text{-value} = 0.026$) and employee productivity was positive and significant. The study found that the moderating effect of leadership on the association between benefits administration and employee productivity was negative and significant ($\beta = -0.301$; $p\text{-value} = 0.000$). These findings were the most significant contributions to this study and the study suggests that Kenya power develop compensation strategies that will increase employee productivity. The administration of benefits contributes to an increase in the overall workforce productivity. The study concludes that leadership moderates the relationship between outsourcing service and employee productivity. Future researchers should use these findings to investigate additional economic sectors and subsectors.

TABLE OF CONTENTS

DECLARATION.....	i
DEDICATION.....	ii
ABSTRACT.....	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS AND ACRONYMS	x
OPERATIONAL DEFINITION OF TERMS.....	xi
CHAPTER ONE	1
BACKGROUND TO THE STUDY	1
1.1 Overview	1
1.2 Background to the Study	1
1.3 Statement of the Problem	9
1.4 Objectives.....	10
1.4.1. General Objective	10
1.4.2. Specific Objectives	10
1.5 Research Hypotheses.....	11
1.6 Significance of the Study	12
1.7 Scope of the Study.....	14
CHAPTER TWO	15
LITERATURE REVIEW	15
2.1 Overview	15
2.2 Concept of Employee Productivity	15
2.3 Concept of Outsourcing Services	17
2.4 Concept of Leadership	19
2.5 Theoretical Framework	20
2.5.1 Leader-Member-Exchange Theory	20
2.5.2 Agency Theory.....	21
2.5.3 Social Exchange Theory	23
2.6 Empirical Review	25
2.6.1 Compensation and Employee Productivity.....	25

2.6.2 Workforce administration and Employee productivity	31
2.6.3 External Recruitment and Employee Productivity.....	33
2.6.4 Benefits Administration and Employee Productivity	36
2.6.5 Leadership and Employee Productivity	39
2.7 Moderating Effect of Leadership on Outsourcing Services and Employee Productivity	41
2.8 Knowledge Gaps	42
2.9 Conceptual Framework	45
CHAPTER THREE	47
RESEARCH METHODOLOGY	47
3.1 Overview	47
3.2 Research Design.....	47
3.3 Study Area.....	48
3.4 Target Population	48
3.5 Research Instruments	50
3.6 Type and Sources of Data	51
3.6.1 Questionnaire	51
3.7 Measurement of Variables	52
3.7.1 Employee Productivity.....	52
3.7.2 Compensation	53
3.7.2 Workforce Administration	53
3.7.3 External recruitment.....	53
3.7.4 Benefits Administration	54
3.7.5 Leadership.....	54
3.7.6 Control Variables.....	55
3.8 Validity and Reliability	55
3.8.1 Pre-test	55
3.8.2 Validity of Research Instrument	56
3.9 Reliability of the Research Instruments	58
3.10 Data Collection Procedure	59
3.11 Assumptions of Multiple Regression Model.....	60
3.12 Data Analysis	62
3.12.1 Data Preparation and Cleaning	62
3.12.2 Inferential Statistics	63

3.13 Hypothesis Testing	66
3.14 Ethical Consideration	68
CHAPTER FOUR.....	69
DATA ANALYSIS, PRESENTATION AND INTERPRETATION	69
4.1 Introduction	69
4.2 Response Rate	70
4.3 Data Preparation and Cleaning.....	71
4.4 Test for Outliers	71
4.5 Reliability of Instruments.....	72
4.6 Factor Analysis.....	73
4.6.1 Factor Analysis for Study variables	74
4.7 Descriptive Statistics of Study Variables	78
4.7.1 Respondents' Demographic Information	78
4.7.2 Descriptive Statistics for Leadership	81
4.7.3 Descriptive Statistics for Compensation	84
4.7.4 Descriptive Statistics for Workforce Administration.....	86
4.7.4 Descriptive Statistics for External Recruitment.....	87
4.7.5 Descriptive Statistics for Benefits Administration.....	89
4.7.8 Descriptive Statistics for Leadership	90
4.8 Data Transformation for Main Variables	92
4.9 Tests for Regression Assumptions	95
4.9.1. Normality Test	95
4.9.2 Linearity Tests	96
4.9.2. Multicollinearity	97
4.9.3. Homoscedasticity Test	99
4.9.4 Tests of Data Independence	100
4.10 Inferential Tests.....	100
4.11 Test of Hypotheses	104
4.11.1 Results of the Control Variables of the Study.....	104
4.11.2 Test for Direct Effects.....	105
4.11.3 Test for Moderating Effect.....	108
4.11.4 Summary of Hypotheses Testing Results	115
CHAPTER FIVE	117
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	117

5.1 Introduction	117
5.2 Summary of Findings	117
5.2.1 Effects of Compensation on Employee Productivity	119
5.2.2 Effect of Workforce Administration on Employee Productivity	119
5.2.3 Effect of External Recruitment on Employee Productivity	120
5.2.4 Effects of Benefits Administration on Employee Productivity	120
5.2.5 Moderating Effect of Leadership on Compensation and Employee Productivity	121
5.2.6 Moderating Effect of Leadership on Workforce Administration and Employee Productivity	121
5.2.7 Moderating Effect of Leadership on External Recruitment and Employee Productivity	122
5.2.8 Moderating Effect of Leadership on the Relationship between Benefits Administration and Employee Productivity	122
5.3 Conclusion of the Study	122
5.5 Recommendation of the Study	124
5.4.1 Contribution to Theory	124
5.4.2 Managerial Contribution	125
5.4.3 Policy Recommendations	126
5.5 Recommendation for Further Studies	126
REFERENCES.....	128
APPENDICES	138
Appendix I: Introduction Letter	138
Appendix II: Questionnaire	139
Appendix III: Map of Nakuru County.....	143
Appendix IV: Research Permits	144
Appendix V: Raw Output.....	146

LIST OF TABLES

Table 2. 1: Summary and Research Gap Identification	43
Table 3. 1: Target Population.....	49
Table 3. 2: Summary of Hypotheses Testing.....	67
Table 4.1: Response Rate Questionnaire 70	
Table 4.2: Test for Outliers.....	72
Table 4. 3: Reliability Coefficients of Study Constructs	73
Table 4. 4: Rotated Component Matrix	75
Table 4. 5: Demographic Characteristics of Respondents	78
Table 4. 6: Mean and Standard Deviation for Employee Productivity	82
Table 4. 7: Descriptive Statistics for Compensation.....	84
Table 4. 8: Descriptive Statistics for Workforce Administration	86
Table 4.9: Descriptive Statistics for External Recruitment.....	88
Table 4.10: Descriptive Statistics for Benefits Administration	89
Table 4. 11: Descriptive Statistics for Leadership	91
Table 4. 12: Descriptive Statistics for the Constructs	94
Table 4.13: Multicollinearity Analysis	98
Table 4.14: Test of Data Independence	100
Table 4. 15: Correlations Analysis.....	103
Table 4. 16: Coefficient Results of Control Variables.....	105
Table 4. 17: Coefficient Results of Direct Effects	108
Table 4. 18: Results of the Interaction of Leadership on Outsourcing and Employee Performance	113
Table 4.19: Summary of Hypotheses Testing.....	116

LIST OF FIGURES

Figure 2.1: Conceptual Framework	46
Figure 4. 1: Normality Test.....	96
Figure 4. 2: Linearity Test	97
Figure 4. 3: Homoscedasticity Test	99

LIST OF ABBREVIATIONS AND ACRONYMS

AMOS	:	Analysis of Moment Structures
ANOVA	:	Analysis of Variance
BOD	:	Board of Directors
Cap	:	Chapter
CFA	:	Confirmatory factor analysis
EFA	:	Exploratory Factor Analysis
HR	:	Human Resource
HRM	:	Human Resource Management
KFS	:	Kenya Forest Service
KMO	:	Kaiser-Meyer-Olkin
KPLC	:	Kenya Power and Lighting Company
NACOSTI	:	National Commission for Science, Technology, and Innovation
PPB	:	Pharmacy and Poisons Board
SPSS	:	Statistical Package for Social Sciences

OPERATIONAL DEFINITION OF TERMS

Benefits Administration: is the process of assembling and managing the benefits an organization provides to employees (Burhanudin and Mauludin 2018).

Compensation: is a systematic approach to providing monetary value to employees in exchange for work performed (Ndichu, 2017).

Employee Productivity: This is a measurement of the efficiency of production, taking the form of a ratio of the output of goods and services to the input of factors of production (Amiti & Wei, 2009).

Leadership: A position of being the leader of a team or an organization (Mintzberg, 1973).

Outsourcing Services: are organizational tasks or functions that a business delegates to a third party (Hadfield, 2014).

External Recruitment: the process of hiring people from outside an organization to fill job vacancies (Leavens and Chapman, 2009; Khillare, & Shirsale, 2017).

Workforce Administration: is the practice where the management manages the workforce, keeping other aspects of business in parallel, and the objective of the business in center, with the intent of workforce optimization Muthoni (2017).

CHAPTER ONE

BACKGROUND TO THE STUDY

1.1 Overview

Chapter one gives a report on among other critical aspects, the background upon which the study will be based, a clear articulation of the problem in question, the objectives that will guide the research objectives and questions, importance of doing the research and the restrictions placed on it by both academic and regional constraints.

1.2 Background to the Study

Employee productivity is one of the major management concerns that has received a lot of scholarly attention since it is thought to be the primary means of improving organizational success. Increasing employee productivity has been a primary priority for a lot of businesses. In light of this, staff productivity is a highly significant topic that has just now come up in the literature. For example, the topic of worker productivity in service environments has not acquired much attention in previous studies (Hanaysha, 2016).

As such, it has been challenging to define and quantify staff productivity. For example, the ratio of input costs to output value has been the primary focus of the common definition of productivity, even though there are consequences that this may vary depending on the type of firm. In general, there seems to be uncertainty in the conception, assessment, and testing of the factors that precede worker productivity. In order to cover the voids in the literature, this investigation attempts to determine how work engagement affects employee productivity in Malaysia's higher education sector. The review of prior studies on worker

productivity and engagement at work is provided in the following section. It also clarifies how the two variables might be related.

Numerous Research has mostly focused on one or two approaches of quantifying productivity, and because there are numerous approaches, it can be difficult to compare the outcomes (Nollman, 2013). There isn't generally a dependable, consistent approach for evaluating productivity. In addition to how much an employee is "mentally present" or productively functioning while at work, Sharma and Sharma (2014) assert that a worker's output is based on the amount of time they spend physically at their job.

Businesses need to deal with these problems if they want to guarantee good employee productivity. Ferreira and Du Plessis (2009) state that the amount of time a worker actively completes the tasks for which they were hired in order to produce the outcomes specified in their job description is a good indicator of that worker's productivity. Outsourcing has grown in importance as a corporate strategy due to increased globalization. By using outside businesses can gain a competitive edge by enabling suppliers to produce goods and services more effectively and efficiently (Yang, Kim, Nam, & Min, 2007).

For businesses that lack the economies of scale, expertise, or technology needed to carry out specific tasks effectively, outsourcing makes sense (Kivuva, 2018). Organizations of all sizes are being forced to analyze the strategic ramifications of outsourcing a growing number of non-core company services due to narrower profit margins. The practice of

outsourcing has gained popularity worldwide, and businesses have adapted its tenets to support their international expansion (Wambua, 2017).

Employee productivity is influenced by multiple factors, including leadership styles, compensation, and the organizational environment. Outsourcing can lead to increased productivity if managed effectively; however, it can also result in decreased morale and productivity if employees feel undervalued or disconnected from the organization. Leaders play a crucial role in fostering an environment that enhances employee productivity, particularly in outsourced settings (Kirkman & Rosen, 1999; Tannenbaum *et al.*, 2013).

The role that outsourcing plays in attaining effective integration—the blending of firm-wide and intra-firm activities to improve customer satisfaction and competitive advantage—has garnered attention. Strategic human resource outsourcing increases an organization's capacity to adapt to change and remain competitive while also boosting the caliber and adaptability of its workforce. (Pereira, Ishizaka, & Munjal, 2019). Through improved market positioning and operational excellence, outsourcing helps businesses meet their goals. By outsourcing, the company uses the experience of outside service providers to handle its non-core tasks while concentrating more on its core competencies to gain a competitive edge (Garg & Jain, 2019). According to Enze (2020), human resource outsourcing is essentially a contractual arrangement wherein an employer assigns responsibility for specific operations or services relating to human resources, benefits, or training to an outside provider.

Many businesses now want to employ outsourcing as a major part of their supply chain management strategy and role strategy, which is a significant change from how they used to interact with vendors and suppliers. Some firms have embraced the idea of outsourcing "non-core" HR functions as a strategic management tool to help them gain a competitive edge (Enze, 2020). All businesses have varying levels of productivity depending on their capital, physical, and human resources. This claim is noteworthy as, of just the human resource among the three resources has the productive potential for which there are no set upper limitations. Thus, companies should outsource their non-core operations to fully use the genuine worth of their staff. Outsourcing has been utilized by some businesses to guarantee cost and efficiency gains, but it has also been used by others to obtain a competitive edge, enter new markets, and increase decision-making flexibility (Sandhu, Shamsuzzoha, & Helo, 2018).

However, outsourcing may also boost businesses' productivity. Production costs and transaction costs are subject to tradeoffs. Although engaging with a third party results in higher external transaction costs, outsourcing may lower manufacturing expenses. If outsourcing lowers production costs more than it raises transaction costs, then it may boost organizational productivity. Thus, when the gap in production costs widens or transaction technology advances, outsourcing may become more alluring (Yuan, Chu, Lai, & Wu, 2020).

This is particularly relevant for global outsourcing, since salaries might vary significantly between nations. Abraham and Taylor also point out that in some cases—such as when the contractor is not unionized and the outsourcing company is—domestic outsourcing might

nevertheless result in lower wage costs. The second rationale has to do with how cyclical the output is. Because cyclical output means having too much capacity at times of lower demand, a firm that has cyclical output over time and might not have enough capacity during peak periods (Dorn, Schmieder, & Spletzer, 2018). Alternatively, the company may decide to contract out a portion of the manufacturing process at busy times. Economies of scale are the third rationale. Costs will be reduced if all businesses outsource a specific portion of the production process to a third party if economies of scale apply. For instance, a lot of small businesses contract with specialized accounting services to handle their wage administration. In this study, outsourcing comprise of components such as: compensation, workforce administration, external recruitment, benefits administration and will therefore form the basis of this research (Dorn, Schmieder, & Spletzer, 2018).

Compensation reflects how organizations reward their employees, influencing motivation and productivity. In outsourced settings, disparities in compensation between in-house staff and outsourced employees can lead to dissatisfaction and a decline in morale. Research indicates that competitive compensation is crucial for employee retention in outsourced roles, suggesting that careful management of compensation structures is necessary to promote productivity (Becker, 1964; Milkovich & Newman, 2008). Workforce administration encompasses managing human resources, including onboarding, training, and performance evaluations. Outsourcing HR functions can lead to efficiency gains; however, this may also result in a disconnect between outsourced staff and company culture, hindering productivity. Studies emphasize the need for strategic alignment

between outsourced services and internal workforce administration practices to foster a cohesive work environment (Brewster *et al.*, 2016).

External recruitment is vital in sourcing talent, especially in industries with fluctuating demand or skill shortages. Outsourcing recruitment processes can expand access to talent but may inadvertently lead to challenges in integrating new employees into the organizational culture. Research highlights that organizations need to adopt inclusive recruitment strategies that align with their business goals while ensuring that externally recruited employees are adequately supported to enhance productivity (Cascio, 2010; Dyer & Reeves, 1995). Benefits administration entails the management of employee benefits, such as health care, retirement plans, and paid leave. Outsourced benefits administration can enhance efficiency but may also diminish the perceived value of benefits among employees. In Kenya, the alignment of benefits with cultural expectations and local practices is critical. Studies have shown that when organizations fail to provide competitive benefits, employee engagement and productivity can decline (Armstrong, 2006; Kossivi *et al.*, 2016).

Effective leadership is integral to harnessing the benefits of outsourcing while minimizing potential drawbacks. In Kenya, research highlights the importance of transformational leadership styles that inspire and motivate employees, fostering higher productivity levels and enhanced acceptance of outsourcing practices (Bass, 1985; Dvir *et al.*, 2002).

In light of this, any institution or organization needs strong leadership. It is believed that social systems' ability to function effectively depends on the caliber of their leadership (Dessler, 2000). According to Ganz *et al.*, (2019), a leader is someone who inspires others to take action, develops followers into leaders, and has the capacity to transform leaders into change agents. Based on the aforementioned, we can define leadership as the capacity to both influence and be influenced by people and groups in order to steer them in the direction that we want. In actuality, this entails seeing to it that individual needs are satisfied and assigned duties are completed in order to maximize group resources, foster a sense of camaraderie, and sustain teamwork.

In a study on leadership styles and organizational productivity in Ghana by Amofa, Okronipa, and Boateng (2016), they assert that leadership is an important ingredient for high performance, that leadership style which Effective leadership includes subordinates in decision-making. Furthermore, their research showed that effective leadership improves relationships and skills while also assisting in raising staff performance.

In Kenya, Mohamed *et al.*, (2019) established that business process outsourcing and leadership had significant effect on organization productivity. Similarly, Maku and Iravo (2013) in their study established that due to a stronger emphasis on core competencies, outsourcing has increased organizational performance (activities) access to private data, low internal staff morale, and the possibility of "spill overs" from outsourcing service providers' issues, including labor strikes, onto the company.

Eng'airo (2020) established demonstrates the relationship between the reasons for HR outsourcing and performance results is moderated by the services that are outsourced. Other studies that also sought to investigate outsourcing on employee productivity included studies such as: (Maku & Iravo, 2013; Mwashigadi & Oloko, 2021). Most of these studies investigated the effects of outsourcing and employee performance. It is not in favor of this background that this research will seek to investigate the moderating influence of leadership on the connection between outsourcing services and employee productivity in Power Lighting Company Limited, Nakuru County, Kenya

While individual variables such as compensation, workforce administration, and employee productivity have been studied, there is a lack of research attempting to integrate these factors into a cohesive model that illustrates their interdependencies in the context of outsourcing. Understanding how these variables collectively influence outcomes could enhance theoretical frameworks. Although the impact of leadership on employee productivity is well-documented, specific studies addressing the influence of different leadership styles (e.g., transformational vs. transactional) in outsourced settings within Kenya are limited. There is a need for nuanced exploration of how varying leadership approaches can shape employee perceptions and productivity in outsourcing contexts. While outsourcing is prevalent across various sectors, contextual studies that focus on specific industries within Kenya (energy sector) are sparse. Understanding sector-specific challenges and productivity outcomes can provide insights into tailored management practices. It is against this background that this study was undertaken.

1.3 Statement of the Problem

In order to achieve greater success, it is essential for any organization to prioritize employee productivity (Moyo, Crafford, & Emuze, 2021). In the early 1980s, the service sector was the most significant industry in Kenya in terms of employment and scope. This is due to the fact that the business and its employees benefit from increased employee productivity. For example, considerable profitability, positive economic growth, and improved social advancement are all facilitated by increased productivity (Sharma & Sharma, 2014).

Nevertheless, Kenya has not provided significant support or attention to outsourcing strategies, despite the fact that they can improve the efficiency of organizations. In other words, there is a dearth of research in Kenya regarding the impact of outsourcing on organizational performance (Bii & Namsonge, 2021). The results of outsourcing studies conducted in a variety of countries are inconsistent; while some researchers establish a positive correlation between outsourcing and performance outcomes, others fail to find any correlation or, on occasion, a negative correlation.

The relationship between employee productivity and outsourcing is not well understood in terms of the moderating influence of leadership. Particularly concerning outsourcing, which encompasses the impact of compensation, workforce administration, external recruitment, and benefits administration on employee productivity. Consequently, the extent to which the presence or absence of leadership affects employee productivity and

outsourcing services at Kenya Power and Lighting Company Limited, Nakuru County, remains uncertain in the absence of a comprehensive investigation.

1.4 Objectives

1.4.1. General Objective

This study's general objective was to investigate outsourcing service leadership and employee productivity at Kenya Power and Lightning Company Limited, Nakuru County.

1.4.2. Specific Objectives

The specific objectives of this study are:

1. To analyze the effects of compensation on employee productivity in Kenya Power Lighting and Company, Nakuru County.
2. 2.To examine the effect of workforce administration on employee productivity in Kenya Lightning and Company Limited, Nakuru County.
3. To determine the effect of external recruitment on employee productivity in Kenya Power and Lighting Company, Nakuru County Kenya.
4. To analyze the effects of benefits administration on employee productivity in Kenya Power and Lightning Company, Nakuru County.
5. To determine the effect of leadership on employee productivity in Kenya Power and Lighting Company Ltd.
- 6a. To determine the moderating effect of leadership on compensation and employee productivity.

- 6b. To determine the moderating effect of leadership on workforce administration and employee productivity.
- 6c. To determine the moderating effect of leadership on external recruitment and employee productivity.
- 6d. To determine the moderating effect of leadership on benefit administration and employee productivity.

1.5 Research Hypotheses

- H₀₁** Compensation has no significant effect on employee productivity at KPLC, Nakuru County
- H₀₂** Workforce administration has no significant effect on employee productivity at KPLC, Nakuru County
- H₀₃** External recruitment has no significant effect on employee productivity at KPLC, Nakuru County
- H₀₄** Benefits administration has no significant effect on employee productivity at KPLC, Nakuru County
- H₀₅** Leadership has no significant effect on employee productivity at KPLC, Nakuru County
- H_{06a}** Leadership has no significant moderation effect on the relationship between compensation and employee productivity at KPLC, Nakuru County
- H_{06b}** Leadership has no significant moderation effect on the relationship between workforce administration and employee productivity at KPLC, Nakuru County.

H_{06c} Leadership has no significant moderation effect on the relationship between external recruitment and employee productivity at KPLC, Nakuru County.

H_{06d} Leadership has no significant moderation effect on the relationship between benefits administration and employee productivity at KPLC, Nakuru County.

1.6 Significance of the Study

What makes the current study significant is the expectation that its findings will greatly improve employee productivity, which is vital for firms to survive in a highly competitive climate. Furthermore, the results of this investigation may open a channel for the administration of the parastatals to create guidelines that help in outsourcing for cost reduction, outsourcing for compensation, workforce administration, external recruitment, and benefits and administration. The study's deductions will give professional associations like IHRM/HRM the push they need to encourage companies to uphold integrity and professionalism standards.

This study contributes to existing management and HRM theories by integrating key variables like compensation, workforce administration, leadership styles, and employee productivity within the outsourcing framework. Such integration aids in developing comprehensive models that reflect real-world complexities, particularly in a Kenyan context. The study's insights can guide corporate policy formulation regarding outsourcing practices, compensation structures, and employee benefits. Policymakers can utilize the findings to establish effective practices that enhance productivity while ensuring fair treatment of all employees, whether outsourced or in-house.

Corporates can leverage findings from the study to create strategic HR policies that align with best practices in workforce management, compensation, and employee engagement. Such policies can improve job satisfaction and productivity, ultimately benefiting organizational performance. Human resource practitioners gain valuable perspectives on the importance of alignment between leadership, compensation, and employee productivity, enabling them to implement effective management strategies that enhance workforce performance. Scholars in management and HRM can use the findings as a springboard for further investigation, leading to expanded discussions and studies on outsourcing, employee engagement, and productivity across different contexts.

Furthermore, this study's findings would ensure that KPLC receives favorable outcomes for themselves and their employees by implementing policies for outsourcing for compensation, workforce administration, external recruitment, and benefits and administration and also assist the employees to enhance their productivity to KPLC. Last but not least, the study's conclusions have enormous potential to advance human resource management theory and practice and, thus, close the gap in the body of existing research that demonstrates no connection between outsourcing services and employee productivity among employees. Interested researchers can infer to the findings of this research as a resource.

1.7 Scope of the Study

This research was carried out in Kenya Power and Lightning Company Limited, Nakuru county. The count is predominantly cosmopolitan, yet the Kikuyu community clearly holds a dominant position. Other settlements in the Nakuru area include Luhya, Kisii, and Kamba. The explanatory research design was used in the investigation. The data collection method was cross-sectional to be collected at one moment in time using a structured questionnaire. The researcher sought the help of two qualified research assistants to collect data. The study involved 291 participants who were divided as top managers, middle managers and support staff. The study analyzed the moderating impact of leadership on outsourcing services and employee productivity. The study was carried out between March and April, 2021. The research's theoretical purview is restricted to leader-member-exchange theory, agency theory and the social exchange theory.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This section includes an empirical examination of the literature on the correlations between the study's variables, as well as a review of the theories that underpin the study's variables. The study focused on the following sub-themes; employee productivity; compensation; workforce administration; external recruitment; benefits administration and leadership. The conceptual framework outlining the study's objectives is also included in this chapter, along with a description of the knowledge gaps found in the examined empirical investigations.

2.2 Concept of Employee Productivity

Modern businesses have several challenges, one of which is the requirement to increase worker productivity. An employee's or a group of employees' efficiency is imposed upon them as employee productivity. Actually, a factor that directly influences a company's profitability is productivity (Criscuolo, Gal, Leidecker, & Nicoletti, 2021). An employee's production in a given time might be utilized to measure productivity. A staff's productivity is usually assessed in connection to the average of employees completing related activities.

It could also be assessed according to how many units of a good or service an employee learns in a predetermined period of time (Hanaysha, 2016). Considering that an entity's accomplishments is primarily dependent on the productivity of its workforce, employee productivity has become a crucial goal for enterprises. Just one or two approaches of

assessing production have been the subject of several research, and because there are numerous approaches, it can be challenging to compare the outcomes (Bradley, 2019; Rossides, 2022).

In general, there isn't a consistent and efficient method for assessing production. Bedarkar and Pandita (2014) propose that employee productivity is contingent upon the duration of an employee's physical availability at work, excluding the degree to which the individual is "mentally present" or proficiently performing tasks while on the job. Businesses should discuss these matters to guarantee good employee productivity. According to Sobering (2019), the amount of time spent actively carrying out the responsibilities for which a person was employed in order to accomplish the significant outcomes outlined in their job description is a good indicator of that employee's productivity.

The advantages of employee productivity have been extensively covered in the literature, and this would lead to organizational success that is now in publication. Iqbal, Latif, Marimon, Sahibzada, and Hussain (2018) contend that increased productivity leads to increased profitability, social advancement, and economic prosperity. Employees can only obtain greater pay and benefits, better working conditions, and significant job possibilities by increasing productivity.

Additionally, Gupta, Drave, Dwivedi, Baabdullah, and Ismagilova (2020) showed that the key to a company's success is the strategic aim alignment between the strategy employee productivity. Employee creativity would be mandated and encouraged as a result of this

alignment, which might improve their performance effectiveness and help the firm achieve its goals and objectives (Mesthrige & Chiang, 2019). Furthermore, increased productivity often boosts a company's competitive edge by lowering expenses and improving output quality. Indicators including higher output, higher efficacy, and higher quality services are used to gauge employee productivity (Almaamari & Alaswad, 2021).

2.3 Concept of Outsourcing Services

When "outsourcing" first became popular in the early 1980s, it usually meant that businesses were increasing their purchases of produced physical inputs. For example, automakers were buying window cranks and seat materials from outside their company instead of producing them internally (Alneyadi & Almarri, 2020). The act of one business hiring another to provide services that could otherwise be handled internally is known as outsourcing. Several authors contend that businesses can increase their efficiency by focusing on their core competencies and contracting out all non-core activities to companies that specialize in them (Alneyadi & Almarri, 2020; Franco, Rodrigues, & Silva, 2021; Lok, Opoku, & Baldry, 2018). One of the most significant changes in work organization over the past ten years has been the growing use of contractors for the provision of services and components (Lonsdale & Cox, 2000).

According to a study by Budler, Jakšič, and Vilfan (2021), the majority of manufacturing companies examined had contracted out at least one task, and the majority planned to contract out more work over the next three years. Kabus, Dziadkiewicz, Miciuła, and Mastalerz (2022) discovered that 90% of the 522 workplaces examined had hired contractors in the previous year, which is consistent with this conclusion.

The majority of manufacturing enterprises questioned by Budler, Jakšič, and Vilfan (2021) claimed that they had outsourced at least one task, and the majority planned to outsource more within the following three years. The results of Kabus, Dziadkiewicz, Miciuła, and Mastalerz (2022) who discovered that 90% of the 522 workplaces questioned had employed contractors in the previous year, corroborate this finding.

But as companies like Microsoft, Benetton, and Nintendo have demonstrated, outsourcing arrangements may be leveraged to obtain a competitive advantage. These firms have outsourced a number of tasks that are typically regarded as necessary, including product design, software development, and distribution. Many of these companies are young, so they are not constrained by antiquated traditions or cultural conventions. Every business, according to Kakabadse and Kakabadse (2005), needs to reassess each link in their value chain and outsource any work that isn't deemed to be at a "world class" level.

Now, mature companies are starting to realize that their current organizational setup might not be the best fit for their core skills. In fact, market-based connections may yield important benefits like reduced costs, shortened production and market times, and enhanced innovation (Awe, Kulangara, & Henderson, 2018). As a result, more businesses are outsourcing their core skills and competencies (Kotabe & Murray, 2004). However, in spite of these advancements, little is understood about the long-term effects of established businesses adopting an outsourcing-based flexibility approach.

There is growing evidence that an outsourcing approach carries greater hazards to health and safety (Favour & Tamunomiebi, 2020; Kotabe & Murray, 2004). Will the performance of the company suffer a similar destiny, and will employees suffer as a result? These are crucial questions because, in contrast to many other management techniques of the past ten years, companies will find it challenging to go back and undo the process in many instances. This is caused in part by the contracts that were made and in part by the fact that the essential abilities required to carry out the specific task have been lost.

2.4 Concept of Leadership

Three (3) key leadership styles were established by empirical research investigations undertaken by Lewin, Lippitt, and White (1939) of the University of Iowa, which were quoted in Silva (2016). These styles include autocratic, laissez-faire, and democratic. Democratic group leaders guide members in determining how the organization operates, thereby involving them in decision-making. A laissez-faire leader lets the group members choose their own course and operate independently, while an autocratic leader sets policies and gives direction. These are different leadership philosophies from which to choose; democratic leadership is, of course, the most effective for any organization seeking to accomplish its objectives.

The leaders' relationship is examined by the group. Words like "consideration" refer to how much trust and regard for one another's sentiments are present in work relationships, and "initiating structure" looks at how leaders establish tasks and make an effort to complete them. "People-centered and production-centered" activities are those that prioritize either

the needs of people or the output. It is well known that these phrases do not always conflict with one another in real life, and how they are used depends on the specific setting (Lewin *et al.*, 1939).

Likert (1979), at the University of Michigan cited in Das (2021) identified two (2) basic forms of leadership behaviour, Job centered and Employee centered leaders. The two (2) styles of leadership behaviour were presumed to be at the end of a single continuum. The leader behaviour theories have contributed significantly to the growth of contemporary thinking about leadership. In particular, they urge us not to be pre-occupied with what leaders are (the trait approaches) but, to focus on what leaders do (their behaviour) (Das, 2021).

2.5 Theoretical Framework

2.5.1 Leader-Member-Exchange Theory

According to the leader-member exchange idea, leaders develop a unique bond with a select subset of their subordinates as a result of pressures and time. According to Van Breukelen, Schyns, and Le Blanc (2006), members people who are trusted, get a disproportionate share of the leader's attention, and are more likely to be given special treatment are members of the in-group. The out-group includes additional subordinates. Based on formal authority interactions, they have superior subordinate connections and receive less of the leader's time and preferred benefits. This classification is carried out early in the history of a leader's relationship with a particular subordinate (Erdogan & Bauer, 2015).

It's unclear exactly how the leader determines who belongs in each category. However, research shows that leaders tend to favor members of their own group because they share personal traits with them (e.g., age, gender, attitude), are more competent than members of other groups, and/or have an outgoing personality (Burns & Otte, 1999). According to this hypothesis, subordinates who are part of the same group as their superior will be more satisfied with them, have lower turnover, and rate higher production.

2.5.2 Agency Theory

Researchers have called attention to this theory as one of the most important theories in management. It describes the interaction between agents, like a company's managers, and principals, like a shareholder. In this arrangement, the principal assigns (or employs) an agent to carry out tasks. This notion was first created to help management and stakeholders have a positive working relationship (Jyoti, Arora, & Kour, 2017; Mohammed & Muhammed, 2017).

With time, the theory has expanded to encompass the inter-firm subjects' connection. Within that framework, we link the agency theory to comprehending the vendor-outsourcer interaction. Monitoring and bonding should be used to address the causes of moral hazard, adverse selection, and the agency dilemma (Bhattacharya, Singh, & Bhakoo, 2013). As a result, the theory was applied throughout the training phase of the outsourcing process research (when establishing its own attitude towards the type of connection and screening for vendors). Of course, the managing relationship phase and the reconsideration phase have also been studied to a very limited degree (Liberatore & Luo, 2009).

An agency relationship arises when one party hires another to complete a task in exchange for payment, and a formal contract is required to oversee the parties' interactions (Wiseman, Cuevas-Rodríguez, & Gomez-Mejia, 2012). When a customer hires an outsource vendor to provide services, the primary goal of HR outsourcing is to establish an agency relationship.

This theory's goal congruence aims to explain what transpires in that specific scenario when these corporate players in a venture have different goals and objectives. Specifically, it is unclear how much the agent does to guarantee the principal's objectives are met and how the partnership is run to make this happen (Zu & Kaynak, 2012). The theory examines the resolution of two crucial elements of this kind of relationship: 1) The ways that the principal and agent have different wants or aims, and 2) The principal's difficulty in verifying the agent's performance (Gomez-Mejia & Wiseman, 2007) .

The primary thesis is that, in a partnership, each actor has a propensity to prioritize their personal interests over the shared goals or job. When it comes to the procurement and provision of outsourced services, there is goal incongruence between the client and the service provider. Simplistically stated (as an example), the vendor organization measures service delivery based on the evolution of long-term margins, whereas the client organization is more concerned with services that are provided at a reasonable cost. Consequently, it seems like the parties are working toward essentially different objectives from the same contract. Both the varying perspectives on risk and the absence of confidence that the principal's goals are not maximized are crucial to the theory. In

summary, the agent is believed to be more risk adverse in its actions towards the client firm due to the risk to personal wealth (or profit) resulting from the performance of the service, while the principal may be more or less neutral towards the transaction (Bendickson, Muldoon, Liguori, & Davis, 2016).

Indeed, this kind of distinction is still crucial because one of the main factors influencing the choice to outsource HR still seems to be generating cost savings (Hendry, 2012). The characteristics of the measurement issue (information asymmetries and verification) and the parties' varying risk tolerances present a management challenge in this case. The method (Agency Theory) focuses on the procedures that must be in place for monitoring and control, to fulfill the requirements of the customer and the organization, in particular, contracting and looking for the most (economically) efficient systems that can be developed to control the relationship in light of behavioral hypotheses (opportunism, bounded rationality, etc.). We will now take a quick look at these two points (Cuevas-Rodríguez, Gomez-Mejia, & Wiseman, 2012).

2.5.3 Social Exchange Theory

The social exchange theory presents the economic cost-benefit analysis as a prerequisite for social interaction and exchange, which helps to understand interpersonal interactions. According to the notion, a fundamental aspect of human connection is the exchange of resources, whether they be material or social. Actions in social trade are dependent on receiving positive responses from others; it is a continuous reciprocal process (Cropanzano & Mitchell, 2005; de Souza Meira & Hancer, 2021).

It has been acknowledged that information is imperfect, and new economic models have been developed to explain scenarios in which two parties have unequal or no information. The creation of the search theory was among the earliest efforts in the field (Arsawan, Wirga, Rajiani, & Suryantini, 2020). Finding sellers and learning their prices are only two examples of the many functions that information search plays in the economy. (Chernyak-Hai & Rabenu, 2018) introduced the concept of signaling, which is another essential idea in the economy of information.

In his essay, he discusses markets where signaling occurs and where the main signalers are relatively numerous and appear in the market infrequently enough that they are not anticipated to make the investment necessary to build a name for themselves. Using information economy in outsourcing is related to the processes of finding, choosing, and hiring a vendor. But research on the outsourcing process hasn't specifically employed information economics. According to social exchange theory, information sharing and coalitions depend heavily on interpersonal trust (Gergen, 2021).

When a psychological contract is formed, encompassing the promises or commitments that workers feel their employers have made to them, a social exchange occurs inside the work relationship. "The cognition that one's organization has failed to meet one or more obligations within one's psychological contract in a manner commensurate with one's contributions" is how Gergen (2021) defines "breach." The potential for a contract violation may have a detrimental effect on the attitudes, behaviors, and feelings of employees.

Workers establish a benchmark by which they assess the worth and fairness of a work relationship by comparing the give/take ratio. There was variation in this level of giving and taking in the relationships. Internal relationships are generally seen more favorably by employees because they provide a higher opportunity for reciprocation. An apparent exception would be if an employee wanted to divulge information that needed to stay private and not be shared with the company, as would happen if they made use of employee assistance programs. In this instance, an anonymous third party outside the company is probably going to be able to conduct a more useful exchange (Hasaniyah, Rahayu, & Surya, 2022).

2.6 Empirical Review

2.6.1 Compensation and Employee Productivity

Anjanarko, Jahroni, Retnowati, Putra, and Arifin (2022) sought to determine the effect of workload on productivity, and to determine the effect of compensation on productivity. The findings of this study confirm that the role that shapes work productivity comes from the contribution of workload and compensation. The two independent variables have been proven to significantly form work productivity variables.

Muttaqien, Abrori, and Cahyaningati (2022) described the relationship between independent and dependent variables (explanatory research). The aim is to determine the significance of the effect of the compensation variable and work environment variables on employee work productivity PDAM Lumajang. The results of the study of 45 respondents show that the effect of compensation and work environment is significant on the work

productivity of employees at PDAM Lumajang. The results of the coefficient of determination show that 37% of employee productivity can be explained by compensation and work environment variables, while 63 % of employee productivity is influenced by other variables , such as motivation, leadership, communication and others.

Ndichu (2017) investigated how employee productivity is impacted by incentives and rewards. The survey design used in the study was descriptive. The First Community Bank employees were the target population, although they were restricted to the Nairobi branches. The sample size of 164 employees was calculated using stratified sampling from the entire population. Based on the study topics, structured questionnaires were used in data collection, and coding was done to make SPSS analysis easier. Descriptive statistics were used to analyze the data. In light of the results, it was clear that workers productivity and wage schemes had a favorable and significant link. The study also showed that First Community Bank has to develop a thorough pay plan that can inspire staff members to work more productively. Ndichu's (2017) study focused only on incentives and rewards unlike this study which expands the scope of investigation in to workforce administration, compensation, external recruitment, benefits administration and leadership on employee productivity.

The impact of job stress, rewards, and recognition on employees' performance was studied by Khaliq *et al.*, (2019); perceived organizational support had a moderating role in this study. The results showed that while job stress had a large and negative impact on employee performance, employee rewards and recognition had a significant and beneficial impact.

Additionally, it was discovered that perceived organizational support acted as a strong and complete mediator the connection between job stress, employee performance, and employee remuneration and recognition.

One further study examining the impact of HRM functions (reward, benefits, and recognition) and performance management on innovation and entrepreneurship was conducted in pharmaceutical companies. Naser (2020) employed a dual strategy. The notion of (HRM) functions, innovation, and entrepreneurship are reviewed by the author in the first section of the literature. The chosen responders were given a questionnaire in the second section. Regression, correlation, and demographic statistics were used to examine the data. The results showed a substantial relationship between perceived innovation over time and the functions of human resource management. It was also discovered that performance management statistically had a better impact on perceived innovations than entrepreneurship, whereas incentives, benefits, and recognition statistically moderated the influence on perceived innovations then entrepreneurship.

Noor (2020) employed an exploratory research design in a study on the effects of incentives systems on employee motivation in the context of manufacturing firms. A stratified sampling strategy was utilized to disseminate the survey questionnaire to a sample of 30 respondents. The main finding included recommendations for strengthening the incentives and recognition program and raising staff motivation levels.

In the Malaysian context, Lngove *et al.*, (2017) studied the effects of rewards and recognition on the well-being of IT executives and their intention to leave. The conceptual framework included the following elements: employee well-being, turnover intention, and rewards and recognition. The results showed that the association between incentives and recognition and the intention to leave was mediated by employee well-being. Incentives and recognition are powerful motivators that enhance psychological health and reduce IT executives' desire to leave their jobs.

Dayanandan (2017) evaluated how Ethiopian hospital staff members' job performance was impacted by their pay. Data were taken from both primary and secondary sources. 206 respondents were selected using a stratified random selection procedure, and their data was gathered. In order to produce conclusions that were meaningful, the data was analyzed using SPSS (version 21) and questionnaire data. Descriptive statistics like frequency, percentage, mean, and standard deviation, as well as inferential statistics like correlation, multiple linear regressions, and one-sample t-test, were used. Following the research, it was discovered that three independent variables—compensation, pay, and rewards—accounted for 65% of the variance in employee performance. Thus, it was determined that salary, incentives, and indirect remuneration had a major impact on hospital staff members' job performance.

Mangale (2017) examined how employee productivity in Nairobi was impacted by remuneration. The results showed that, at 82%, the organization provided a regular and consistent monthly income as direct financial compensation for the services provided,

while 91% of the Kenya Literature Bureau's compensation came from indirect sources such as paid time off and health insurance. These two significantly impacted employee productivity, at 40%, and somewhat, at 33%.

Indrasari *et al.*'s 2019 study looked at career path, organizational communication, and pay as factors that affect worker performance. Multiple linear regression was used to examine the data that was gathered using a likert scale questionnaire. There were 117 respondents in the sample, who were chosen on purpose. The career path was found to be the most significant predictor of employee performance, with remuneration, organizational communication, and career paths having significant effects on employee performance concurrently, according to the data.

In Nigeria, Onuorah *et al.*'s 2019 study looked at employee performance and compensation management. A systematic questionnaire was employed to gather data from 257 employees, which comprised the study's sample size. The tool was tested on a representative sample of twenty randomly chosen Anambra State employees. Z-test was utilized in the data analysis for the null hypotheses to test the hypotheses at the 0.05 level of significance. Following up on the results, it was discovered that competency-based remuneration had no detrimentally significant influence on employee performance in Nigerian organizations, however equity-based compensation did. It was also discovered that there was no discernible negative impact of performance-based compensation on worker performance in Nigerian organizations.

Mulugeta and Mokonnen (2018) examined how employee work performance was impacted by remuneration. 286 respondents were included in the sample size, of which 29 and 257 are from the head office and centers, respectively. These respondents were chosen using the sample approach. To gather primary data, a semi-structured questionnaire was employed. Secondary data were also acquired from several published and unpublished articles as well as earlier studies conducted in the field. Version 20 of the SPSS statistical program was used to examine the data. The association between employee work performance and compensation management was examined using ordinal logistic regression. This paper's examination concentrated on three areas of remuneration: job performance, indirect compensation, and direct compensation for employees. The study's conclusions about policy suggested that accountable governmental organizations should modify their approach to compensation management and give each employee more consideration. To make the most of its employees' abilities, the company must also provide them with opportunity to grow into various roles.

Darma and Ibrahim (2018) investigated the relationship between employee performance in Indonesia and salary and satisfaction. The questionnaire was used to gather data, and SmartPLS version 2.0M3 software was used to evaluate it. The findings showed that employee performance and satisfaction are impacted by salary. The relationship between pay and performance can be mediated by employee satisfaction. By measuring organizational commitment, Imron *et al.*, (2020) evaluated the impact of pay and organizational climate on worker performance. The results demonstrated a favorable association between organizational commitment and salary as well as organizational

atmosphere. The study's conclusions demonstrated that, in contrast to salary, which has a strong negative link with employee performance, only organizational atmosphere and organizational commitment had significant and positive relationships with employee performance.

The impact of remuneration on worker productivity at Grand Rocky Hotel Buiittinggi was investigated by Yuliana *et al.*, in 2020. In this study, causal associative and quantitative research methods were applied. The 118 employees who were the subject of the study were all employed. Using stratified proportional random sampling procedures, 54 employees made up the sample. Distributing questionnaires with a Likert scale that had been verified for validity and reliability served as the method of data collection.

Using the SPSS 16.00 computer application, basic linear regression testing was used to evaluate the data. According to the findings, employee productivity was primarily in the poor category at 59.25%, while employee compensation at Grand Rocky Hotel Bukittinggi was primarily in the negative area at 40.76%. It was also discovered that the Grand Rocky Hotel Bukittinggi's employee productivity was significantly influenced by 13.2% of the factors that were not examined, with the remaining 86.8% being determined by other factors. The coefficient of determination, or R Square, was 0.132, and a significance value of 0.007 was obtained.

2.6.2 Workforce administration and Employee productivity

Maqsoom *et al.*, (2023) aimed to examine the effect of extrinsic diversity aspects impacting the construction worker efficiency. The data collection was made by a questionnaire sent

to construction stakeholders working in the Punjab region of Pakistan. A comparison was drawn based on varied employee characteristics i.e., experiences and ages. It was found that old workers were negatively impacted by the distant location of the construction site. The young employees were most inclined towards holidays when working away from home. The access to basic amenities during a construction project was regarded as a major setback for the workers' productivity. Experienced workers preferred working within the vicinity and easy access to their houses. Based on the ethnicity factor while selecting the workforce, newcomers faced hurdles while entering the construction sector.

Muthoni (2017) examined employee performance and workforce diversity management at Kenya's National Biosafety Authority. In this study, a descriptive research design was used. 38 National Biosafety Authority workers, comprising middle and senior management as well as regular staff, were the target population. Due to the small population, a census survey was conducted, in which every member of the population was taken into account. Making use of a survey that includes both closed- and open-ended questions, the study gathered primary data. The study discovered that employee performance is impacted by workforce diversity management factors such as age, gender, marital status, and educational background. However, employee performance in the company was unaffected by marital status.

Khan, Sohail, Sufyan, Uddin, and Basit (2019) examined the effect of workforce diversity on employee performance in higher education sector. The study's conclusions demonstrated a favorable correlation between the dependent variable (employee

performance) and the independent factors (gender, age, educational background, and ethnic diversity). The study concluded by outlining recommendations for additional research and application for individuals, organizations, and policy makers.

Nyakoi (2020) investigated employee performance and workforce diversity management in regulatory organizations. The study's approach was a descriptive research design, and its target population consisted of 200 PPB employees. The study's conclusions and outcomes also showed that the Poisons Board and Pharmacy treat their staff fairly, taking into account their backgrounds. The study's results showed a significant and favorable correlation between gender diversity and regulatory institutions' personnel effectiveness. The study's findings also showed that culture and conventions have an impact on how people relate to one another and how well services are provided in the PPB. Lastly, the report mentioned that the organization regularly ran training and development initiatives to guarantee that staff members were capable and informed when providing services to the general public.

2.6.3 External Recruitment and Employee Productivity

Suwarto and Subyantoro (2019) sought to determine the effect of recruitment on performance, the effect of selection on performance, the effect of placement on performance, the effect of recruitment on selection, and the effect of selection on placement. Depreciating number of employees at PT Green Glovers Indonesia in Klaten was caused by employees entering retirement, death or dismissal. Newly-hired employees are required to improve their performance. Technical data processing was conducted using

Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach. The sample of this study consists of 90 employees. The results showed that recruitment has no effect on performance; selection affects performance; placement affects performance; recruitment affects selection; and that selection affects placement.

Amadike (2018) examined how hiring and selection practices might be used as a strategy to increase worker productivity in manufacturing companies. The study's conclusions showed that hiring from outside sources increases the organization's talent pool's diversity. It affects productivity by generating new concepts, updating the system, posing problems, and bringing about changes to the staff.

Kimera (2018) investigated how hiring practices—both internal and external—affect workers' job performance in Uganda. In order to determine the relationship between employee job performance and each recruitment strategy, the study used a correlation research design. Based on these results, the researcher rejected both of the null hypotheses and concluded that there is a statistically significant positive association between internal and external recruitment strategies and employee job performance. This suggests that thoughtful policies and procedures combined with well-designed internal and external recruitment processes can enhance employee job performance. The respondents disclosed, among other things, that the various section heads were not very involved in the hiring process and that there was no all-encompassing policy covering internal hiring and promotion, since internal hiring was done in an unfairly biased manner and not even in accordance with employee performance.

Samwel (2017) conducted research on how motivation, retention, selection, and recruiting affect Tanzanian manufacturing enterprises' performance. The overall results showed that hiring and retaining qualified, competent, and motivated staff members was critical to the success and prosperity of manufacturing organizations. Recruitment, selection, retention, and motivation were found to have a substantial association with these factors. The focus of the current study was on external recruitment, compensation workforce administration and employee productivity being moderated by leadership. Thus the study is an extension of Samwel (2017) study which was conducted in Tanzania which is a different context from Kenya.

In another study, Wairimu (2018) evaluated how hiring practices affected workers' performance in insurance companies in Kenya. According to the findings, the interview had a statistically significant impact on worker performance. It was also discovered that an employee's performance is impacted by the selection procedure. Placement has a statistically significant impact on an employee's performance. The study's findings showed a favorable relationship between employee performance and induction. The reviewed study focused on the insurance sector in Kenya while the current study looks at the energy sector.

Boateng (2019) evaluated how hiring external directors affected Ghanaian employees' productivity at work. It also became apparent that opinions among employees about the hiring of external directors were not all that similar. The majority did, however, note that it has an impact on the morale of current workers who are just as qualified for the role.

Ultimately, the study found that employee job outcomes and external directors were somewhat correlated. The context of this study was in Ghana which presents different setup from Kenya.

Nur Halifah, Uldini, and Usman (2019) looked at how hiring, placement, training, and selection affected Indonesian employees' performance. The findings showed that, in terms of percentage, placement had the most influence, whereas selection had the least.

In a study on how hiring, training, and placement affect employee performance, Tedi (2020) employed a survey method with a casual approach to gather information through questionnaires and interviews. Software such as AMOS 26.0 and SPSS 22.0 were used to examine the data. In light of the results, it became clear that hiring decisions had a significant impact on workers' performance. Nur *et.al.*, (2019) study only focused on how hiring, placement, training, and selection affected Indonesian employees' performance. The context of the study was Indonesia which is different from Kenya.

2.6.4 Benefits Administration and Employee Productivity

Berzins (2024) examined the effect of benefits on employee motivation and productivity within Mintos, the leading fintech company in Latvia and Germany. The objective of the research was to explore what kinds of employee benefits matter, and to what degree these benefits might be affecting motivation at work and resulting productivity. As per the ideas shared by the specialists and team-lead-level employees during the interviews, the comprehensive benefits package includes health insurance, flexible work arrangements, and employee stock options, among others and they very much contribute towards the

hiring and retention of a motivated and productive workforce at Mintos. Key findings serve to underline the importance of the learning budget, employee stock options and health insurance as the highest-value benefits that contribute to employees' satisfaction and involvement. The study also illustrates how Mintos' benefits support positive team dynamics and motivate employees in the long run. Taking these into consideration, recommendations for Mintos were provided in the way of refining its benefit package further to meet the evolving needs of its employees. This thesis reinstates that, indeed, the benefit structure for employees is critical in maintaining a motivated workforce. The strategy by Mintos might just show that other companies should follow suit. The research gives Mintos actionable advice on how the company's benefits could be optimized, and guarantee continued organizational success and staff welfare.

Sastera and Mauludin (2018) looked into the impact of employee benefits packages on the morale and productivity of employees. As a follow-up to the findings, it was discovered that CJIP discovered that while employee morale was positively and significantly impacted by facilitative benefits, it was positively and significantly impacted by services benefits; furthermore, employee morale had a positive and significant impact on employee performance. Sastera and Mauludin (2018) study was only narrowed to benefits packages unlike the current study which is focusing on benefits administration, external recruitment and compensation.

Nyangi (2011) looked at the perceived effects of benefits on staff retention at Kenya Forest Service in a different study. The findings showed that KFS has an employee benefit policy in place and that employees do not quit the company due to discontent with perks. These benefits include pension systems, life insurance, sabbatical leave, health insurance, workers compensation programs, relocation perks and recreational activities. Kadir, AlHosani, and Fadillah Ismail (2019) evaluated how perks and pay affect workers' productivity. The findings indicate that lecturers' performance levels are between medium and high. Furthermore, there exists a positive association between employee performance and salary. Additionally, perks and pay have a favorable impact on workers' productivity. Nyangi (2011) study looked at the perceived effects of benefits on staff retention at Kenya Forest Service. The current study however focuses on outsourcing services and employee productivity

Robles (2018) looked on how employee perks affected workers' happiness in a sample of five-star hotels in Nairobi. In this study, a descriptive research design was adopted. The study's results showed a positive and significant correlation between employee happiness and retirement, social, and financial advantages. The findings showed a substantial positive correlation between employee happiness and retirement, social, and financial advantages.

Employee happiness has been shown to rise with monetary advantages like allowances, and workers concur that cafeteria plans are provided. It was also shown that giving allowances is a means of demonstrating appreciation of an employee's worth, incentives ought to be granted based on individual achievement, and that not giving bonuses is a

common reason for employee attrition. In addition, employee remuneration encompasses long-term benefits like pensions in addition to income. Pensions can raise productivity and employee happiness. Unlike the current study which focused on outsourcing services, leadership and employee productivity, Robles (2018) study focused on happiness of employees in five-star rated hotels in Nairobi.

The impacts of compensation administration on worker productivity were studied by Kelechi *et al.*, (2016). The study used a survey design and gave 50 respondents at the Dangote Nigeria Headquarters in Lagos, Nigeria, a well-designed questionnaire. The study's findings indicated that, as the numbers produced showed, efficient administration of remuneration had a favorable impact on worker productivity.

2.6.5 Leadership and Employee Productivity

Purnomo (2020) aimed to analyze the effect of leadership style and work motivation on employee work productivity of PT. Asiatek Solusi Indonesia. The population in this study was 230 permanent employees, the number of samples could be taken 30% of the total population so there were 69 employees as the total sample. The sampling technique uses the nonprobability sampling method. Methods of collecting primary data in the form of a questionnaire using Likert scale with questionnaire. Testing the validity and reliability using total Pearson product moment test and Cronbach Alpha. The method of analysis to answer the hypothesis using multiple linear regression with SPSS 22 version. The results showed that the leadership style and work motivation variables were significantly positive effect on the work productivity of employees of PT. Asiatek Solusi Indonesia amounted by

0,608 and 0,157. Variable of leadership style and work motivation simultaneously have a significant positive effect on productivity of employees PT. Asiatek Solusi Indonesia.

Razak, Sarpan, and Ramlan (2018) looked at PT's work discipline, staff performance, and leadership style. Survey research is the methodology employed in this study. Following the results, it became clear that PT's work discipline, motivation, leadership style, and staff performance. Despite being in a respectable category, ABC Makassar still need care and development. Employee performance is significantly impacted by the leadership style, motivation, and work discipline all at the same time. While leadership and motivational styles have a favorable effect on employee performance but do not significantly influence it, work discipline alone had a significant and positive effect on employee performance. The biggest factor influencing employee performance is work discipline. The focus of this study was on direct effect relationship while the current study looks at the moderating role of leadership on the relationship between outsourcing services and employee productivity.

Aunga and Masare (2017) looked into how teachers' performance in Arusha District elementary schools was affected by their leadership styles. This study used a descriptive survey approach and was quantitative in nature. The data collection tool was the questionnaire. There were 140 responders in the sample. The Statistical Package for Social Sciences (SPSS) was utilized for data analysis, and frequency distribution tables were used to display the results. Pearson's product moment correlation was employed to ascertain whet Aunga and Masare (2017) looked into how teachers' performance in Arusha District elementary schools was affected by their leadership styles. There is a considerable

association between Transformational Leadership Style and Teachers' Performance. The focus of this study was on how leadership influenced performance. On the contrary, the current study looks at how leadership moderates the direct effect relationship between outsourcing services and employee productivity.

Transformational leadership and its impact on middle-level leaders' job performance at Pelabuhan Indonesia III Inc. were studied by Eliyana and Ma'arif (2019). According to this study, organizational commitment and work satisfaction are directly and significantly impacted by transformational leadership. However, transformational leadership cannot directly affect work performance or have a significant impact on work performance when organizational commitment intervenes.

2.7 Moderating Effect of Leadership on Outsourcing Services and Employee Productivity

Duan *et al.*, (2021) looked into the moderating effect of leadership empowerment on the link between relational capital and firms' innovation performance in the entrepreneurial ecosystem. According to their research, trust and reciprocity have a positive moderating effect on inventive performance when it comes to leadership empowerment. On the relationship between transparency and innovation performance, however, leadership empowerment has no discernible moderating effect.

In their 2017 study, Jyoti *et al.*, sought to investigate the relationship between outsourcing and the organizational performance of medium-sized businesses, as well as the moderating effects of cost leadership, differentiation, and innovation initiatives. The relationship

between corporate performance and outsourcing is moderated by cost leadership, distinctiveness, and innovation activities. Furthermore, outsourcing companies have better financial results than non-outsourcing companies.

2.8 Knowledge Gaps

Previous research has demonstrated that employee productivity is significantly impacted by outsourcing services. Based on the empirical research and theory, it can be concluded that the current framework for studying employee productivity is insufficient and does not adequately explain how leadership or outsourcing increases staff productivity in firms. The primary emphasis of the studies was determined and knowledge gaps were recognized based on the examined literature, which guided the current investigation. In an effort to improve staff productivity, leadership, and outsourcing services, the research made an effort to close these gaps.

Table 2. 1: Summary and Research Gap Identification

Researcher (s)	Focus of Study	Findings	Knowledge Gaps	Present study focus
Ndichu (2017)	Investigated how employee productivity is impacted by incentives and rewards in First Community Bank	The study showed that First Community Bank has to develop a thorough pay plan that can inspire staff members to work more productively.	No evidence of role of leadership Findings generalized to First Community Bank	Considering the moderating potential of leadership Focused on outsourcing services Widens the scope of investigation
Noor (2020)	Effects of incentives systems on employee motivation in the context of manufacturing firms	The main finding included recommendations for strengthening the incentives and recognition program and raising staff motivation levels.	Study conducted in Indonesia	Replicate in the Kenyan context
Khan <i>et al.</i> , (2019)	Investigated the relationship and effect between demographic variables especially Age, gender and education background diversity and dependent variable Employee performance	Shows that there is positive relationship between independent variables (Age, gender, education background and ethnic diversity) and dependent variable (Employee performance).	Focused on Higher Education Sector in Pakistan Used cross sectional research design	Focusing on the Kenyan context Used Explanatory research design
Muthoni (2017)	examined employee performance and workforce diversity	that employee performance is impacted by workforce diversity management	a census survey	Used Explanatory research design

	management at Kenya's National Biosafety Authority	factors such as age, gender, marital status, and educational background employee performance in the company was unaffected by marital status.	Focused on Kenya Power and Lighting Company Ltd	Expanded the scope of investigation beyond workforce diversity
Samwel (2017)	how motivation, retention, selection, and recruiting affect Tanzanian manufacturing enterprises' performance	that hiring and retaining qualified, competent, and motivated staff members was critical to the success and prosperity of manufacturing organizations	Conducted in the context of Tanzania Focused on manufacturing firms	Focusing on the Kenyan context Focused on Service Industry
Boateng (2019)	evaluated how hiring external directors affected Ghanaian employees' productivity at work	found that employee job outcomes and external directors were somewhat correlated	Conducted in Ghana	Focusing on the Kenyan context Expanded the scope of investigation
AlHosani, and Fadillah Ismail (2019)	evaluated how perks and pay affect workers' productivity	that lecturers' performance levels are between medium and high. Furthermore, there exists a positive association between employee performance and salary	employees performance in UAE organizations.	Focusing on the Kenyan context Expanded the scope of investigation
Duan et.al., (2021)	moderating effect of leadership empowerment on the relationship between relational capital and firms' innovation performance in the entrepreneurial ecosystem	There is significant evidence that trust, reciprocity and transparency have positive impact on firms' innovation performance. Leadership empowerment positively moderates the impact of trust and reciprocity on innovation performance.	Focused on developed Country; China Focused on SMEs in China	Focused on the Kenyan Context Focused on Service Industry

2.9 Conceptual Framework

The researcher-based framework, shown in figure 2.1, served as the conceptual basis for this investigation. The researcher wants to find out how leadership affects employee productivity and outsourcing services in a moderating way using the framework. Age, gender, and experience of the employees served as the control variables. For the investigation, eight different hypotheses were developed.

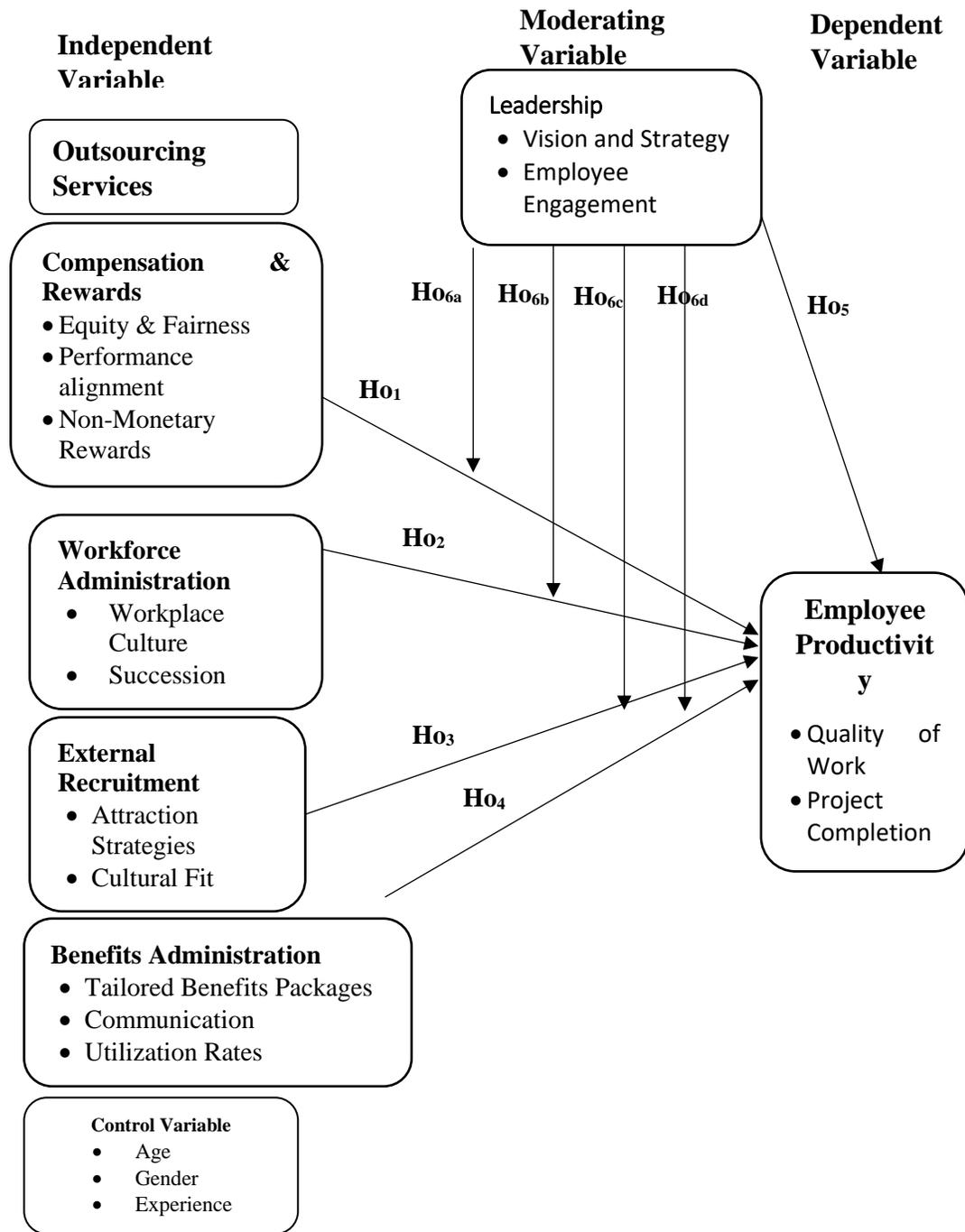


Figure 2.1: Conceptual Framework

Source: Researcher, 2020

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

This chapter covered the research methodology that guided the study in addressing the formulated objectives and research hypothesis. It included the target population, sampling technique, and research design that was used obtain the appropriate sample, data collection methods. Additionally, data analysis and ethical questions were covered in this chapter.

3.2 Research Design

A research design is characterized as a framework, method, or strategy utilized to produce responses to research questions (Creswell, 2014). Green and Tull (2009) considers it as the general project operational pattern or framework that specifies what data has to be gathered and from what sources using what methods. The explanatory research design was used in this investigation. Establishing the causes of the differences between the variables related to a study the main objective of the explanatory research design is the problem, which avoids changing any variables (Saldana, 2011). Explanatory research design is employed to investigate and clarify the reasons behind phenomena, relationships, or patterns observed in other studies. This helps in uncovering the "why" and "how" behind a particular occurrence, making it essential for developing theories. Usually quantitative in nature, it measures correlations between variables to evaluate previous hypotheses (Zohrabi, 2013). Because this study looked at the moderating role of leadership on the connection between employee productivity and outsourcing services, and the cause-and-effect connection between the two, the explanatory research design was chosen. The study

was non-experimental as no variables would be changed, and data was only collected once, therefore the design was deemed adequate.

3.3 Study Area

The investigation was conducted in Central Rift Headquarters Nakuru, Nakuru County (Appendix II) and it will target the employees of Kenya Power and Lightning Company (KPLC) which, as a limited liability company, was founded in accordance with Kenyan law's Company Act, Cap 486. A Board of Directors (BOD) oversees the corporation and speaks for the interests of its stakeholders. The company's mission is to install, transmit, and distribute power to people in North Rift and the surrounding areas in an economical and efficient way. Some time back the company embarked on a policy of outsourcing services as a way of cutting down on cost.

3.4 Target Population

The study's intended audience comprised the permanent workers of KPLC Company Nakuru branch whose composition includes managers, supervisors and support staff. The total population was 291 and was distributed in the three categories as shown on table 3.1. The population was chosen because they had information regarding the subject of interest. They were thought to be able to provide the vital information the investigator was seeking. The unit of analysis were the employees drawn from the following departments; finance, transport, HR/Administration, design and construction, transmission, project, health, safety and environment and security while the unit of observation will be The Kenya Power and Lighting Company Limited in Central Rift, Nakuru Kenya.

Blatter and Haverland (2012) define the target population as the group which an investigator hopes to apply study findings. All 291 of Kenya Power and Lightning Company Limited's permanent employees made up the study's target population in the following departments which practice outsourcing; finance, transport, HR/Administration, design and construction, transmission, project, health, safety and environment and security. Given that the target population was small, this study adopted a census because the units of study were not many and respondents are concentrated at KPLC, Nakuru County. Furthermore, all the elements of the population is accessible and costly to survey regarding expenses, duration, and additional resources. A methodology like this increases the validity of the data gathered by incorporating some cases with a lot of information for analysis (Saunders, Lewis, & Thornhill, 2000). Further, the study population is varied in its characteristics and hence the investigator wishes to capture this variety by adopting the census technique.

Table 3. 1: Target Population

Employee category/ Department	Finance	Transport	HR/Admi	Design and construction	Transmission	Project	Health safety and environment	Security	Total
Top managers	1	1	1	1	1	1	1	1	8
Middle managers	2	1	4	8	4	1			20
Support staff	40	16	12	134	45	14		2	263
Total	44	18	17	143	50	16		3	291

Source: KPLC Internal Records, 2021

3.5 Research Instruments

In the context of research, instruments are measurement devices made to produce data on a certain subject (Kothari, 2004). A range of instruments are employed in research to collect data. Among these are focus group discussion guides, surveys, interviews, focus group experiments, and observations (Flick, 2016). Data gathered for this investigation using means of a standardized questionnaire. In conducting the pilot study, this study included 29 respondents drawn from different departments in Kenya Power and Lighting Company Limited in Eldoret, North rift, Kenya. The choice of Eldoret for pilot testing was based on the consideration that it had similar characteristic to the study area. The number of respondents in the pilot study represented 10% of the population size. Kothari (2014) argues that allocating between 5% and 10% of the sample size for the pilot study is sufficient, whereas Saunders (2017) suggests that 10% of the sample size is adequate for such a study. This supports the selection of 10% in this analysis.

3.6 Type and Sources of Data

Information obtained directly from respondents is referred to as primary data. Employees' answers to questionnaires were primarily employed to gather quantitative data for the study. Utilizing qualified research assistants as support (2), the researcher delivered the questionnaire. The research assistants were hired with the intention of expediting the county process for gathering data.

3.6.1 Questionnaire

The research employed a questionnaire to gather data. In comparison to other instruments, the questionnaire is said to be perfect for surveying respondents who are spread out across a big geographic area and for covering a substantial amount of respondents in a comparatively brief period of time (Gibson, 2014). Sections A through E comprised the five sections that made up the questionnaire. The biographical information of the respondents was in Section A, and data on employee productivity was in Section B.

Subsequent sections C and E contained information from the employees concerning compensation, workforce administration, external recruitment, rewards and compensation and benefits administration respectively. The instrument was structured and five points were awarded for each of the item.

3.7 Measurement of Variables

There was one moderator variable, four independent variables, three control variables, and one outcome variable in this study. The predictor variables included; compensation, external recruitment, and benefits administration while the dependent variable was employee productivity. The questionnaire was used to measure these characteristics. Each construct was measured based on the respondents' responses to the items, and the following scores will be given: Strongly Agree (SA), Agree (A), Not Sure (NS), Strongly Disagree (SD), and Disagree (D). After being averaged, the scores were converted into variable indices.

3.7.1 Employee Productivity

Section B of the questionnaire had a series of closed-ended questions designed to provide data on staff productivity. The constructs included: enhancing employee hospitality skills, collaboratively coaching and mentoring, setting goals and tracking performance and motivating staff and rewarding success. These were measured using antecedents such as “I am satisfied that the leadership in my organization embraces dynamism that leads to high productivity and I am convinced that the leadership in my organization is competent enough to address issues affecting employee productivity”. The indicators used for employee productivity include: Quality of Work, Task/Project Completion Rates and Collaboration as depicted in the conceptual framework.

3.7.2 Compensation

Six closed-ended questions in section E of the survey were used to collect data on employee compensation. The structures included: salaries and wages, bonuses and long term incentives. These will be measured using its antecedents such as; “This organization has a compensation policy, the salary and benefits I receive in this organization is commensurate with my responsibilities”. The indicators used for compensation include: Equity and Fairness, Performance alignment and Non-Monetary Rewards as depicted in the conceptual framework.

3.7.2 Workforce Administration

Section F of the questionnaire contained six closed-ended items that were used to create data on workforce administration. The building blocks were skills development, mentorship, and communication and project management. Antecedents like "This firm ensures equitable treatment of all employees and this organization ensures that deployment are based on qualifications" were used to measure these. The indicators used for workforce administration include: Workplace Culture; Succession Planning and Resource Allocation as depicted in the conceptual framework.

3.7.3 External recruitment

The study measured gender and ethnicity diversity use the seven closed-ended questions in the employees' questionnaire's section D. It used the seven closed-ended questions in the employees' questionnaire's section D. It included topics including how well the company recruits and hires members of underrepresented groups, how concerned the

company is about the customs, cultures, and values of its employees, and how my ethnicity contributed to my low self-esteem at work. The indicators used for external recruitment include: Attraction Strategies; Cultural Fit and Diversity Initiatives as depicted in the conceptual framework.

3.7.4 Benefits Administration

Functional, educational and organizational tenure was assessed using the eight closed-ended items found in Appendix II's section F. Its components include: the capacity to generate novel concepts and solutions, the awareness of emerging opportunities, innovativeness at the place of work and knowledge, skills and abilities. The indicators used for benefits administration include: Tailored Benefits Packages; Communication and Utilization Rates as depicted in the conceptual framework.

3.7.5 Leadership

Eight closed-ended questions from section G of the questionnaire were used to measure this. The following were its constructs: information, creativity, autonomy, and responsibility. The indicators that were used to conduct the measurements included; “My supervisor delegates authority to me, there is enough flexibility and independence allowed in organization and I am encouraged to develop creative and innovative ideas”. The indicators used for leadership include: Vision and Strategy; Employee Engagement and Feedback and Recognition as depicted in the conceptual framework.

3.7.6 Control Variables

In order to eliminate competing theories, improve the exogenous variable's predictive ability, and strengthen the moderator, the study adjusted for variables that could have an impact on the endogenous variable. To be more precise, the control variable included of age and experience. Age was measured as below 20, 20–30, 31–40, 41–50, >55. Tenure was measured in years as: < 10 years; between 11-20years; between 21-30 years or >30yrs.

3.8 Validity and Reliability

For a research study to be accurate, its findings must be reliable and valid. The following steps will be carried done; pre-testing, reliability and validity.

3.8.1 Pre-test

A pre-test can assist assess the length of the questionnaire, clarity instructions, and what the respondents' overall views are on each topic. According to Cooper and Schindler (2011), the purpose of a pilot test is to ascertain equipment and design flaws as well as to supply proxies for data needed to choose a probability sample. The piloting of the research instrument involves administering it to a small, representative sample that mirrors the target group intended for the survey, without including them in the pilot phase. Piloting research instruments is crucial to ensure their validity and reliability in a study by identifying potential flaws in the design, clarifying questions, and assessing their appropriateness for the target population, allowing researchers to refine the instrument before conducting the full-scale data collection, ultimately leading to more accurate and meaningful results. In order to improve the questionnaire and make it easier for

respondents to answer the questions and, in turn, record the data, a pilot test was conducted. The pilot study was conducted in Uasin Gishu County. A total of 29 respondents drawn from different departments in Kenya Power and Lighting Company Limited in Eldoret, North rift, Kenya. The choice of Eldoret for pilot testing was based on the consideration that it had similar characteristic to the study area. The number of respondents in the pilot study represented 10% of the population size.

3.8.2 Validity of Research Instrument

The degree to which a device gauges what is anticipated of it is known as its validity (Bryman, 2016). Accurate data gathering and, thus, consistency in data collecting are made possible by reliable questionnaires. Face, content, criterion, and construct validities are the four categories of validity. The consensus that a question, scale, or measurement logically and properly reflects what it was designed to measure is known as face validity. A examination of the research instrument's items by supervisors and research methods experts from Moi University's School of Business and Economics established the instrument's face validity.

Second, the content validity of the research questionnaire was checked by experts agreed that the scale appears to be a good representation of the scale and measures what it was supposed to. Consequently, the tool for this study was given to an impartial panel of four (4) knowledgeable investigators, including two supervisors and two experts (1 in research methodology and other in the department of Management Science and Entrepreneurship), who rendered sensible assessment of the instrument's suitability for determining the

content validity. The specialists looked over the tool and assessed how each item related to the goals and research questions.

Criterion validity, according to Blumberg, Cooper, and Schindler (2008), aids in making predictions about a subject of interest to the researcher using a reliable measure. It should previously be established that the criterion measure is valid and dependable (Smithson, 2005). Depending on how it's measured, criterion-related validity can be either contemporaneous or predictive. Construct validity pertains to the examination of information that corroborates a portion of the research's hypotheses or the scale that provides answers to certain research inquiries. Construct validity refers to how well the measuring questions capture the existence of the constructs they are meant to capture (Saunders *et al.*, 2012). This study repeated measurement constructs that previous researchers had developed and empirically evaluated. The term "internal validity" describes a questionnaire's capacity to measure the intended variables. With the assistance of subject-matter specialists, the researcher made sure that validities for content, face, construct and criterion-related were met.

3.8.2.1 Factor Analysis

This study employed factor analysis to ascertain the relationship between sets of manifest and latent variables. Factor analysis can be used to condense a large number of variables or questions into a smaller number of "super variables," "latent variables," or factor variables (Field, 2013). A multivariate method called factor analysis can be used to determine whether the correlations found between a group of variables are due to a

relationship between the variables and a linear model for each of the data's latent variables, if there are any (Field, 2013).

To learn more about the underlying latent constructs—also referred to as factors—that underlie a set of observable data, the researcher looked at the co-variation among those variables. Confirmatory factor analysis (CFA) and exploratory factor analysis (EFA) are the two types of factor analysis. Latent variables, or variables that are difficult to measure directly, are measured using exploratory factor analysis (EFA). To establish how much the tool's items, connect to the latent components, the researcher conducted an exploratory factor analysis (EFA) (Field, 2013). It was useful in figuring out how a set of variables was structured generating a dataset into a more manageable size while retaining as much of the original data as is practical, and developing a questionnaire.

3.9 Reliability of the Research Instruments

The degree of consistency an element or collection of elements has in relation to the intended measurement is known as reliability. The robustness of the questionnaire and, specifically, its ability to yield consistent results under various circumstances and at different periods are what constitute reliability (Saunders *et al.*, 2012). According to Saunders *et al.*, (2012) and Hair *et al.*, (2007) dependability is the degree to which methods for gathering information or conducting analyses will produce results that are consistent.

According to Abbott and McKinney (2013), a measuring device's reliability is determined by how consistently it yields the same result when utilized. The internal consistency of this

strategy is superior than the others since it is more stable. method—which uses Cronbach—will be used (Cooper & Schindler, 2011; Becker, Bryman, & Ferguson, 2012).

The Cronbach's alpha coefficient, first introduced by Cronbach (1951), evaluates the consistency of an instrument and the degree to which a collection of items accurately captures a specific behavior or trait on the test. Drost (2011) recommends that estimates of reliability for a test ought should be determined by averaging the inter-correlations of each individual test item in order for the test to be considered internally consistent. When using Cronbach's Alpha coefficient for a reliability test, Pallant (2010) recommends that the result be more than 0.7. Sekaran and Bougie (2010), however, state that a Cronbach's Alpha score of 0.6 to 0.7 and higher is thought to be a sign of reliability. In Uasin Gishu County, a pilot test was conducted to estimate the Cronbach's alpha level. The internal consistency of all the questions or a subset of the questions was guaranteed by this test. As suggested by Pallant (2010), an alpha value of 0.7 and higher will be used as the threshold for assessing instrument dependability.

3.10 Data Collection Procedure

Permissions and necessary documents were obtained prior to data collection. After the University approved the research, research permission was received from the National Commission for Science, Technology, and Innovation (NACOSTI). The appropriate managers and authorities from the local and federal governments got in touch with the possible subjects after the permit was approved. The potential subjects were informed of the study's purpose and asked for their consent to participate. After consulting with the

possible subjects, the researcher selected the times and locations for distributing the surveys. After guiding the respondents through the filling process, the researcher distributed the questionnaires on time with the assistance of research assistants.

The "drop-and-pick-later" approach to administering the questionnaire was employed. According to Mathooko and Ogutu (2014), the approach lowers bias mistakes and improves accessibility for respondents who are spread out geographically. There was enough time for the respondents to complete the questionnaire. After the allotted time had passed, the completed questionnaires were collected and stored in a secure location until analysis. Four weeks were anticipated to pass during the data collection process.

3.11 Assumptions of Multiple Regression Model

Regression, akin to other parametric tests, operates under the premise that data possesses specific attributes, the breach of which influences the outcomes of the analysis (Field, 2017). Some of the assumptions are that data is taken from normally distributed populations, observations are of independent samples, and there is a linear relationship between variables in all populations. A range of tests were employed in the study to ensure that the assumptions remained unbroken.

Sampling adequacy, normality, linearity, multicollinearity and homogeneity tests will be conducted to determine whether the data are appropriate for inferring and generating conclusions.

- i. **Normality Tests:** Normality is a critical assumption in multivariate analysis (Hair *et al.*, 2010). It assumes that the errors in the prediction value of Y (dependent variable)

are normally distributed. The normality of the data was tested using degrees of skewness and kurtosis of the study variables. The study used Kolmogorov-Smirnov tests and Shapiro-Wilk tests to check for normality (Ghasemi & Zahediasi, 2012). Furthermore, if the tests are significant, the data is not normally distributed. Therefore, for data to be considered normal, the K-S and S-W tests should not be significant. Similarly, the study used histograms or normal probability plots to check for normality in the data distribution.

- ii. **Linearity:** The objective of the linearity test is to determine if the relationship between each predictor variable and the dependent variable is linear (Zientek, Kim & Bryn, 2016; Zikmund *et al.*, 2013). Both correlation and linear regression require a test of linearity. Good research on regression models indicates a linear connection between the predictor and the outcome variables. The linearity of the variables in this study will be evaluated using the value of considerable departure from linearity. If the sig. deviation from linearity is more than 0.05, this relationship is linear; otherwise, it is nonlinear.

- iii. **Homoscedasticity Test:** According to the linear regression assumption of homoscedasticity, the error variance does not significantly alter as a function of the predictor values (Hair *et al.*, 2006). The homoscedasticity assumption was tested using Levene's statistic for equality of variances.

- iv. **Multicollinearity:** It is known as multicollinearity when two or more variables have a high degree of correlation—that is, when they are not independent of one another—which influences how the regression parameters are estimated (Hair *et al.*, 2009). Multicollinearity complicates the evaluation and hypothesis testing of regression coefficients, making it difficult to interpret model coefficients and leading to inaccurate regression results (Gujarati, 2003).

Multicollinearity is present, according to Hair *et al.*, (2010), if the correlation value between the explanatory variables is greater than 0.9. In a similar vein, multicollinearity occurs when the VIF exceeds 10 (Stevens, 2009). In order to determine whether there was multicollinearity among the explanatory variables, the study used a correlation matrix and a VIF.

3.12 Data Analysis

The process of organizing, structuring, and providing context for the vast amount of data gathered during a study is known as data analysis (Hayes & Preacher, 2014). The analysis of the gathered data was conducted using Cronk's (2012) four-step methodology. These are the steps: coding, cleaning, making sense of the data. Data was analyzed by use of frequencies means and standard deviation and was presented in form of tables and charts.

3.12.1 Data Preparation and Cleaning

In order to prepare the gathered data for analysis, the responses were cleaned, checked for mistakes, and made clear, legible, and relevant. Visual examination was utilized to identify

data entry errors or implausible numbers, and range checks were employed to identify invalid and uncommon values.

The Statistical Package for Social Science (SPSS) program's frequencies function was used to identify missing variables and remove them from analysis (Cronk, 2012). For the information gathered from the staff survey, a code book will be created. A code book is a document that lists the steps involved in coding data and stores the generated codes in a format that can be read by computers (Field, 2017). After that, the data will be coded using the book. SPSS was used to construct files containing the information obtained from employee questionnaires. The data files will be keyed with the coded data. Methods that are quantitative will be used to analyze data.

3.12.2 Inferential Statistics

The methodological literature produced by researchers such as Baron and Kenny (1986), Preacher and Hayes (2004), Preacher *et al.*, (2007), Hayes (2012), and Hayes (2017), among other related scholars, served as guidance for the application of inferential statistics in evaluating the hypotheses H01 to H05d. To be more precise, equations for both linear and multiple regression were created and employed to test the proposed effects. The following is an explanation of these claims:

3.12.2.1 Test for Control Variables

In an investigation, a control variable is any variable that is either kept constant or that is restricted in some way. It is essential to exercise control over the potentially confounding

variables in order to prevent the incorrect rejection of hypotheses (Bartov *et al.*, 2000). Control variables are incorporated in order to lessen the likelihood of bias caused by omitted variables (Afrifa & Tauringana, 2015). This study will control for age, gender and experience. Age was measured likert scale range; 20–30, 31–40, 41–50, >55. Experience was measured in years as: < 10 years; between 11-20years; between 21-30 years or >30yrs and gender was measured using proxy 1 for male and 2 for female.

3.12.2.2. Testing for Direct Effects

Regression equations will be used to estimate the impact of the moderator variable on the relationship between the independent variable and the outcome variable. Diversity was the independent variable in the model, and it was expressed in terms of its four dimensions, namely; compensation, workforce administration, external recruitment, and benefits administration. Employee Productivity was the outcome variable while leadership was the moderating variable. The study generated four linear models, one for each hypothesis. The model involved the four dimensions of diversity and performance. The model was based on simple linear regression formula:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Y = employee productivity

b₀ = Constant

X₁ = Compensation

X₂ = Workforce Administration

X₃ = External Recruitment

X₄ = Benefits Administration

β₁ – β₄ = factor coefficients

ε = the error term

3.12.2.2 Test of Moderation

A moderating variable is one that modifies the intensity of a causal association, according to Rose *et al.*, (2004). It is described as a "variable that affects the direction or strength of the relationship between study variables" by Baron & Kenny (1986). To check for moderating effects, the study employed hierarchical multiple regression (Baron and Kenny, 1986). To reduce the impacts of multicollinearity, the independent variables were mean-centered prior to calculating the interaction terms. First, control variables in the model was regressed against employee productivity direct effects; Secondly, control variables and diversity i.e., compensation, external recruitment, and benefits administration aspects was regressed against employee productivity.

Thirdly, a moderating variable was added, and all the other factors were also regressed. Consequently, as shown in the hierarchical regression models below, the interaction term between the moderating and predictor factors was obtained by multiplying the two variables that resulted in an interaction effect carried out at different levels for each unique interaction:

Here was the model specification:

$$Y = \beta_0 + C + \varepsilon \dots \dots \dots \text{Model 1}$$

$$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots \dots \dots \text{Model 2}$$

$$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \varepsilon \dots \dots \dots \text{Model 3}$$

$$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \beta_6 X_1 * M + \varepsilon \dots \dots \dots \text{Model 4}$$

$$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \beta_6 X_1 * M + \beta_7 X_2 * M +$$

ε Model 5

$$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \beta_6 X_1 * M + \beta_7 X_2 * M + \beta_8 X_3 * M +$$

ε Model 6

$$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \beta_6 X_1 * M + \beta_7 X_2 * M + \beta_8 X_3 * M +$$

$\beta_9 X_4 * M + \varepsilon$ Model 7

Where:

Y	=	Employee productivity
β_0	=	Constant
C	=	Control variables (Age, Gender and Experience)
X_1	=	compensation
X_2	=	Workforce administration
X_3	=	external recruitment
X_4	=	benefits administration
M	=	leadership
$\beta_1 - \beta_9$	=	Coefficients of regression
ε	=	Error term

3.13 Hypothesis Testing

Inferential statistics were used to assess the quantitative data that was collected for the study. Using straightforward linear and hierarchical regression techniques, four hypotheses were investigated. Simple linear regression was used to test hypotheses one through four, while hierarchical regression was used to test the remaining hypotheses. Since regression is excellent at examining causal links between variables and illuminating the relative contributions of each explanatory variable to the explanation of fluctuations in

the dependent variable, it was selected (Cronk, 2012). The summary of hypotheses testing was shown in Table 3.2.

Table 3. 2: Summary of Hypotheses Testing

H₀	Statement	Test Statistics	Critical values/Decision Point
H₀₁	There is no significant effect of compensation on employee productivity	$\beta_1, p_1, F, R^2,$ t-test	$P \leq .05$ highly significant Supported or not supported Reject or accept
H₀₂	There is no significant effect of workforce administration on employee productivity	$\beta_2, p_2, F, R^2,$ t-test	$P \leq .05$ highly significant Reject or accept
H₀₃	There is no significant effect of external recruitment on employee productivity	$\beta_3, p_3, F, R^2,$ t-test	$P \leq .05$ highly significant Reject or accept
H₀₄	There is no significant effect of benefits administration on Employee productivity	$\beta_4, p_4, F, R^2,$ t-test	$P \leq .05$ highly significant Reject or accept
H₀₅	There is no significant effect of leadership on employee productivity	$\beta_4, p_4, F, R^2,$ t-test	$P \leq .05$ highly significant Reject or accept
H_{06a}	There is no moderating effect of leadership on the relationship between compensation and employee productivity.	$\beta_4, p_4, F, R^2,$ t-test	$P \leq .05$ highly significant Reject or accept
H_{06b}	There is no moderating effect of leadership on the relationship between workforce administration and employee productivity.	$\beta_1, p_1, F, R^2,$ t-test	$P \leq .05$ highly significant Reject or accept
H_{06c}	There is no moderating effect of leadership on the relationship between reward and employee productivity.	$\beta_2, p_2, F, R^2,$ t-test	$P \leq .05$ highly significant Reject or accept
H_{06d}	There is no moderating effect of leadership on the relationship between benefits administration and employee productivity.	$\beta_3, p_3, F, R^2,$ t-test	$P \leq .05$ highly significant Reject or accept

Source: Researcher, 2021

3.14 Ethical Consideration

In conducting this research, there is neither intent nor interest in violating the rights and welfare of the research participants. The sole objective of this study was to contribute to the development of systematic and verifiable knowledge. In this regard, the information obtained from the research participants were kept private, anonymous and confidential. Before initiating the data collection process, it was imperative to obtain the requisite authorization from Moi University. Furthermore, it was imperative to obtain research permission from the National Commission for Science, Technology, and Innovation (NACOSTI). The researcher aimed to address all ethical issues during the entire research process. During the development of the proposal, data collection, analysis and final thesis write up, plagiarism was avoided as much as possible by citing relevant sources and authorities of the information. The researcher sought consent from the participants before they were issued with questionnaires to fill. The respondents were informed of their right to voluntary consent or decline to participate and to withdraw participation at any time without penalty. Anonymity and confidentiality were upheld throughout the study by not disclosing the respondents name on the questionnaires.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The investigation presents interpretation and discussion of the moderating influence of leadership on the relationship between employee productivity and outsourcing services at Kenya Power and Lightning Company Limited, Nakuru County are presented in this chapter. Specifically, the study sought to analyze; effect of compensation, workforce administration, external recruitment, and benefits administration on employee productivity; it also sought to analyze the moderating effect of leadership on compensation,

workforce administration, external recruitment, benefits administration and employee productivity. Statistics that are both descriptive and inferential will be utilized for data analysis. Response rate, testing, correlation analysis, validity and reliability analysis, and descriptive analysis of hypotheses, and analysis of the study's results are the sections that make up the chapter's structure.

4.2 Response Rate

Information was gathered from workers who at Kenya Power and Lightning Company Limited, Nakuru County. Out of distributed questionnaires which stood at 291, 272 were filled and sent back, resulting in a response rate of 93.4%. Given that 75% of responses were considered outstanding and representative of the population, according to Nyamjom (2013), the response rate was deemed satisfactory. The current study's high response rate of 93.4% suggested that the response rate was excellent. The success rate was ascribed to the researcher self-administering the questionnaires with the study assistants' assistance who were able to reach out to most of the respondents. The willingness of the target sample to take participate in the research also aided the high response rate. To increase the high response rate, the researcher further followed up with calls to address any questions that were presented. Table 4.1 displays the response rate.

Table 4.1: Response Rate Questionnaire

	Count	Percentage
Returned	272	93.47%
Non-returned	19	6.53%
Total	291	100

Source: Research Data (2021)

4.3 Data Preparation and Cleaning

Coding the responses, cleaning, filtering, and choosing the best data analysis plan to test the hypothesis were all part of the data preparation process. Assigning a numerical symbol during coding allowed for speedy data entry and reduced analytical errors. After completing the questionnaire, each item was given a code that was entered into IBM SPSS version 23, a statistical analysis program. In order to guarantee accuracy and completeness, cleansing and screening the data required looking for missing replies, discrepancies, & additional mistakes.

4.4 Test for Outliers

Observations that diverge from the centroid are referred to as outliers (Zink *et al.*, 2018). This particular data point deviates considerably from previous findings (Hadi *et al.*, 2009). Observations that frequently diverge significantly from other observations are known as outliers. It was anticipated that multivariate outliers, which combine predictor and outcome factors, might arise. In these situations, it was essential to carefully examine the responses from the outlying elements in order to determine the cause of the outliers.

According to Zink *et al.*, (2018), the causes of the outliers could be anything from coding errors to inaccurate data to sample distributions for particular variables that may have more extreme distributions than average. Failing to clean outliers in research can have significant implications on the validity and reliability of the findings. Outliers can skew the results, leading to misleading conclusions. The presence of outliers can increase the likelihood of

Type I errors (false positives), where researchers incorrectly reject the null hypothesis, or Type II errors (false negatives), where they fail to reject a false null hypothesis. This can undermine the overall integrity of the research. Thus, testing for multivariate outliers among the study variables was crucial, for this reason. As a result, as Table 4.2 illustrates, cases having a value of less than 0.001 were not included in the study that followed.

Table 4.2: Test for Outliers

	Std.				
	Minimum	Maximum	Mean	Deviation	N
Mahal. Distance	.156	25.555	4.982	4.333	272

a. Dependent Variable: EmpPrd

4.5 Reliability of Instruments

The extent to which a scientific tool consistently produces data or results after multiple trials is known as its reliability. The Cronbach alpha coefficient, which is frequently used by researchers to evaluate the reliability of several items, was employed by the investigator. Using SPSS, a reliability test was also conducted to see whether the instruments fulfilled the required standards. When it comes to dichotomous questions (i.e., questions with two alternative responses) or Likert scale questions, a general guideline for interpreting alpha is as follows: $\alpha \geq 0.9$, great; $0.9 \geq \alpha \geq 0.8$, good; $0.8 \geq \alpha \geq 0.7$, acceptable; $0.7 \geq \alpha \geq 0.6$, dubious; $0.6 \geq \alpha \geq 0.5$, poor; $0.5 > \alpha$, undesirable. If an instrument's reliability coefficient was higher than the suggested cutoff point of 0.7, it was deemed reliable (Fraenkel & Wallen, 2000). Above 0.70 is the generally accepted threshold for Cronbach's alpha.

Reliability, according to Bryman & Bell (2007), is the capacity for the study to be repeated with the same outcome and the concept and result to be dependable. Although the study included measures from previously studied constructs, each item had to be assessed separately to see if it measured the same notion, in which case we would anticipate strong correlations across the items.

The results showed that all constructs had Cronbach's Alpha values that fell between the recommended range of 0.830 and 0.902, indicating the reliability of the data collection method. The study's scales for measuring constructs were found to be dependable based on the results of this reliability test. Table 4.3 displays the results of the reliability test.

Table 4. 3: Reliability Coefficients of Study Constructs

Construct	Cronbach's Alpha	Number of Items	Comment
Employee Productivity	.862	6	Good
Compensation	.830	6	Good
Workforce Administration	.902	6	Good
External Recruitment	.890	5	Good
Benefits Administration	.876	6	Good
Leadership	.882	8	Good

Source: Research Data (2021)

4.6 Factor Analysis

A big variable set is summarized using a smaller set of factors in the process of factor analysis, which is a method of reducing data using a particular strategy (Pallant, 2007). Anything that may be controlled or altered is referred to be a variable. The items or factors listed in each section of the questionnaire comprise the collection of variables considered in these analyses.

Items with a score of less than 0.3 are considered weak items and should be excluded in order to demonstrate the validity of the factors or whether factor analysis is appropriate. The Bartlett Test of Sphericity and the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy were employed to improve the factorability of the data (Pallant, 2007). According to this, a decent factor analysis should have a minimum value of 0.6 for the Bartlett Test of Sphericity, which is regarded significant if it is less than 0.05, and a Kaiser-Meyer-Olkin (KMO) index, which should range from 0 to 1 (Pallant, 2007).

4.6.1 Factor Analysis for Study variables

Principal component analysis with Varimax rotation was used to examine 37 items. Kaiser–Meyer–Olkin (KMO) had a value of 0.838, which is greater than the recommended value of 0.50 (Fisher,2005). In this study, the Bartlett's test proved significant, with a chi-square value of 4828.058 at degrees of freedom $df = 666$ and a significant level of $p\text{-value} = 0.001$. As a result, the KMO value of 0.838 and the significance of Bartlett's statistic confirm the factor analysis's suitability for the data set.

All variables; employee performance EP (dependent variable), compensation, work administration WA, external recruiting ER, benefits administration BA, (independent variable), and leadership L (moderator) had their factor loadings sorted by size. Any item that did not match the criterion for a factor loading value more than 0.50 and loading on a single factor will be excluded from the study.

Furthermore, all of the communalities were higher than .30, indicating that every item had a common variation with other things. Communalities are related to the portion of the original variable's fluctuation that the high loading factors explain. It was decided that factor analysis would work well with the study's items in light of these general indicators.

Each factor has an eigenvalue more than 1.0 (5.05, 4.26, 3.86, 3.50, 3.27, and 2.70) suggesting that it could be able to explain more variance than just one variable. The six components together account for 61.24 percent of the variation. Put otherwise, almost 61.2 percent of the diversity among the 37 items may be explained or accounted for by these six factors. Consequently, these results establish the construct validity.

Table 4. 4: Rotated Component Matrix

	Component					
	Leadership	Work Administration	Benefits Administration	Employee Productivity	External Recruitment	Compensation
EP1				.800		
EP2				.805		
EP3				.771		
EP4				.747		
EP5				.730		
EP6				.711		
C_R1						.678
C_R2						.747
C_R3						.700
C_R4						.740
C_R5						.777
C_R6						.727
WA1		.798				
WA2		.819				
WA3		.867				
WA4		.830				
WA5		.838				
WA6		.742				
ER1					.792	
ER2					.871	
ER3					.841	
ER4					.852	
ER5					.816	
BA1			.828			

BA2		.818
BA3		.776
BA4		.791
BA5		.769
BA6		.712
L1	.607	
L2	.717	
L3	.788	
L4	.758	
L5	.778	
L6	.776	
L7	.725	
L8	.760	

Source: Research Data, 2021

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.834
Bartlett's Test of Sphericity	Approx. Chi-Square		4635.254
	df		666
	Sig.		.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared			Rotation Sums of Squared		
	Total	Loadings		Total	Loadings		Total	Loadings	
		% of Variance	Cumulative %		% of Variance	Cumulative %		% of Variance	Cumulative %
1	5.053	13.657	13.657	5.053	13.657	13.657	4.525	12.231	12.231
2	4.268	11.535	25.192	4.268	11.535	25.192	3.990	10.785	23.016
3	3.860	10.431	35.623	3.860	10.431	35.623	3.760	10.163	33.178
4	3.500	9.460	45.083	3.500	9.460	45.083	3.590	9.703	42.882
5	3.273	8.847	53.930	3.273	8.847	53.930	3.500	9.460	52.342
6	2.706	7.313	61.243	2.706	7.313	61.243	3.293	8.901	61.243

Extraction Method: Principal Component Analysis.

Source: Research Data, 2021

4.7 Descriptive Statistics of Study Variables

According to Garson (2012) all forms of quantitative analysis presume sound measurement which is relatively free from coding errors. It is therefore good practice to run descriptive statistics on one's data in such a way that one is sure that the data is generally as anticipated in terms of means and standard deviations. Descriptive statistics analysis was performed on all variables after factor analysis on the remaining items namely; employee productivity, compensation, workforce administration, external recruitment, wages and salaries, benefits administration and leadership. The descriptive statistics performed include mean and standard deviation.

4.7.1 Respondents' Demographic Information

Demographic information provide data regarding research participants and is necessary for the determination of whether the individuals in a particular study are a representative sample of target population for generalization purposes (Salkind, 2010). Respondents were asked to provide information on their demographic profile, including gender, age and experience. It was crucial to comprehend the attributes of the unit of analysis as it provides a foundation for further analysis of the specific research objectives and their findings using descriptive statistics, frequency tables and percentages. This helps in shedding the light on the nature and caliber of the respondents from which interpretation would be justifiably made.

Table 4. 5: Demographic Characteristics of Respondents

Demographic Data		No of Respondents	% no. of respondents
Gender	Male	138	54.3
	Female	116	45.7
	Total	254	100
Age (Years)	Below 20	38	15.0
	21-30	62	24.4
	31-40	51	20.1
	41-50	77	30.3
	Over 50	26	10.2
	Total	254	100
Experience (Years)	Less than 10	62	24.4
	11-20	84	33.1
	21-30	83	32.7
	Over 30	25	9.8
	Total	254	100

Source: Research Data, 2021

Table 4.5 displays the respondents' gender distribution, indicating that the majority were male 138 (54.3%), while the female representation was 116 (45.7%). As a result, the study's results were sensitive to gender, as nearly equal numbers of respondents from each gender participated in the research. While the male respondents represent a slightly larger proportion of the workforce, the productivity implications depend on various factors including tasks, work environments, and roles. Organizations should ensure that both genders have equal opportunities for contribution and that gender dynamics in the workplace do not favor one group over another. Creating an inclusive work culture is likely to enhance overall productivity.

The majority of respondents 77 (30.3%), were between the ages of 41 and 50. Next in line were those between the ages of 21 and 30, 62(24.4). This was followed by those between the ages of 31-40 years representing 51(20.1%). Those whose ages ranged below 20 years were 38 (15.0%). Lastly those above 50 years were 26(10.2%). As a result, opinions from a range of age groups within the community have been recorded, which is crucial given the current study's setting. The majority of respondents are in the 41-50 age group. This indicates a more experienced workforce, typically associated with higher productivity due to accumulated knowledge and skills. However, younger employees (21-30) can bring energy and innovation. Organizations need to balance these age groups, leveraging the experience of older employees while fostering the enthusiasm and fresh perspectives of younger employees.

On the aspect of work experience, most responders had 11–20 years of work experience 84 (33.1%), in the position they held followed by 21-30 years with 83 (32.7%). Respondents with working experience of less than 10 years were 62(24.4%) and lastly those whose experience was over 30 years were 25(9.8%). The data shows that the largest segment of employees has between 11-30 years of experience. Employees in these brackets are likely to be more productive as they possess considerable knowledge and expertise. However, the 9.8% with over 30 years of experience can also signify potential mentorship roles, contributing to enhanced productivity through knowledge transfer. Organizations might benefit from creating mentorship programs to utilize this wealth of experience effectively. The blend of gender, age, and experience suggests a well-rounded workforce, which, when managed correctly, can lead to high productivity. Diversity in experience can enhance

problem-solving, creativity, and knowledge sharing. The demographic distribution suggests opportunities for improved productivity through strategic management of a diverse workforce. By capitalizing on the strengths of each demographic group, organizations can foster a more productive work environment.

The correlation between age and work experience is significant due to the fact that, in general, as one gets older, their level of professional experience likewise rises. A solid knowledge foundation is mirrored in one's years of professional experience. A larger knowledge base suggests a deeper capacity to conceive work-related processes, which in turn has an effect on performance. Employees take advantage of their advancing years to broaden their knowledge bases and develop the expertise necessary to do their jobs successfully.

4.7.2 Descriptive Statistics for Leadership

This variable is employed as the dependent variable in this research, and it is measured on a five-point Likert scale (where 5 represents strong agreement, 4 agree, 3 indicates neutrality, 2 disagree, and 1 indicates strong disagreement with the statement) using the six retained items following factor analysis. Findings of the analysis are summarized as illustrated in table 4.6.

Table 4. 6: Mean and Standard Deviation for Employee Productivity

	Mean	Std. Deviation	Skewness	Kurtosis
EP1: I am satisfied that the leadership in my organization embraces dynamism that leads to high productivity	3.76	1.526	-.982	-.620
EP2: The leadership in my organization is responsible to the needs of the employees' productivity	3.50	1.644	-.664	-1.269
EP 3: I am convinced that the leadership in my organization is competent enough to address issues affecting employee productivity	3.71	1.586	-.838	-.976
EP4: The leadership in my organization is visionary enough to inspire confidence among the employees	3.59	1.670	-.711	-1.258
EP5: The organization promotes proper communication between its employees	3.55	1.379	-.706	-.789
EP6: The leadership of my organization values the input of all employees in decision making	3.72	1.458	-.886	-.695
Employee Productivity	3.64	1.54	-0.79	-0.93

Source: Research Data, 2021

Table 4.6 displays the standard deviation and mean score for the items on employee productivity. It is worth noting that the mean response approximates to 3.64 (neutral) on the 5-point scale used in the questionnaire indicating that respondents generally were unsure on the items relating to employee productivity. Additionally, the low total standard deviation for compensation indicates that the answers are concentrated around the overall mean response. Additionally, the table presents the analysis's findings, indicating that the majority of respondents shared the belief that they were unsure whether that the leadership in the organization embraced dynamism that led to high productivity as this item had the highest mean of 3.76 with a standard deviation of 1.526 followed by an item on the leadership in

the organization values the input of all workers in decision making which scored a mean of 3.72 with a standard deviation of 1.458. Rating of the competence of the organization in addressing the questions of whether the organization's leadership is imaginative enough to instill trust in its workers and how much it affects employee productivity had respective means of 3.71 and 1.586 and 3.59 and 1.670. The mean rating for the organization's promotion of appropriate communication among its employees was 3.55, with a standard deviation of 1.379. The question of whether organizational leadership is accountable for meeting workers' productivity demands received a mean score of 3.50 and a standard deviation of 1.644. The overall response on employee productivity was neutrality, mean = 3.64, Standard Deviation = 1.54.

While kurtosis is a measure of tail extremity that indicates either the presence of outliers in a distribution or its potential to produce outliers, skewness quantifies the degree and direction of asymmetry. The generally recognized thumb rule of not larger than 2 for skewness and not larger than 7 for kurtosis (Kim, 2013; Watkins, 2018), suggests that the deviation from the norm is not too great. Table 4.6's results for skewness and kurtosis revealed that all values fell within the permitted range, indicating that while asymmetry may exist, it is not substantial and that the data may be impacted by a negligible number of outliers. This suggests that everything is normal. From the findings of the study, it can be said that were neutral regarding the effect of outsourcing on employee productivity. It is evident from this indicates the statement was accepted by the majority of respondents to some extent. This suggests that staff productivity has generally increased as a result of outsourcing.

4.7.3 Descriptive Statistics for Compensation

This variable is measured on a five-likert scale using the six retained items following factor analysis as the outcome variable in this study. The analysis's inferences are summarized as illustrated below.

Table 4. 7: Descriptive Statistics for Compensation

	Mean	Std. Deviation	Skewness	Kurtosis
C1: This organisation has a compensation policy	4.35	.805	-2.142	6.648
C2: The non-monetary benefits that I receive here are better than those I could get at other organisations	3.96	1.189	-1.275	.744
C3: My organisation has transparent and equitable policy of compensation	4.13	1.076	-1.529	1.861
C4: People who are hardworking and result-oriented are rewarded in the organisation	4.00	1.219	-1.333	.798
C5: The salary and benefits I receive in this organisation is commensurate with my responsibilities	4.01	1.226	-1.431	1.063
C6: Compensation is satisfactorily reviewed from time to time and are based on job performance.	4.11	1.113	-1.647	2.148
Compensation	4.09	1.10	-1.56	2.21

Source: Research Data, 2021

The standard deviation and mean score for the compensation-related items are displayed in Table 4.7. Remarkably, the average response nearly equals 4.09 (yes) on the 5-point Likert scale employed in the survey, suggesting that participants were broadly in agreement with the compensation-related topics. Additionally, the low total standard deviation for compensation indicates that the answers are concentrated around the overall mean response.

The analysis's findings are displayed in the table, which shows that the majority of respondents felt as follows; they were in agreement with the item that the organization has a compensation policy which had a mean score of 4.35 and a standard deviation of .805. In addition, they agreed that Kenya Power and Lighting Company had has transparent and equitable compensation policy which had a mean of 4.13. This was followed by an item on people who are hardworking and result-oriented are rewarded in the organisation which had a mean of 4.00 and standard deviation of 1.219.

Ratings for the items regarding my pay and benefits in this organization are commensurate with my responsibilities and are based on job performance. The mean and standard deviation for this item was 4.01 and 1.226, respectively, and the item about compensation is satisfactorily reviewed on a regular basis. The respondents' opinions on whether the non-monetary benefits they obtain from this organization are superior to those they could receive from other organizations were divided, as illustrated by the 3.96 mean and 1.189 standard deviation of the responses. The overall mean response was agree, mean= 4.09, standard deviation = 1.10. In addition, the values of the skewness and kurtosis as displayed are within the acceptable values.

The implication of this finding is that significant savings would be created for the salaries since the hiring and training costs would be avoided due to outsourcing. The employee benefits connected to the cost of the newly hired employees will produce savings as well. On the other hand, an enhanced company compensation package would influence employee commitment, performance and productivity.

4.7.4 Descriptive Statistics for Workforce Administration

In this study, workforce administration is the independent variable and was measured using the six after conducting a factor analysis on a five Likert scale. Findings of the analysis are summarized as shown in table 4.8.

Table 4. 8: Descriptive Statistics for Workforce Administration

	Mean	Std. Deviation	Skewness	Kurtosis
WA: This firm ensures equitable treatment of all employees	4.03	1.182	-1.493	1.407
WA2: This organization is continually making effort to reduce gender imbalances	4.03	1.135	-1.437	1.374
WA3: My organization ensures objectivity in rewards	4.10	1.155	-1.552	1.664
WA4: This organization ensures promotions on merit	4.18	1.050	-1.681	2.490
WA5: This organization encourages productive relationships amongst employees	4.08	1.144	-1.615	1.960
WA6: This organization ensures that deployment are based on qualifications	3.99	1.156	-1.347	1.068
Workforce Administration	4.06	1.13	-1.52	1.66

Source: Research Data, 2021

The mean score and standard deviation for the workforce administration items are displayed in Table 4.8. Interestingly, the overall mean response almost corresponds to 4.06 (agree) on the questionnaire's 5-point rating system, suggesting that respondents were generally in agreement with the workforce administration-related topics. Additionally, the workforce

administration overall standard deviation is low, suggesting that the replies are contained inside a narrow band around the overall mean response.

Results of the analysis confirm that, the majority of responders shared the belief that the Kenya Power and Lighting Company ensures equitable treatment of all employees as this item had a mean of 4.03 and a standard deviation of 1.182. Rating for the item on the organization is continually making effort to reduce gender imbalances and the item on the organization ensures objectivity in rewards had means of 4.03 and 4.10 and standard deviations of 1.135 and 1.155 respectively. The item on the organization ensures promotions on merit had a mean of 4.18 and a standard deviation of 1.050. Rating for the items on this organization encourages productive relationships amongst employees and this organization ensures that deployment is based on qualifications had mean scores of 4.08 and 3.99 and standard deviations of 1.144 and 1.156 respectively. The overall mean response was agree, mean= 4.06, standard deviation = 1.13.

Furthermore, the skewness and kurtosis values that are shown fall within the permitted ranges. Additionally, the result demonstrates that there were no issues with skewness or kurtosis (-1.52 and 1.66).

4.7.4 Descriptive Statistics for External Recruitment

External recruitment variable is used as the predictor variable in this study and was measured using the five retained items after factor analysis on a five Likert scale. Findings of the analysis are summarized as shown in table 4.9

Table 4.9: Descriptive Statistics for External Recruitment

	Mean	Std. Deviation	Skewness	Kurtosis
ER1: This firm has a clear external recruitment policy	4.07	1.167	-1.491	1.412
ER2: My organization has an effective HR policy	4.10	1.195	-1.599	1.674
ER3: There is enough manpower available in this organization	3.99	1.345	-1.369	.565
ER4: This organization follows a proper recruitment criterion when employing new employees	4.15	1.190	-1.696	1.979
E5: There is lack of motivation by employees in this organization	3.38	1.622	-.443	-1.469
External Recruitment	3.938	1.3038	-1.3196	0.8322

Source: Research Data, 2021

The standard deviation and mean score for the wage and salary elements are displayed in Table 4.9. Interestingly, the overall mean response roughly corresponds to 3.93 (neutrality) on the questionnaire's 5-point rating system, suggesting that respondents typically were neutral on the items relating to external recruitment. Additionally, the low total standard deviation for wages and salaries suggests that the responses are concentrated around the general mean response. Findings of the analysis show that respondents had similar opinion on the items that this firm has a clear external recruitment policy with a mean and standard deviation of (M= 4.07; SD= 1.167) and the item on my organization has an effective HR policy had a mean and standard deviation of (M= 4.10; SD= 1.195). Rating for the item on enough manpower available in this organization had a mean and standard deviation of (M= 3.99; SD= 1.345) whereas item on the organization following a proper recruitment criterion when employing new employees had a mean and standard deviation of (M= 4.15; SD= 1.190). The item on lack of motivation by employees in this organization had a mean and

standard deviation of (M= 3.38 SD= 1.622). The overall mean response was neutral, mean= 3.938, standard deviation = 1.3038. In addition, the values of the skewness and kurtosis as displayed are within the acceptable values.

4.7.5 Descriptive Statistics for Benefits Administration

In this study, benefits administration variable is used as the independent variable and was measured using the seven retained items after factor analysis on a five Likert scale. Findings of the analysis are summarized as shown in table 4.10.

Table 4.10: Descriptive Statistics for Benefits Administration

	Mean	Std. Deviation	Skewness	Kurtosis
BA1: This organization has social benefits administration policy	4.13	1.191	-1.655	1.859
BA2: The benefits administration increases the employees' social security taxes	4.08	1.161	-1.658	2.019
BA3: My organization uses benefit administration to pay workers compensation insurance	4.13	1.119	-1.778	2.609
BA4: My organization has an annual leave cover	4.19	1.099	-1.776	2.611
BA5: This organization provides medical leave cover to its employees	4.20	1.051	-1.922	3.476
BA6: I like working for this firm because it encourages employee retention.	3.95	1.267	-1.360	.759
Benefits Administration	4.1133	1.148	-1.6915	2.22217

Source: Research Data, 2021

The standard deviation and mean score for the benefits administration items are displayed in Table 4.10. Notably, Using the 5-point rating system included in the survey, the aggregate mean response roughly corresponds to 4.11 (agree), showing that participants were generally in agreement on the issues pertaining to benefits administration. Furthermore, a

low total standard deviation for benefits administration is seen, suggesting that answers are concentrated around the general mean response.

Additionally, the table presents the analysis's findings, indicating that the majority of respondents shared the belief that KPLC has social benefits administration policy. This item had a mean and standard deviation of ($M = 4.13$; $SD = 1.191$). The item on benefits administration increases the employees' social security taxes shows that respondents were in agreement as shown by the mean and standard deviation ($M = 4.08$; $SD = 1.161$). Rating on the items that KPLC uses benefit administration to pay workers compensation insurance and that it has an annual leave cover had a mean and standard deviation of ($M = 4.13$; $SD = 1.119$) and ($M = 4.19$; $SD = 1.099$). Similarly rating on the item that this organization provides medical leave cover to its employees had a mean and standard deviation of ($M = 4.20$; $SD = 1.051$). The rating of the item on I like working for this firm because it encourages employee retention had a mean and standard deviation of ($M = 3.95$; $SD = 1.267$). The study's results in table 4.10 concerning skewness and kurtosis showed all values were within the acceptable range indicating that, despite the possibility of asymmetry, it is not significant and that the amount of outliers affecting the data is negligible.

4.7.8 Descriptive Statistics for Leadership

The leadership variable, which serves as the study's independent variable, was assessed using a five-point Likert scale and the seven items that were kept after factor analysis. Table 4.11 presents a summary of the analysis's findings.

Table 4. 11: Descriptive Statistics for Leadership

	Mean	Std. Deviation	Skewness	Kurtosis
L1: My job status influences the leadership style adopted in my organization	3.87	1.255	-1.263	.564
L2: My supervisor gives me an opportunity to contribute to the decision making in my organization	3.93	1.321	-1.282	.411
L3: My boss uses democratic style of leadership	4.18	1.069	-1.749	2.652
L4: My boss consults me before taking decision that affects everybody in the organization	4.13	1.388	-1.547	.876
L5: The gender of your boss affects the way he/she discharges his/her duties	4.12	1.132	-1.666	2.102
L6: I believe that effective leadership style can help enhance the productivity of an employee	4.22	1.041	-1.880	3.323
L7: I agree that the style of leadership influences the way employees discharge their duties	4.15	1.068	-1.795	2.896
L8: The organization cannot achieve its goals without effective leaders	4.13	1.110	-1.720	2.440
Leadership	4.0912	1.173	-1.6128	1.908

Source: Research Data, 2021

The mean score and standard deviation for the leadership components are displayed in Table 4.11. Interestingly, the overall mean response almost corresponds to 4.09 (yes) on the questionnaire's 5-point scale, suggesting that respondents were generally in agreement with the leadership-related questions. Additionally, the low overall standard deviation for leadership indicates that the responses are concentrated around the general mean response. Additionally, the table presents the analysis's findings, indicating that the majority of respondents shared the belief that job status influences the leadership style adopted in my organization. This item had a mean and standard deviation of (M= 3.87; SD= 1.255). Rating on the item on supervisor gives an opportunity to contribute to the decision making in my

organization had a mean and standard deviation of (M= 3.93; SD= 1.321). The item on my boss uses democratic style of leadership had a mean and standard deviation of (M = 4.18; SD = 1.069). Rating of item on my boss consults me before taking decision that affects everybody in the organization had a mean and standard deviation of (M = 4.13; SD = 1.388). The item on the gender of your boss affects the way he/she discharges his/her duties had a mean and standard deviation of (M = 4.12; SD = 1.132). Rating on the item on effective leadership style can help enhance the productivity of an employee had a mean of (M= 4.22; SD= 1.041). Rating of the item on the style of leadership influences the way employees discharge their duties had a mean and standard deviation of (M = 4.15; SD = 1.068). The item on the organization cannot achieve its goals without effective leaders had a mean and standard deviation of (M= 4.13; SD= 1.110).

4.8 Data Transformation for Main Variables

Following factor analysis, any items that failed to meet loading criteria were removed, and the average score for each variable was used to convert the categorical data to an interval scale. The data transformation results are displayed in Table 4.12. Based on responses ranging from 1 to 5, leadership had the greatest mean (4.05) and standard deviation (0.91; skewness = -0.90, kurtosis = 0.18). This suggested that the majority of respondents had a common viewpoint and understanding of leadership. Additionally, the survey reveals that participants also agree with the claims of benefits administration which had a mean of 4.04 and standard deviation of 0.72 with responses ranging between 1 and 5 (skewness = -0.4, kurtosis = -0.82) and work administration which also had a mean of 3.94 and standard deviation of 0.78 with responses ranging between 1 and 5 (skewness = -1.40, kurtosis = 2.43)

respectively. This was followed compensation construct with a mean of 3.84 and a standard deviation of 0.75. Responses of this variable ranged from 1 and 5 (skewness = -0.504, kurtosis = -0.31). External recruitment construct had a mean of 3.81 and a standard deviation of 0.91. Responses of this variable ranged from 1 and 5 (skewness = -1.18; kurtosis = 0.18). Employee productivity had the least mean of 3.59 and a standard deviation of 0.79. Responses to this construct ranged from 1 and 5 (skewness = -0.42, kurtosis = -0.27).

Table 4. 12: Descriptive Statistics for the Constructs

Descriptive Statistics									
	N	Minimu m	Maximum	Mean	Std. Deviation	Skewness	Std. Error	Kurtosis	Std. Error
EmpPrd	265	1.00	5.00	3.5917	.79860	-.423	.148	.271	.294
CompRew	265	1.50	5.00	3.8467	.75059	-.504	.148	-.319	.294
WorkAdm	265	1.00	5.00	3.9475	.78171	-1.406	.148	2.437	.294
ExtrnRecrt	265	1.00	5.00	3.8199	.91144	-1.182	.148	1.182	.294
BenAdmn	265	2.00	5.00	4.0491	.72888	-.400	.148	-.823	.294
Leadership	265	1.00	5.00	4.0514	.91189	-.905	.148	.180	.294
Valid N (listwise)	265								

Source: Research Data, 2021

4.9 Tests for Regression Assumptions

To find out how much the data matches the assumption, regression assumptions were tested. According to Osborne and Waters (2002), when the assumptions are not followed, the results could lead to Type I or Type II errors, as well as an over- or underestimation of the significance of the impact size. The researcher's comprehension and testing of the presumptions and the repercussions of violations are essential to meaningful data analysis. Two independent variables are needed for a regression analysis; these variables can be nominal, ordinal, or at the interval/ratio level.

The research identifies normality, linearity, independence of errors, homoscedasticity, and collinearity as the regression analysis assumptions of greatest relevance.

4.9.1. Normality Test

The normalcy test is used to ascertain whether the data sets are normally distributed, according to Saunders *et al.*, (2007). According to the definition of normalcy, the test's distribution is bell-shaped, with a mean of 0 (zero), a standard deviation of 1, and a symmetric bell-shaped curve.

To help determine whether the data was normally distributed, the normalcy test was run. The data is regularly distributed, as shown by an examination of the regression scaled residual histogram (Figure 4.1). Furthermore, it was shown that the regression standardized residual (Figure 4.1) was normally distributed, meaning that there were no significant discrepancies between the actual and expected values, which fell in a straight line.

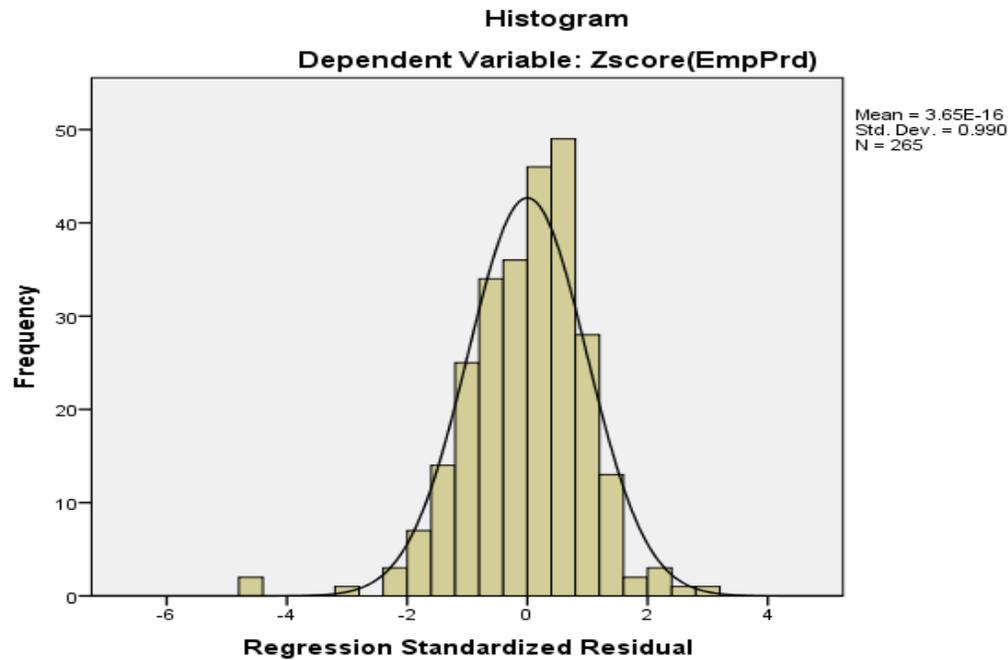


Figure 4. 1: Normality Test

Source: Research Data, 2021)

4.9.2 Linearity Tests

The P-P plot of the scores, which are represented by a straight line, was examined for simplicity in order to test the linearity assumption in this study. Additionally, the coefficient of determination (R^2) was calculated and is displayed in Figure 4.1. This regression equation is particularly helpful for making predictions because R^2 is relatively near to 1. R^2 Linear = .990 in Figure 4.2 shows that independent and moderating variables account for 99% of the variation in employee performance (compensation, work administration, external recruitment, benefits administration, and leadership).

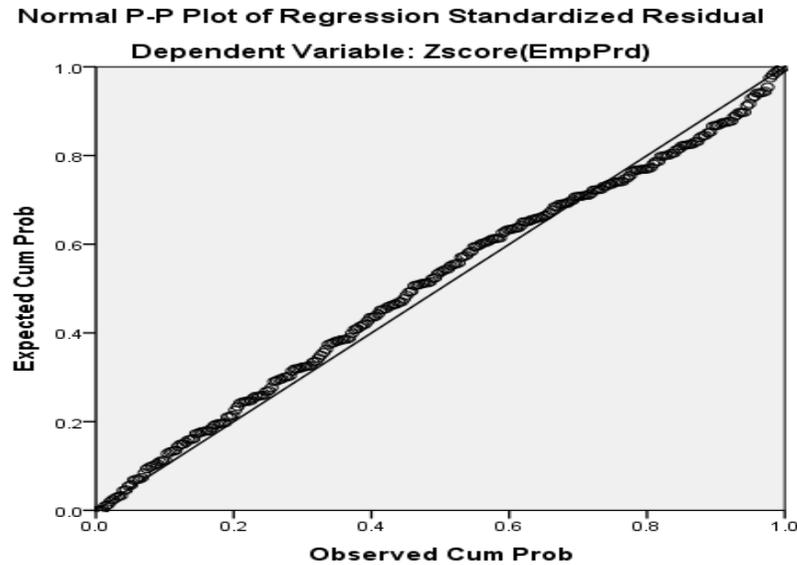


Figure 4. 2: Linearity Test

Source: Research Data, 2021

4.9.2. Multicollinearity

To find out If the multiple regression model has two or more predictor (independent) variables, then they are substantially linked, the study performed a multicollinearity test. To test for multicollinearity, the research employed tolerance and variance inflation factor (VIF) values for the predictors. $VIF > 4.0$ and tolerance < 0.20 generally indicate a problem with multicollinearity in the analysis. There is no evidence of multicollinearity because According to Hair *et al.*, (2010), the VIF is less than 4.0 and all variables have tolerance levels greater than.2.0.

Table 4.13: Multicollinearity Analysis

		Coefficients ^a						
		Unstandardized		Standardized		Collinearity Statistics		
		Coefficients		Coefficients				
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-.537	.260		-2.065	.040		
	CompRew	.410	.054	.397	7.603	.000	.665	1.505
	WorkAdm	.235	.049	.218	4.792	.000	.879	1.138
	ExtrnRecrt	.074	.046	.081	1.598	.111	.702	1.424
	BenAdmn	.237	.055	.224	4.320	.000	.673	1.485
	Leadership	.096	.045	.109	2.113	.036	.678	1.475

a. Dependent Variable: EmpPrd

Source: Research Data, 2021

4.9.3. Homoscedasticity Test

Homoscedasticity is the assumption that the variability of a variable is unequal across the range of values of a second variable that predicts it (Vinod, 2008). As illustrated by the residual scatter plot (Figure 4.3), the variance of residuals is assumed to be constant for all predicted values of the dependent variable, implying homoscedasticity. The residuals are distributed randomly around 0, resulting in a rather uniform distribution. When the residuals are not uniformly distributed, heteroscedasticity exists. Osborne and Waters (2002) recommend that residuals be between -2 and/or +2 points.

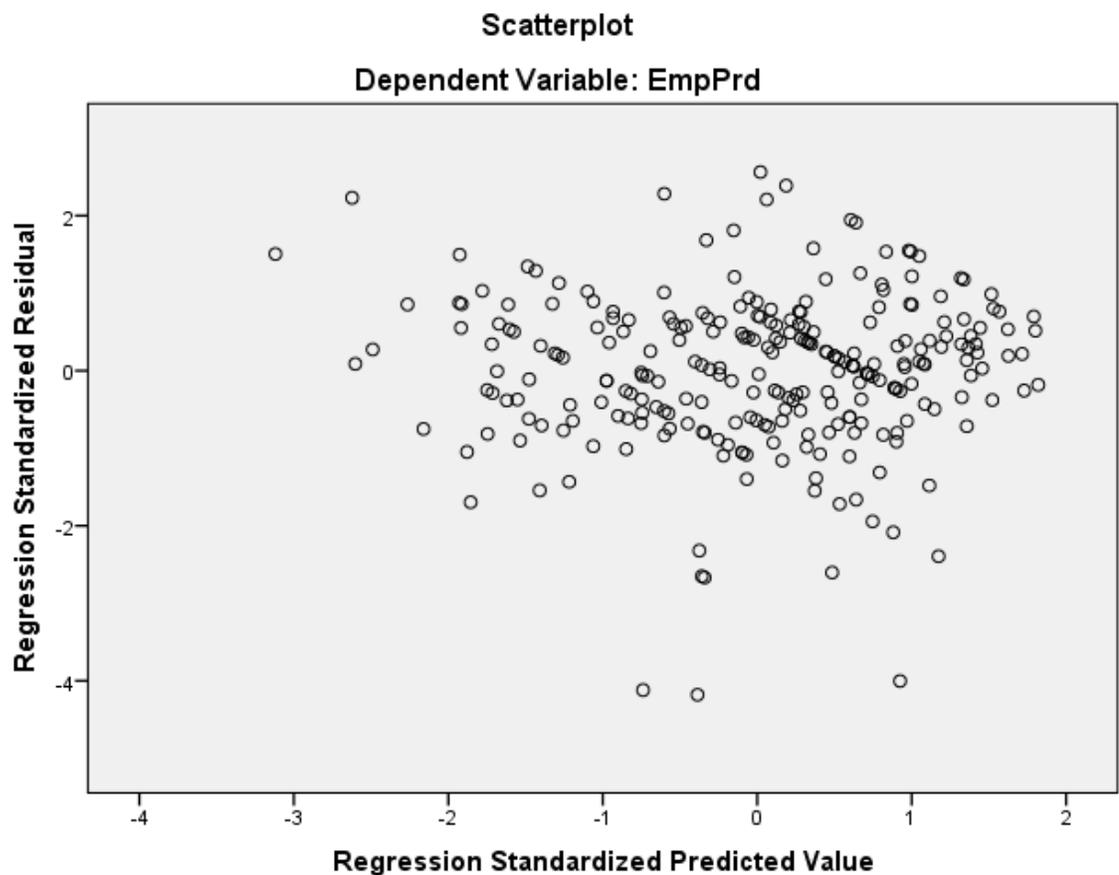


Figure 4. 3: Homoscedasticity Test

Source: Research Data, 2021

4.9.4 Tests of Data Independence

The Durbin-Watson test determined the independence of error terms, which implies that observations are independent. To determine the presence of autocorrelation between variables, the Durbin-Watson test was utilized. Gujarati (2003) noted that the Durbin-Watson statistic is between 0 and 4. Positive autocorrelation is indicated by a number around 0, whereas negative autocorrelation is shown by a value near 4. A score between 1.5 and 2.5 demonstrates the absence of autocorrelation (Garson, 2012). Table 4.18 summarizes these findings. Durbin-Watson analysis confirmed that this condition was met, as the obtained value was near to 2 (Durbin-Watson = 1.79).

Table 4.14: Test of Data Independence

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.729 ^a	.531	.522	.53454	1.796

Source: Research Data, 2021

4.10 Inferential Tests

Kothari (2014) states that population value estimation is the focus of inferential analysis. The task of interpretation, or the task of making inferences and conclusions, is mostly carried out on the basis of inferential analysis. The purpose of this study was to determine how the factors related to one another. Regression analysis and correlation analysis were used for the inferential analysis.

An essential component of any research project is correlation analysis. It is a measurement of the current connection between the predictor variables and the outcome variables, including the independent variables themselves. By using correlation analysis, one may determine whether a linear relationship exists between the variables under investigation and can also comprehend the strength and direction of the current link.

The Pearson Correlation coefficient is typically used to measure the links between the variables for scale measures. The correlation coefficient is a measure of relationship strength. Values near -1 or +1 indicate a strong association, while values near 0 in either instance indicate a weak relationship. The correlation coefficient ranges from -1 to +1.

Generally, the Pearson correlation results were presented a matrix as shown in table 4.15 which indicated that that all factors were positively and significantly related with employee compensation having the highest relationship with employee productivity ($r = .634$; $p < 0.01$). These results lend support to the findings of Esthi (2021) whose study established a significant and positive link between employee compensation and performance. Similarly, it echoes the findings of Sitopu, Sitinjak, and Marpaung (2021) whose findings demonstrated a strong and positive correlation between pay and worker productivity.

On the contrary, it contradicts the findings by (Afriyie, Twumasi, Sarpong, & Darko, 2020) whose study concluded that the monetary aspect of compensation does not necessary influence employee performance. The table further shows that benefits administration and employee productivity was positive and significantly related ($r = .541$, $p < 0.01$). The finding

corroborates the results of Kang, Yu, and Lee (2016) which concluded that employee benefits have a positive impact on employee productivity. Leadership was also positive and significantly correlated to employee productivity ($r = .454 < 0.01$). This finding mirrors that of Lor and Hassan (2017) who concluded that demonstrates how supportive and transformative leadership behaviors have a favorable and substantial impact on worker performance. Findings on workplace administration and employee productivity reveal a positive and significant relationship ($r = .398 < 0.01$). This supports the findings by Fassoulis and Alexopoulos (2015) who concluded that satisfaction with the workplace is a significant predictor of employee productivity.

Table 4. 15: Correlations Analysis

		Correlations					
		1	2	3	4	5	6
1 Employee Productivity	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	265					
2 Compensation	Pearson Correlation	.634**	1				
	Sig. (2-tailed)	.000					
	N	265	265				
3 Workforce Administration	Pearson Correlation	.398**	.346**	1			
	Sig. (2-tailed)	.000	.000				
	N	265	265	265			
4 External Recruitment	Pearson Correlation	.470**	.446**	.153*	1		
	Sig. (2-tailed)	.000	.000	.013			
	N	265	265	265	265		
5 Benefits Administration	Pearson Correlation	.541**	.359**	.134*	.430**	1	
	Sig. (2-tailed)	.000	.000	.030	.000		
	N	265	265	265	265	265	
6 Leadership	Pearson Correlation	.454**	.395**	.107	.391**	.504**	1
	Sig. (2-tailed)	.000	.000	.082	.000	.000	
	N	265	265	265	265	265	265

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: *Research Data, 2021*

Key:

1= Employee Productivity 2= Compensation 3= Workforce Administration 4 = External Recruitment 5 = Benefits Administration 6 = Leadership

4.11 Test of Hypotheses

Multivariate analysis was utilized to empirically test the five hypotheses adopted for this study. The hypotheses were tested at 95% confidence level as a statistical basis for drawing conclusions. The responses for each research variable were combined to generate composite scores which were used in the multivariate analysis. The empirical tests performed systematically investigated the direct relationship and moderating relationship as presented and discussed below.

4.11.1 Results of the Control Variables of the Study

Before investigating the effect of the predictor variables on the dependent variable, the study examined the effect of the control variables, age, gender and experience on employee performance. From the findings indicated in table 4.16, it was revealed that 0.5 % of employee productivity was explained by age, gender and experience. The ANOVA model showed that the prediction of the control variables as depicted in table 4.16 was not statistically significant ($F = 0.438, p = .726$). Thus, the model was not fit to predict employee productivity using control variables.

Table 4. 16: Coefficient Results of Control Variables

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.230	.190		1.208	.228
	Age in Years	.006	.078	.011	.077	.939
	Gender	-.159	.170	-.083	-.938	.349
	Experience	.007	.094	.009	.072	.943
Model Summary						
	R	.071				
	R ² Change	.005				
	Std. Error of the Estimate	.960				
Model Fit						
	F change	.438				
	Sig.	.726				

a. Dependent Variable: Zscore(EmpPrd)

4.11.2 Test for Direct Effects

Employee productivity was measured using a multivariate linear regression analysis to get the independent variable coefficients. Around 56.1% of the difference in employee productivity was explained by the aggregate prediction of all the variables ($R^2 = 0.561$). According to the ANOVA model, the predictor variable's prediction as presented in table 4.17 exhibited statistical significance. ($F = 83.059$, $\rho = 0.000$). As a result, the model worked well for forecasting worker productivity while using outsourced services.

4.11.2.1 Effects of Compensation on Employee Productivity

The first objective of the study sought to analyze the effects of compensation on employee productivity. To do this, the following hypothesis was put to the test:

H₀₁ *There is no significant effect between compensation and employee productivity.*

The study's findings in table 4.17 indicated a positive and significant effect of compensation on employee productivity as indicated by negative and significance value of less than 0.05 ($p < 0.05$), ($\beta = .378$, $p = 0.000$). Thus, In light of these findings, the study rejected the hypothesis.

4.11.2.2. Effect of Workforce Administration on Employee Productivity

The study's second goal sought to examine the influence of workforce administration on employee productivity. This was achieved by testing the following hypothesis:

H₀₂ *There is no significant effect between workforce administration and employee productivity*

It was determined that workforce administration had a positive and substantial effect on employee productivity based on the findings in table 4.17, which revealed that workforce administration had coefficients of estimation that were significant basing on ($\beta = .028$; p -value = 0.000) which is less than $\alpha = 0.05$. Consequently, in light of these findings, the hypothesis was rejected.

4.11.2.3 Effect of External Recruitment on Employee Productivity

The study's third goal sought to determine the effect of external recruitment on employee productivity. To do this, the following hypothesis was put to the test:

H₀₃ *There is no significant effect between external recruitment and employee productivity*

The results presented in table 4.17 demonstrated a positive and insignificant association between external recruitment and employee productivity ($\beta = .130$; ρ -value = 0.009) which is less than $\alpha = 0.05$ hence it we concluded that external recruitment had a positive and significant effect on employee productivity. In light of these findings, the hypothesis was rejected.

4.11.2.4 Effects of Benefits Administration on Employee Productivity

The study's fifth aim sought to analyze the effects of benefits administration on employee productivity. To do this, the following hypothesis was put to the test:

H₀₅ *There is no significant effect between benefits administration and Employee productivity.*

The results presented in table 4.17 demonstrated a positive and insignificant connect between benefits administration and employee productivity ($\beta = .305$; ρ -value = 0.000) which is less than $\alpha = 0.05$ hence it was inferred that benefits administration had a positive and significant effect on employee productivity. In light of these findings, the hypothesis was rejected.

4.11.2.5 Coefficient Results of Direct Effects

Table 4.17 displays the regression coefficients for the entire model. The findings showed that compensation, workforce administration, external recruitment, and benefits administration had an insignificant effect on employee productivity in KPLC. The model now becomes:

$$Y = 0.003 + 0.378X_1 + 0.208X_2 + 0.130X_3 + 0.305X_4 + \epsilon$$

Table 4. 17: Coefficient Results of Direct Effects

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	.003	.039		.070	.945
	Zscore(CompRew)	.378	.047	.393	7.982	.000
	Zscore(WorkAdm)	.208	.046	.199	4.554	.000
	Zscore(ExtrnRecrt)	.130	.050	.127	2.617	.009
	Zscore(BenAdmn)	.305	.044	.319	6.856	.000
Model Summary						
	R	.749				
	R ² Change	.561				
	Std. Error of the Estimate	.639				
Model Fit						
	F change	83.059				
	Sig.	.000				

a. Dependent Variable: Zscore(EmpPrd)

Source: Research Data, 2021

4.11.3 Test for Moderating Effect

According to the concept of moderation, the causal relationship between two variables varies depending on the moderator variable. This implies that the exogenous variable's varying influence on the endogenous variable depends on the moderator and must be measured using the statistical test of moderation. One possible moderation effect is (a) Enhancing, in this case a higher moderator would result in a greater influence of the predictor (IV) on the outcome (DV); Hayes (2013) distinguishes between two scenarios: (a) antagonistic, in which increasing the moderator would reverse the influence of the predictor on the result, and (b) buffering, in which increasing the moderator would lessen

the effect of the predictor on the outcome. If all three of the following criteria are met, then there is considered to be moderation. First, there should be a large difference between the amount of variation explained by the interaction and the amount of variance explained by itself. Second, the interaction term's coefficient needs to differ from zero. This is the interaction's basic slope, which serves as the foundation for analyzing other simple slopes in order to delve deeper into the interaction's nature. Finally, both the interaction- and non-interaction-containing overall models ought to be important (Hayes, 2013).

4.11.3.1 Moderating Effect of Leadership between Compensation and Employee Productivity

The findings of the initial leadership interactions about the connection between employee productivity and salary are displayed in Model 4 of Table 4.18. Based on the research findings in this model, every control variable was determined to be non-significant, with a p-value of more than .05. In a similar vein, results regarding compensation were deemed non-significant ($b = .201$, $p > .05$). With an improved R^2 of 0.570 and a change in R^2 of 0.001, this model suggests that the first interaction accounts for 0.1% of the variance in employee performance ($F = 0.736$, $p = 0.005$).

The findings regarding the controls in this model indicate that age ($\beta = 0.005$, $p = 0.930$) and experience ($\beta = 0.021$, $p = 0.736$) were found to be insignificant. Additionally, the study results show that compensation ($\beta = 0.201$, $p = 0.290$) was found to be insignificant, workforce administration ($\beta = 0.209$, $p = 0.000$), external recruitment ($\beta = 0.117$, $p = 0.022$)

and benefits administration ($\beta = 0.267, p = 0.000$) were all found to be significant in the model. Leadership ($\beta = -0.079, p = 0.713$) is not significant.

Finally, the interaction results indicate a ($\beta = 0.054, p = 0.392$). Since the p-value of the moderation is more than 0.05, we fail to reject the hypothesis H_{06a} which stated that there is no moderating effect of leadership between compensation and employee productivity and the conclusion made that leadership does not moderate the interaction between compensation and employee productivity.

4.11.3.2 Moderating Effect of Leadership Between Workforce Administration and Employee Productivity

Model 5 of Table 4.18 shows the results of H_{06b} . Outcomes of this model shows that age $\beta = -0.003, p = 0.948$ and experience $\beta = -0.030, p = 0.630$ were found to be insignificant. Results further shows that employee compensation $\beta = 0.283, p = 0.143$, workforce administration $\beta = -0.168, p = 0.379$, were found to be insignificant whereas external recruitment $\beta = -0.168, p = 0.100$, and benefits administration were found to be significant and consumer knowledge, $\beta = 0.535, p = 0.050$, benefits administration $\beta = 0.260, p = 0.000$ were all found to be significant. Leadership $\beta = -0.448, p = 0.110$, was found to be insignificant in this model.

Furthermore, the findings demonstrate that this model demonstrated an enhanced R^2 of 0.577 and ΔR^2 0.007, accompanied by a noteworthy F- value of 4.164, $p = 0.042$. Based on the ΔR^2 of 0.007, it may be inferred that 7% of the variation in employee productivity

is explained by this model. The analysis rejects H05b because the interaction results indicate that leadership moderates the association between workforce administration and employee productivity ($\beta = 0.127$, $p = 0.042$).

4.11.3.3 Moderating Effect of Leadership Between External Recruitment and Employee Productivity

H_{06c} was tested in Model 6 of Table 4.18. The results showed that age $\beta = -0.005$, $p = 0.924$, and experience $\beta = 0.026$, $p = 0.676$, was found to be insignificant. Additionally, results of main effects; compensation $\beta = 0.492$, $p = 0.021$, was found to be significant but workforce administration $\beta = -0.285$, $p = 0.148$ and external recruitment $\beta = -0.295$, $p = 0.111$ were found to be insignificant whereas benefits administration $\beta = 0.251$, $p = 0.000$ was found to be significant. Leadership $\beta = -0.729$, $p = 0.017$ was found to be significant in this model. The results further reveal that this model has an improved R^2 0.585 and ΔR^2 0.008 with a significant $F = 4.987$, $p = 0.026$. The ΔR^2 .008 means that this model explains 8 % of the total variance in employee productivity. Lastly, the study results indicate that the interaction of leadership on the relationship between external recruitment and employee productivity was insignificant with $\beta = 0.119$, $p = 0.026$. Based on these findings we reject H_{06c}.

4.11.3.4. Moderating Effect of Leadership between Benefits Administration and Employee Productivity

H_{06d} was tested in Model 7 of Table 4.18. The findings indicate that age $\beta = -0.003$, $p = 0.947$, and experience $\beta = 0.028$, $p = 0.638$, was found to be insignificant. Additionally,

results of main effects; compensation $\beta = 0.405$, $p = 0.049$, was found to be significant but workforce administration $\beta = -0.147$, $p = 0.442$ was found to be insignificant and external recruitment $\beta = -0.626$, $p = 0.001$ and benefits administration $\beta = 0.251$, $p = 0.000$ was found to be significant whereas benefits administration $\beta = 1.132$, $p = 0.000$ were found to be significant. Leadership $\beta = 0.035$, $p = 0.916$ was found to be insignificant in this model.

Furthermore, it emerged that this model has an improved R^2 0.619 and ΔR^2 0.034 with a significant $F = 22.402$, $p = 0.000$. The ΔR^2 0.034 means that this model explains 3.4 % of the total variance in employee productivity. Lastly, the study results indicate that the interaction of leadership on the relationship between benefits administration and employee productivity was significant with $\beta = -0.301$, $p = 0.000$. Considering these results we reject H_{06d} and make the conclusion that leadership has a significant moderating effect on the relationship between benefits administration and employee productivity

Table 4. 18: Results of the Interaction of Leadership on Outsourcing and Employee Performance

	Model 1 β (SE)	Model 2 β (SE)	Model 3 β (SE)	Model 4 β (SE)	Model 5 β (SE)	Model 6 β (SE)	Model 7 β (SE)
Control Variable							
(Constant)	.230 (.190)	.037 (.129)	.053 (.129)	-.804 (1.007)	-2.411 (1.274)	-3.730 (1.395)	-.036 (1.550)
Control Variables							
Age in Years	.006 (.078)	.009 (.052)	.009 (.052)	.005 (.052)	-.003 (.052)	-.005 (.052)	-.003 (.049)
Gender	-.159 (.170)	-.057 (.115)	-.071 (.115)	-.071 (.115)	-.080 (.114)	-.052 (.114)	-.070 (.109)
Experience	.007 (.094)	.012 (.063)	.014 (.062)	.021 (.063)	.030 (.063)	.026 (.062)	.028 (.060)
Main Effect							
Zscore(Compe)		.378 (.048)	.357 (.049)	.201 (.189)	.283 (.192)	.492 (.213)	.405 (.205)
Zscore(Work_Adm)		.207 (.046)	.211 (.046)	.209 (.046)	-.168 (.190)	-.285 (.196)	-.147 (.191)
Zscore(Ext_Rec)		.128 (.050)	.112 (.050)	.117 (.051)	.100 (.051)	-.295 (.184)	-.626 (.190)
Zscore(Ben_Adm)		.307 (.045)	.272 (.048)	.267 (.048)	.260 (.048)	.251 (.048)	1.132 (.192)
Zscore(Lead)			.100 (.050)	-.079 (.214)	-.448 (.279)	-.729 (.304)	.035 (.334)

Interaction term

X1				.054 (.063)	.027 (.064)	-.043 (.070)	-.013 (.068)
X2					.127 (.062)	.160 (.064)	.118 (.062)
X3						.119 (.053)	.217 (.055)
X4							-.301 (.064)

Model Summary

R	.071	.749	.754	.755	.759	.765	.787
R Square	.005	.562	.568	.570	.577	.585	.619
Adjusted R Square	-.006	.550	.555	.554	.560	.567	.600
St.Error of the Estimate	.96052565	.64256998	.63880314	.63913245	.63520442	.63027677	.60519909

Change Statistics

R Square Change	.005	.557	.007	.001	.007	.008	.034
F Change	.438	81.550	4.040	.736	4.164	4.987	22.402
df1	3	4	1	1	1	1	1
df2	261	257	256	255	254	253	252
S. F Change	.726	.000	.045	.392	.042	.026	.000

4.11.4 Summary of Hypotheses Testing Results

The summary of the multiple and hierarchical regression models is shown in the table below. As a result, the table displays (R^2) and Δ in (R^2) for the main and interaction effects, together with the conclusion on the hypothesis that is presented in table 4.19.

Table 4.19: Summary of Hypotheses Testing

Hypothesis formulated Main Effect	Beta	p- values	Decision
H₀₁ There is no significant effect between compensation and employee productivity.	0.378	0.000	H01 was rejected and a conclusion drawn that compensation had a significant effect on employee productivity
H₀₂ There is no significant effect between workforce administration and employee productivity.	0.207	0.000	H02 was rejected and a conclusion drawn that workforce administration had a significant effect on employee productivity
H₀₃ There is no significant effect between external recruitment and employee productivity.	0.128	0.011	H03 was rejected and a conclusion drawn that external recruitment had a significant effect on employee productivity
H₀₄ There is no significant effect between benefits administration and Employee productivity.	0.307	0.000	H04 was rejected and a conclusion drawn that benefits administration had a significant effect on employee productivity
Moderation-Leadership			
H_{06a} There is no moderating effect of leadership on the relationship between compensation and employee productivity.	0.054	0.392	The study fail to reject H_{06a} and a conclusion drawn that leadership has no moderating effect on the relationship between employee compensation and employee productivity
H_{06b} There is no moderating effect of leadership between workforce administration and employee productivity.	0.127	0.042	H_{06b} was rejected and a conclusion drawn that leadership moderates the relationship between workforce administration and employee productivity
H_{06c} There is no moderating effect of leadership between external recruitment and employee productivity.	0.119	0.026	H_{06c} was rejected and a conclusion drawn that leadership moderates the relationship between external recruitment and employee productivity.
H_{06d} There is no moderating effect of leadership between benefits administration and employee productivity.	-0.301	0.000	H_{06d} was rejected and a conclusion drawn that leadership moderates the relationship between benefits administration and employee productivity.

Source: Research Data, 2021

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study's particular aims and hypotheses serve as a guide for the summary of findings presented in this chapter. Additionally, it offers the study's conclusion, recommendations, and future research directions about the moderating influence of leadership on the relationship between outsourcing service and employee productivity at Kenya Power and Lightning Company Limited, Nakuru County

5.2 Summary of Findings

The research sought to determine the moderating effect of leadership on the connection between outsourcing service and employee productivity at Kenya Power and Lightning Company Limited, Nakuru County. The study created a conceptual framework for this claim and used the particular aims as a guide to conduct an empirical test of it. The specific objectives analyzed the effects of compensation on employee productivity, to determine the effect of workforce administration on employee productivity, to determine the influence of external recruitment on employee productivity, and to examine the effects of benefits administration on employee productivity at KPLC in Nakuru County.

The investigation further sought to examine the moderating effect of leadership on the links between compensation and employee productivity, to determine the moderating influence of leadership on the links between workforce administration and employee productivity, to examine the moderating effect of leadership on the relations between external recruitment

and employee productivity and to assess the moderating effect of leadership on the relationship between benefits administration and employee productivity at Kenya Power and Lightning Company Limited, Nakuru County.

Explanatory research design was selected because this study examined the cause-effect relationship between the moderating influence of leadership on the links between outsourcing service and employee productivity. By using use surveys, primary data was gathered. Following data collection, both descriptive (mean, standard deviation, frequency, and percentage) and inferential statistics were used to examine the data (correlation analysis and regression analysis).

Establishing the characteristics of the respondents and describing the replies on the measures of research variables were the main goals of the preliminary analysis. The study variables were subjected to a variety of linear regression assumptions tests, including multicollinearity, linearity, and normality. Tests of the hypotheses were then carried out to address the study's stated aims.

Agency theory and the social exchange theory were used to underpin the study. The study's unique aims guided the itemization of the summary of findings.

5.2.1 Effects of Compensation on Employee Productivity

The first objective of the study was to analyze the effects of compensation on employee productivity. As a result, it was assumed that there was no correlation between compensation and employee productivity.

According to the first objective confirmatory factor analysis was conducted. Further, the descriptive results revealed that the mean response approximates to 3.64 (neutral) showing that participants in general were unsure on the things that are connected to the effects of compensation on employee productivity. It can also be perceived that the overall standard deviation for compensation is low, suggesting that the replies fall into a narrow range around the mean response overall. Accordingly, the study tested the null hypothesis that there is no significant effect between compensation and employee productivity. Results indicate that controlling for age and experience, a conclusion was drawn that compensation had a noteworthy impact on employee productivity thus, null hypothesis is therefore rejected.

5.2.2 Effect of Workforce Administration on Employee Productivity

Secondly, the findings on the influence of workforce administration on employee productivity was as follows. It was hypothesis had a non-significant effect between workforce administration and employee productivity. Descriptive statistics on workforce administration and employee productivity revealed that the aggregate mean response approximates to 4.06 indicative that the participants generally settled on the items touching on workforce administration. Additionally, it is evident that the total standard deviation for

workforce administration is low, suggesting that the replies fall into a narrow range around the mean response as a whole. Furthermore, the hypothesis postulated a non-significant effect between workforce administration and employee productivity. Outcomes indicate that controlling for age and experience, a conclusion was drawn that workforce administration and employee productivity was significant. The null hypothesis therefore was rejected.

5.2.3 Effect of External Recruitment on Employee Productivity

The study's third aim sought to determine the influence of external recruitment on employee productivity. Subsequently, the hypothesis was non-significant effect between external recruitment and employee productivity. Descriptive statistics of the study revealed that the aggregate mean response approximates to 3.93 revealing that the participants in general were neutral on the stuffs relating to external recruitment. Additionally, it is evident that the total standard deviation for wages and salaries is low, suggesting that the replies fall into a narrow range around the mean response as a whole. Results reveal that controlling for age and experience, a conclusion was drawn that external recruitment and employee productivity had a significant influence. Therefore, the null hypothesis was rejected.

5.2.4 Effects of Benefits Administration on Employee Productivity

The study's fourth goal was to analyze the influence of benefits administration on employee productivity. The hypothesis posited that there exists no noteworthy correlation between the administration of benefits and employee productivity.

According to the objective's descriptive results, respondents largely agreed on the items pertaining to benefits administration, with the aggregate mean response approximating 4.11 (agree). Furthermore, a low total standard deviation for benefits administration is seen, suggesting that answers are concentrated around the general mean response. Results indicate that controlling for age and experience, a conclusion was drawn that benefits administration had a significant effect on employee productivity. Therefore, the hypothesis was rejected.

5.2.5 Moderating Effect of Leadership on Compensation and Employee Productivity

The study's fifth goal was to establish the moderating influence of leadership on the links between compensation and employee productivity. Findings of the study established that controlling for age and experience, a conclusion was drawn that leadership had no moderating influence on the links between employee compensation and employee productivity. Therefore the study fails to reject null hypothesis.

5.2.6 Moderating Effect of Leadership on Workforce Administration and Employee Productivity

The study's sixth objective to determine the moderating influence of leadership on the link between workforce administration and employee productivity was hypothesized that there was no moderating influence of leadership on the links between workforce administration and employee productivity. Results indicate that controlling for age and experience, an

inference was established that workforce administration had a significant influence on employee productivity. The study therefore, rejected the null hypothesis.

5.2.7 Moderating Effect of Leadership on External Recruitment and Employee Productivity

The study's seventh objective aimed to examine the moderating effect of leadership on the links between external recruitment and employee productivity, the null hypothesis was postulated that there was no moderating effect of leadership between external recruitment and employee productivity. Results indicate that controlling for age and experience, a conclusion was drawn that external recruitment had a significant effect on employee productivity. The null hypothesis is therefore rejected.

5.2.8 Moderating Effect of Leadership on the Relationship between Benefits Administration and Employee Productivity

The study's eighth objective aimed to establish the moderating effect of leadership on the association between benefits administration and productivity. Subsequently Results indicate that controlling for age and experience, a conclusion was drawn that benefit administration had a significant effect on employee productivity ($\beta = -0.301$, $p = 0.000$). The null hypothesis is therefore rejected.

5.3 Conclusion of the Study

The goal of this investigation was to determine the moderating influence of leadership on the connection between outsourcing service and employee productivity at Kenya Power

and Lightning Company Limited, Nakuru County. Numerous conclusions were drawn by the study in light of the data. Initially, the research found that compensation had a significant effect on employee productivity. Employees must be managed successfully and efficiently because they are now considered an asset by all companies. Compensation Management is one technique that businesses utilize to draw in, keep, and inspire employees.

Additionally, the study concludes that workforce administration significantly impacted worker productivity. Therefore, it is the responsibility of every organization to guarantee that workers are in line with its goals. Effective workforce administration reduces expenses, boosts output, and contributes to the performance of the company.

The study's investigation also deduced that external recruitment had a significant influence on employee productivity. This implies that external recruitment increases diversity in the organization. A company's chances of finding the ideal person for a position increase when it advertises the position externally. Moreover, of this study established that benefits administration had a significant influence on employee productivity. The employee benefits that are offered by an organization do more for the organization than merely aid with the recruitment process. They contribute to an increase in the overall productivity of the workforce. This research concludes that leadership moderates the link between workforce administration, external recruitment, and benefits administration and employee productivity

5.5 Recommendation of the Study

The research suggests that parastatals like Kenya Power and Lighting Company limited should embrace and adopt sound and fair compensation strategies that will boost high employee productivity, organization commitment and service delivery. Specifically, it is the recommendation of this study that since employee compensation corroborated with employee productivity, the management of the organization should frequently review their employees' compensation packages. This is quite beneficial toward stimulating staff and enhancing the effectiveness of the organization.

Considering the results, the study proposes that management take the initiative to determine which employee benefits work well and why. The study also suggests that firms make an effort to determine how to enhance employee benefits in order to boost employee satisfaction and organizational objectives.

5.4.1 Contribution to Theory

The significant effect of compensation on employee productivity supports the Agency Theory, which suggests that financial incentives can align the interests of employees and employers. This finding reinforces the idea that compensation is a critical variable in employee motivation and performance. The positive relationship between workforce administration and productivity underscores the importance of the Leader-Member-Exchange Theory. This theory emphasizes the quality of relationships between leaders and members; effective workforce administration cultivates better leader-member exchanges, enhancing productivity. The findings regarding external recruitment and employee

productivity highlight the relevance of Social Exchange Theory. This theory posits that employees assess the value of their employment based on the quality of relationships and the resources they receive from the organization, indicating that effective external recruitment practices can enhance perceived job satisfaction and productivity. The significant effect of benefits administration reinforces the importance of Social Exchange Theory, as employees benefit from organizations through various non-monetary compensation, influencing their engagement and productivity levels positively. The moderating role of leadership in the relationships between demographic factors, administrative practices, and productivity supports the Leader-Member-Exchange Theory. It suggests that effective leadership can amplify the impacts of compensation, benefits, and workforce administration on employee productivity, indicating the importance of developing strong leader-member relationships.

5.4.2 Managerial Contribution

Managers should ensure competitive compensation packages to motivate employees. Regular assessments of market rates should be conducted to maintain attractive compensation systems. Managers should also invest in effective workforce administration strategies, focusing on creating a positive work environment that promotes good leader-member relationships. Training for managers on how to engage with employees effectively can foster an inclusive and productive workplace. Organizations should develop robust external recruitment strategies to attract top talent. Emphasizing employer brand and organizational culture during recruitment can lead to hiring individuals who are more likely to contribute positively to productivity. Moreover, managers should evaluate and enhance

benefits packages to ensure they meet employee needs. This may involve soliciting employee feedback to tailor benefits that resonate with their preferences, thereby improving satisfaction and productivity. There is need for organizations should prioritize leadership development programs that prepare leaders to effectively manage diverse teams and maximize employee productivity through supportive interactions and meaningful engagement.

5.4.3 Policy Recommendations

Policymakers should advocate for frameworks that regulate fair compensation standards across industries to prevent wage disparity and promote productivity. Policies should focus on funding and supporting workforce administration initiatives, including training and development programs necessary for enhancing employee relations and productivity. There may be a need for policies that encourage fair and transparent external recruitment processes, ensuring that practices align with labor market demands and effectively match organizational needs. Governments should consider policies that incentivize companies to provide a comprehensive benefits package, which could lead to a more productive workforce and better retention rates. Establishing national standards for leadership training and development can ensure that leaders are equipped with the necessary skills to foster an environment conducive to high productivity.

5.5 Recommendation for Further Studies

The results of this investigation served as the foundation for additional study. The study found a negative and insignificant connection between compensation, workforce

administration, external recruitment and employee productivity and a positive effect of benefits administration and employee productivity. Therefore, in order to further corroborate the results of the investigation, it is suggested that a replication be conducted in different organizations.

The moderating effect of the leadership on the association between the independent variables of this study and employee productivity needs more research because the results were not particularly noteworthy. Furthermore, researchers in the future should investigate the same constructs as employed in this work utilizing different software and methodological approaches, such as mixed methods or other analysis methodologies, in addition to SPSS.

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APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

RE: INTRODUCTION LETTER

I am a postgraduate student in the School of Business and Economics, Department of Management Science, Moi University pursuing Master of Science degree in Human Resource Management. One of my academic outputs before graduating is a thesis and for this, I have chosen the research topic entitled: “**Outsourcing Services, Leadership and Employee Productivity: A Case of Kenya Power And Lighting Company Ltd, Nakuru County**”.

You have been selected to form part of this study. This is to kindly request you to assist me collect the data by responding to the questionnaire. The information you provide will be strictly for academic purposes and will be treated with utmost confidence. Your assistance will be highly appreciated.

Yours sincerely,

Florence Chepchirchir Lagat

SHRD/PH.DH/ 16/12

Appendix II: Questionnaire

The Moderating Effect of Leadership on Outsourcing Services and Employee Productivity: A Case of Kenya Power and Lighting Company Ltd, Nakuru County

Section A: Analysis of Demographic Characteristics

1. Gender Female () Male ()
2. Age in years: () Below 20 () 21 – 30 () 31 – 40 () 41 – 50 () > 50
3. How long (in years) have you been holding the position?
() < 10 years () 11 – 20 years () 21 – 30 years () > 30 years

Section B: Employee Productivity

PLEASE RESPOND TO ALL THE QUESTIONS USING THE FOLLOWING SCALE: 5 =Strongly Agree (SA), 4 = Agree (A), 3 = Not Sure (NS), 2 = Disagree (D), 1 = Strongly Disagree (SD)

Statement	Response				
	5	4	3	2	1
EP 1. I am satisfied that the leadership in my organization embraces dynamism that leads to high productivity					
EP2. The leadership in my organization is responsible to the needs of the employees' productivity					
EP3. I am convinced that the leadership in my organization is competent enough to address issues affecting employee productivity					
EP4. The leadership in my organization is visionary enough to inspire confidence among the employees					
EP5. The organization promotes proper communication between its employees					
EP6. The leadership of my organization values the input of all employees in decision making					

Section C: Compensation and Employee rewards

PLEASE RESPOND TO ALL THE QUESTIONS USING THE FOLLOWING

SCALE: 5 =Strongly Agree (SA), 4 = Agree (A), 3 = Not Sure (NS), 2 = Disagree (D), 1 = Strongly Disagree (SD)

Statement	Response				
	5	4	3	2	1
CER1. This organization has a compensation and employee reward policy					
CER2. The non-monetary benefits that I receive here are better than those I could get at other organizations					
CER3. My organization has transparent and equitable policy of compensation					
CER4. People who are hardworking and result-oriented are rewarded in the organization					
CER5. The salary and benefits I receive in this organization is commensurate with my responsibilities					
CER6. Compensation is satisfactorily reviewed from time to time and are based on job performance.					

Section D: Workforce Administration

PLEASE RESPOND TO ALL THE QUESTIONS USING THE FOLLOWING

SCALE: 5 =Strongly Agree (SA), 4 = Agree (A), 3 = Not Sure (NS), 2 = Disagree (D), 1 = Strongly Disagree (SD)

Item	Response				
	5	4	3	2	1
WA1. This firm ensures equitable treatment of all employees					
WA2. This organization is continually making effort to reduce gender imbalances					
WA3. My organization ensures objectivity in compensation					
WA4. This organization ensures promotions on merit					
WA5. This organization encourages productive relationships amongst employees					
WA6. This organization ensures that deployment are based on qualifications					

Section E: External Recruitment

PLEASE RESPOND TO ALL THE QUESTIONS USING THE FOLLOWING SCALE: 5 =Strongly Agree (SA), 4 = Agree (A), 3 = Not Sure (NS), 2 = Disagree (D), 1 = Strongly Disagree (SD)

Item	Response				
	5	4	3	2	1
ER1. This firm has a clear external recruitment policy					
ER2. My organization has an effective HR planning					
ER3. There is enough manpower available in this organization					
ER4. This organization follows a proper recruitment criteria when employing new employees					
ER5. There is lack of motivation by employees in this organization					

Section F: Benefits Administration

PLEASE RESPOND TO ALL THE QUESTIONS USING THE FOLLOWING SCALE: 5 =Strongly Agree (SA), 4 = Agree (A), 3 = Not Sure (NS), 2 = Disagree (D), 1 = Strongly Disagree (SD)

Item	Response				
	5	4	3	2	1
BA1. This organization has social benefits administration policy					
BA2. The benefits administration increases the employees' social security taxes					
BA3. My organization uses benefit administration to pay workers compensation insurance					
BA4. My organization has an annual leave cover					
BA5. This organization provides medical leave cover to its employees					
BA6. I like working for this firm because it encourages employee retention.					

Section G: Leadership

S/N	QUESTIONS	SA	A	D	SD
L1.	My job status influences the leadership style adopted in my organization				
L2.	My supervisor gives me an opportunity to contribute to the decision making in my organization				
L3.	My boss uses democratic style of leadership				
L4.	My boss consults me before taking decision that affects everybody in the organization				
L5.	The gender of your boss affects the way he/she discharges his/her duties				
L6.	I believe that effective leadership style can help enhance the productivity of an employee?				
L7	I agree that the style of leadership influences the way employees discharge their duties				
L8	The organization cannot achieve its goals without effective leaders				

...Thank you...

Appendix III: Map of Nakuru County



Appendix IV: Research Permits

THIS IS TO CERTIFY THAT:
MS. FLORENCE CHEPCHICHIR LAGAT
of MOI UNIVERSITY, 1866-30100
Eldoret, has been permitted to conduct
research in Nakuru County
on the topic: EFFECTIVENESS OF
OUTSOURCING SERVICES ON EMPLOYEE
JOB SECURITY AND PRODUCTIVITY IN
KENYA POWER AND LIGHTNING
COMPANY LTD, NAKURU.
for the period ending:
28th July, 2018

Permit No : NACOSTI/P/17/90039/18155
Date Of Issue : 31st July, 2017
Fee Received :Ksh 1000



Applicant's Signature

Director General
National Commission for Science,
Technology & Innovation

CONDITIONS

1. The License is valid for the proposed research, research site specified period.
2. Both the Licence and any rights thereunder are non-transferable.
3. Upon request of the Commission, the Licensee shall submit a progress report.
4. The Licensee shall report to the County Director of Education and County Governor in the area of research before commencement of the research.
5. Excavation, filming and collection of specimens are subject to further permissions from relevant Government agencies.
6. This Licence does not give authority to transfer research materials.
7. The Licensee shall submit two (2) hard copies and upload a soft copy of their final report.
8. The Commission reserves the right to modify the conditions of this Licence including its cancellation without prior notice.



REPUBLIC OF KENYA



National Commission for Science,
Technology and Innovation

RESEARCH CLEARANCE
PERMIT

Serial No.A 15187
CONDITIONS: see back page

Appendix V: Raw Output**Reliability Statistics**

Cronbach's Alpha	N of Items
.862	6

Reliability Statistics

Cronbach's Alpha	N of Items
.830	6

Reliability Statistics

Cronbach's Alpha	N of Items
.902	6

Reliability Statistics

Cronbach's Alpha	N of Items
.890	5

Reliability Statistics

Cronbach's Alpha	N of Items
.876	6

Reliability Statistics

Cronbach's Alpha	N of Items
.882	8

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.834
Bartlett's Test of Sphericity	Approx. Chi-Square	4635.254
	Df	666
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared			Rotation Sums of Squared Loadings		
	Total	of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.053	13.657	13.657	5.053	13.657	13.657	4.525	12.231	12.231
2	4.268	11.535	25.192	4.268	11.535	25.192	3.990	10.785	23.016
3	3.860	10.431	35.623	3.860	10.431	35.623	3.760	10.163	33.178
4	3.500	9.460	45.083	3.500	9.460	45.083	3.590	9.703	42.882
5	3.273	8.847	53.930	3.273	8.847	53.930	3.500	9.460	52.342
6	2.706	7.313	61.243	2.706	7.313	61.243	3.293	8.901	61.243

Extraction Method: Principal Component Analysis.

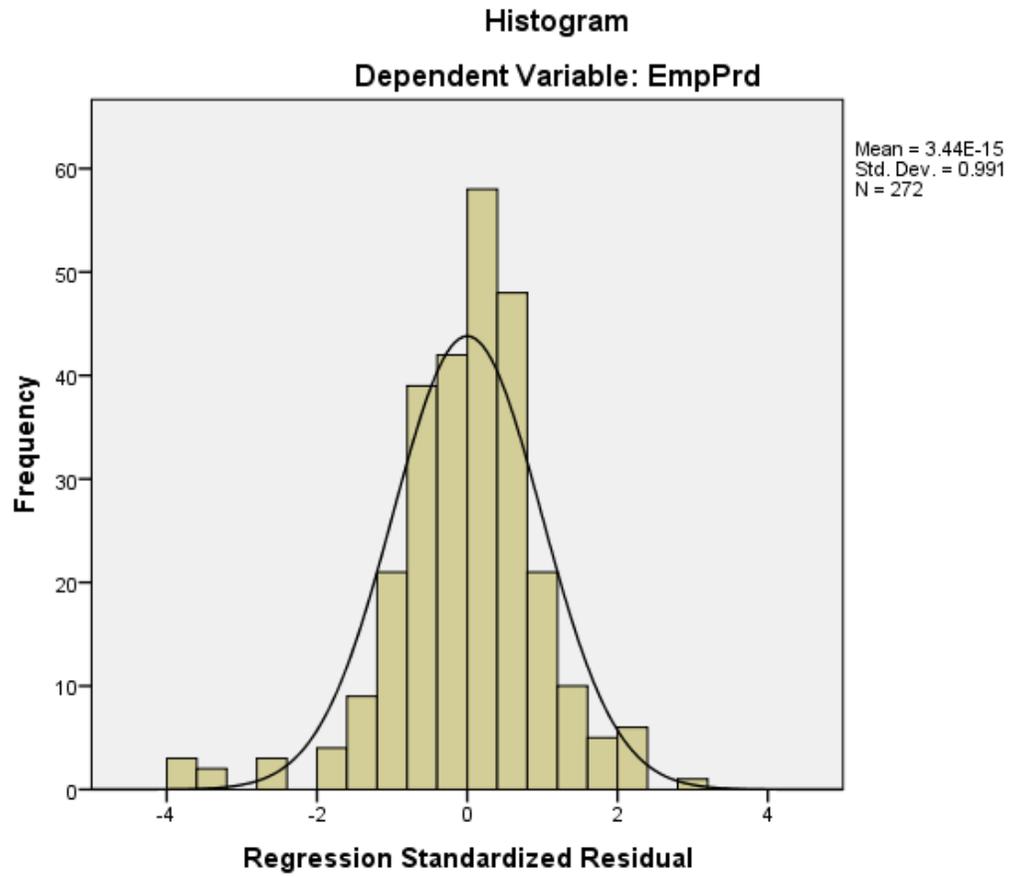
Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
EP1				.800		
EP2				.805		
EP3				.771		
EP4				.747		
EP5				.730		
EP6				.711		
C_R1						.678
C_R2						.747
C_R3						.700
C_R4						.740
C_R5						.777
C_R6						.727
WA1		.798				
WA2		.819				
WA3		.867				
WA4		.830				
WA5		.838				
WA6		.742				
ER1					.792	
ER2					.871	
ER3					.841	
ER4					.852	
ER5					.816	
BA1			.828			
BA2			.818			
BA3			.776			
BA4			.791			
BA5			.769			
BA6			.712			
L1	.607					
L2	.717					
L3	.788					
L4	.758					
L5	.778					
L6	.776					
L7	.725					
L8	.760					

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 6 iterations.



Correlations

		Zscore (EmpPr d)	Zscore (CompRew)	Zscore (WorkAd m)	Zscore (ExtrnRe crt)	Zscore (BenAdm n)	Zscore (Leadership)
Zscore(EmpPrd)	Pearson Correlation	1	.634**	.398**	.470**	.541**	.454**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	265	265	265	265	265	265
Zscore(CompRew)	Pearson Correlation	.634**	1	.346**	.446**	.359**	.395**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	265	265	265	265	265	265
Zscore(WorkAdm)	Pearson Correlation	.398**	.346**	1	.153*	.134*	.107
	Sig. (2-tailed)	.000	.000		.013	.030	.082
	N	265	265	265	265	265	265
Zscore(ExtrnRecrt)	Pearson Correlation	.470**	.446**	.153*	1	.430**	.391**
	Sig. (2-tailed)	.000	.000	.013		.000	.000
	N	265	265	265	265	265	265
Zscore(BenAdmn)	Pearson Correlation	.541**	.359**	.134*	.430**	1	.504**
	Sig. (2-tailed)	.000	.000	.030	.000		.000
	N	265	265	265	265	265	265
Zscore(Leadership)	Pearson Correlation	.454**	.395**	.107	.391**	.504**	1
	Sig. (2-tailed)	.000	.000	.082	.000	.000	
	N	265	265	265	265	265	265

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

* . Correlation is significant at the 0.05 level (2-tailed).

Model Summary

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	.071 ^a	.005	-.006	.96052565	.005	.438	3	261	.726
2	.749 ^b	.562	.550	.64256998	.557	81.550	4	257	.000
3	.754 ^c	.568	.555	.63880314	.007	4.040	1	256	.045
4	.755 ^d	.570	.554	.63913245	.001	.736	1	255	.392
5	.759 ^e	.577	.560	.63520442	.007	4.164	1	254	.042
6	.765 ^f	.585	.567	.63027677	.008	4.987	1	253	.026
7	.787 ^g	.619	.600	.60519909	.034	22.402	1	252	.000

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.212	3	.404	.438	.726 ^b
	Residual	240.801	261	.923		
	Total	242.013	264			
2	Regression	135.898	7	19.414	47.019	.000 ^c
	Residual	106.114	257	.413		
	Total	242.013	264			
3	Regression	137.547	8	17.193	42.133	.000 ^d
	Residual	104.466	256	.408		
	Total	242.013	264			
4	Regression	137.848	9	15.316	37.495	.000 ^e
	Residual	104.165	255	.408		
	Total	242.013	264			
5	Regression	139.528	10	13.953	34.581	.000 ^f
	Residual	102.485	254	.403		
	Total	242.013	264			
6	Regression	141.509	11	12.864	32.384	.000 ^g
	Residual	100.504	253	.397		
	Total	242.013	264			
7	Regression	149.714	12	12.476	34.063	.000 ^h
	Residual	92.299	252	.366		
	Total	242.013	264			

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.230	.190		1.208	.228
	Age in Years	.006	.078	.011	.077	.939
	Gender	-.159	.170	-.083	-.938	.349
	Experience	.007	.094	.009	.072	.943
2	(Constant)	.037	.129		.285	.776
	Age in Years	.009	.052	.016	.171	.864
	Gender	-.057	.115	-.030	-.499	.618
	Experience	.012	.063	.017	.195	.846
	Zscore(CompRew)	.378	.048	.394	7.905	.000
	Zscore(WorkAdm)	.207	.046	.199	4.500	.000
	Zscore(ExtrnRecrt)	.128	.050	.125	2.548	.011
	Zscore(BenAdmn)	.307	.045	.321	6.813	.000
3	(Constant)	.053	.129		.412	.681
	Age in Years	.009	.052	.015	.167	.867
	Gender	-.071	.115	-.037	-.624	.533
	Experience	.014	.062	.019	.218	.828
	Zscore(CompRew)	.357	.049	.372	7.338	.000
	Zscore(WorkAdm)	.211	.046	.202	4.600	.000
	Zscore(ExtrnRecrt)	.112	.050	.110	2.231	.027
	Zscore(BenAdmn)	.272	.048	.284	5.660	.000
4	(Constant)	-.804	1.007		-.798	.425
	Age in Years	.005	.052	.008	.088	.930
	Gender	-.071	.115	-.037	-.622	.535
	Experience	.021	.063	.029	.337	.736
	Zscore(CompRew)	.201	.189	.209	1.061	.290
	Zscore(WorkAdm)	.209	.046	.200	4.562	.000
	Zscore(ExtrnRecrt)	.117	.051	.114	2.304	.022
	Zscore(BenAdmn)	.267	.048	.279	5.517	.000
	Zscore(Leadership)	-.079	.214	-.079	-.368	.713
	X1	.054	.063	.290	.858	.392
5	(Constant)	-2.411	1.274		-1.893	.060
	Age in Years	-.003	.052	-.006	-.065	.948
	Gender	-.080	.114	-.042	-.702	.483
	Experience	.030	.063	.042	.482	.630
	Zscore(CompRew)	.283	.192	.294	1.471	.143
	Zscore(WorkAdm)	-.168	.190	-.161	-.882	.379
	Zscore(ExtrnRecrt)	.100	.051	.098	1.968	.050
	Zscore(BenAdmn)	.260	.048	.272	5.397	.000

	Zscore(Leadership)	-.448	.279	-.452	-1.606	.110
	X1	.027	.064	.145	.423	.673
	X2	.127	.062	.630	2.040	.042
6	(Constant)	-3.730	1.395		-2.674	.008
	Age in Years	-.005	.052	-.009	-.095	.924
	Gender	-.052	.114	-.027	-.456	.649
	Experience	.026	.062	.036	.419	.676
	Zscore(CompRew)	.492	.213	.512	2.315	.021
	Zscore(WorkAdm)	-.285	.196	-.273	-1.453	.148
	Zscore(ExtrnRecrt)	-.295	.184	-.288	-1.602	.111
	Zscore(BenAdmn)	.251	.048	.263	5.233	.000
	Zscore(Leadership)	-.729	.304	-.735	-2.397	.017
	X1	-.043	.070	-.234	-.616	.539
	X2	.160	.064	.792	2.515	.013
	X3	.119	.053	.666	2.233	.026
7	(Constant)	-.036	1.550		-.024	.981
	Age in Years	-.003	.049	-.006	-.066	.947
	Gender	-.070	.109	-.037	-.640	.523
	Experience	.028	.060	.039	.471	.638
	Zscore(CompRew)	.405	.205	.421	1.976	.049
	Zscore(WorkAdm)	-.147	.191	-.140	-.770	.442
	Zscore(ExtrnRecrt)	-.626	.190	-.612	-3.295	.001
	Zscore(BenAdmn)	1.132	.192	1.183	5.905	.000
	Zscore(Leadership)	.035	.334	.035	.105	.916
	X1	-.013	.068	-.068	-.186	.852
	X2	.118	.062	.585	1.915	.057
	X3	.217	.055	1.212	3.925	.000
	X4	-.301	.064	-1.725	-4.733	.000

a. Dependent Variable: Zscore(EmpPrd)