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High-Performance Work Systems and Employee Performance of Selected Manufacturing Firms in Nairobi City County, Kenya

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ABSTRACT

The study purposefully examined how the implementation of high-performance work systems (HPWS) influences employee performance of selected manufacturing firms in Kenya. The study adopted an explanatory research design with a target population of 6,254 employees from the selected manufacturing firms, with a sample size of 361 employees sampled through a proportionate stratified sampling technique. A structured questionnaire was used, and the data were analysed using both descriptive and inferential statistics. The study adopted items from empirical studies and tested reliability using Cronbach's Alpha coefficient > 0.7. Hierarchical regression analysis based on the Hayes (2018) Process 4.2 macro tested the hypothesis at a 0.05 significance level. The study revealed that high-performance work systems ($\beta = 0.629$, $p < 0.05$) significantly and positively predicted employee performance. Thus, HPWS directly affect employee performance. The findings imply that novel and tested HR systems offer alternative and unique benefits to manufacturing firms when contextually applied. In terms of policy, HPWS is a powerful HR tool that augments employee performance in the manufacturing sector. Lastly, the social exchange theory offers an enriching theoretical perspective that augments the application of the HPWS as a mutual – reinforcing HR practices to both the employee and the firm.

Key terms: Employee performance, high-performance work systems, human resource practices, human resource systems.

INTRODUCTION

The Kenya's manufacturing sector, is a cornerstone of the nation's economic aspirations and a key pillar of Vision 2030, yet employee performance remains underexplored lever for unlocking firm productivity and competitiveness. Despite government efforts to raise the sector's contribution to 20 per cent of GDP (Kering et al., 2020a), performance indicators such as employment generation, output growth, and labour productivity have either stagnated or declined over the past decade (Kiptum, 2021). In fact, manufacturing firms in Sub-Saharan Africa, including Kenya, consistently report the lowest labour productivity globally (Kering et al., 2020b). This worrying trend warrants an urgent examination of how human resource (HR) systems, particularly high-performance work systems (HPWS), can be a catalyst for improving employee outcomes within the local context.

Much of the existing literature on HPWS and employee performance have been drawn from developed economies or different sectors like banking and services. For instance, Husin and Gugkang (2017) demonstrated how HPWS enhances performance in the banking sector, while Ahmad and Allen (2015) and Ogbonnaya and Valizade (2018) explored causal and contextual linkages between HPWS and workforce outcomes. Similarly, Karatepe et al. (2014) emphasised the role of high-performance work practices (HPWP) in driving performance. However, these studies operate in markedly different institutional and economic settings than Kenya's manufacturing landscape. This gap is significant because, as Kering et al. (2020a) note, employee performance is not just an outcome but a "key proximal outcome" in the HR-performance chain, deeply tied to how well HR practices align internally to support organisational goals.

At its core, HPWS is best understood as an integrated system of interdependent HR practices designed to elicit behaviours that advance firm's strategic objectives (Jiang et al., 2012). When coherently implemented, such systems cultivate a workforce that is not only highly skilled but also deeply engaged and committed leading to higher productivity, better morale, these practices typically cluster around five functional areas: rigorous selection and continuous training, behaviour-based performance appraisals, performance-contingent compensation, job security, and meaningful employee involvement (Fan et al., 2014). When coherently implemented, such HR systems cultivate a workforce that is not only highly skilled but also deeply engaged and committed, leading to higher productivity, better morale and reduced turnover (Boxall & Macky, 2014). Importantly, these mutually reinforcing HR practices also create opportunities for skill development and participative decision-making, which directly boost job satisfaction and, by extension, individual performance (Boxall & Macky, 2014).

The theoretical framework is drawn from the social exchange theory (Blau, 1964), which posits that workplace relationships are governed by norms of reciprocity. When organisations invest in employees through supportive HR practices, workers feel a social obligation to reciprocate with higher effort and loyalty (Rhoades et al., 2001). This mutual exchange is especially powerful in manufacturing settings, where teamwork, reliability, and initiative are essential. As Ghosh et al. (2014) observe, people are inherently social, and organisations must foster environments that enable positive social interactions. In this light, HPWS becomes more than a managerial tool—it becomes a relational contract grounded in trust and mutual benefit (Agyemang & Ofei, 2013).

The foundation of social exchange theory lies in a series of sequential interactions between two or more parties, wherein resources are reciprocally exchanged (Blau, 1964). Through repeated, successful exchanges, an initially transactional or economic relationship can evolve into a high-quality social exchange relationship. In the workplace context, this transformation often fosters affective commitment, trust, and heightened engagement among employees (Cropanzano et al., 2017). These exchange processes are shaped and reinforced by broader social structures and social capital, ultimately yielding tangible or intangible rewards for the individual (Opoku & Boateng, 2024). Central to this dynamic is the notion that the relationship between employee and employer entails implicit, unspecified future obligations—whereby contributions made by one party (e.g., effort, loyalty, or performance) generate an expectation of future reciprocation from the other (Cropanzano et al., 2017).

Consequently, social exchange theory underpins the formation of a psychological contract that embodies mutual, albeit often unwritten, obligations between employees and employers (Li et al., 2019). Contextually, the theory suggests that when organisations implement high-performance work systems (HPWS)—which support employee development through practices such as job enrichment and participative decision-making (Huang et al., 2018)—employees are inclined to reciprocate with greater work engagement and organizational commitment. This reciprocal response, in turn, enhances employee performance (Bal et al., 2013). Moreover, employees who perceive that they receive both social (e.g., support, recognition) and economic (e.g., compensation, benefits) benefits from their organisation are more likely to respond with positive, discretionary behaviours that benefit the organisation (Bedarkar & Pandita, 2014).

Conceptually, employee performance is a key proximal outcome in the HR-performance linkage and is directly associated with the extent of internal fit among HR practices (Kering et al., 2020a). Employee performance is achieved through a system of HR practices that build a highly skilled, engaged and committed workforce, leading to higher productivity levels, improved morale, lower turnover and enhanced decision-making, teamwork and information-sharing (Boxall & Macky, 2014). HR practices provide opportunities for skill development and participation by employees and have been shown to impact job satisfaction and directly influence employee performance (Boxall & Macky, 2014). At a lower level of abstraction are the HR policies that comprise the HR systems (Jiang et al., 2012). The HR practices – employee performance linkages provide an extensive view of how an organisation can apply new HR techniques to influence performance, and as such, the study extends the previous empirical work.

While empirical evidence from China (Li et al., 2019; Zhang et al., 2019), Canada (Shin & Konrad, 2017), and Australia (Khoreva & Wechsler, 2018) consistently affirms the positive HPWS–performance link, these findings cannot be assumed to transfer seamlessly to Kenya's developing economy. The institutional voids, resource constraints, and socio-cultural dynamics in Sub-Saharan Africa demand context-specific inquiry. This study, therefore, responds directly to calls for localised research that unpacks how HPWS influences employee performance within Kenya's manufacturing firms—organisations that are vital to national development yet struggling to realise their potential. By anchoring the investigation in both social exchange theory and practical relevance, this study aims to contribute actionable insights for HR practitioners and policymakers striving to transform Kenya's manufacturing sector's future.

LITERATURE REVIEW

In most studies, there is a proposition on the multidimensional conceptualisation where the relationship between HPWS and employee performance has both direct and indirect effects. The studies have either the mediated variable (Ahmad & Allen, 2015; Ogbonnaya & Valizade, 2018) or contextualised variable (He et al., 2018) among other contextualised variables (Khoreva & Wechtler, 2018). The mediated effects of employee engagement (Ogbonnaya & Valizade, 2018) and job satisfaction (Ahmad & Allen, 2015) highlighted an indirect relationship through other HR practices (employee engagement and job satisfaction). These studies support both the direct and indirect relationship and elucidate the interrelationship between HPWP, HR practices and employee performance. They provide further directions to support the current study, where the relationship is contextualised as direct.

Practically, HPWS practices revolve around five functional areas, namely: careful selection and training, behaviour-based appraisal, contingent pay, job security and employee involvement (Fan et al., 2014). Empirical studies have been contextually linked HPWS to employee performance in the Chinese manufacturing sector (Li et al., 2019; Zhang et al., 2019), in Canadian firms (Shin & Konrad, 2017), and in Australia (Khoreva & Wechsler, 2018). Whereas, there is convergence in findings, these studies validate the theoretical proposition that HPWS influences employee performance and a such there is need to apply the proposition in a developing world context, where the application of HR systems is gaining traction as such the provides a foundation for examining the effect of HPWS and employee performance in manufacturing firms in the Sub–Saharan African region. Other contextual variables in

the HPWS – employee performance linkages include HR development practices (Hayat et al., 2019), commitment practices (Latorre et al., 2016), and reward practices (Khoreva & Wechtler, 2018; Ngwa et al., 2019). These studies show the nature of the interrelationship between the HR practices, HPWS, and the influence of these HR practices on employee performance and support the application of the individualised HR practices within the HPWS configuration in determining employee performance of the manufacturing firms.

These studies observed the direct and causal effects of HPWS on employee performance metrics and informed current studies in exploring the relationship between HPWS and employee performance in the manufacturing industry in Kenya. Based on the foregoing reviews, the study formulated the following hypothesis to support empirical literature.
H_1: HPWS have no significant effect on Employee Performance of selected manufacturing firms in Nairobi City County, Kenya.

METHODOLOGY

The explanatory study targeted 6,254 employees from selected eleven manufacturing firms in industrial area, Nairobi City county(Osho Chemicals, Desbro (K), Crown Paints(K), Twiga Chemicals, Manji Food Industries, Pipe Manufacturers, Kartasi Industries, East African Packaging Industries, Beta Healthcare, Silpack Industries and King Plastics Industries based on the directory of Kenya Association of Manufacturers) with the unit of analysis and observation being the employees themselves. Based on Cochran's formula, a sample size of 384 employees with a finite correction factor results in a sample size of 361 employees.

$$n' = \frac{(n)}{(1 + n/\text{Population})} = \frac{(384)}{(1 + 384/6254)} = 361$$

Where *n'* was the desired sample size, while *n* was the sample size. A proportionate stratified random sampling technique was used to select the representative respondents, and the study adopted a questionnaire as the main research instrument. The instrument adopted indicators for HPWS (Guthrie, 2001) and employee performance (Koopmans et al., 2013) and was later checked for internal consistency through the use of Cronbach's alpha coefficient > 0.7, indicating that the instrument had an acceptable scale and measure. Concerning ethical considerations, Informed consent and confidentiality were ensured, with approval from firm management.

The study organised the variables as described below. Gender was measured based on a binary value; 1 = male and 2 = Female, age was measured on a scale of 1 to 5 in ascending order between 21 and 60 years. Education level was measured on an ordinal scale from 1= High school level to 6= PhD level. Work experience was categorised on a scale: 1= less than 10 years to 4= Above 31 years, while job designation was categorised 1= operations; 2= technical; 3= supervisor; and 4= manager, and departmental function clustered into 1= Finance and Accounting; 2= Human Resource; 3= Operations; and 4= Sales and Marketing. The items of the study variables were measured on a five-point Likert scale: 5- Strongly Agree, 4- Agree, 3- Neutral, 2- Disagree and 1- Strongly Disagree.

Data was prepared in several steps that included data completeness through missing data analysis through Little's Missing Completely at random (MCAR) test, with p-values> 0.05 indicating that the data was MCAR and corrected through mean imputation. Common Method Variance (CMV) was checked and controlled through Harman's One Factor Test, with the single factor explaining 31.423 per cent variance below the 50 per cent variance level, ruling out CMV (bias) in the instrument. Finally, the data were analysed with descriptive and inferential statistics with the aid of a Statistical package (Statistical Package for the Social Sciences, Version 24). Further, Multiple regression was chosen to assess direct HPWS-performance relationships, per Hayes (2018). The study tested for the assumption of the linear regression model and confirmed that all the assumptions were not violated.

FINDINGS AND DISCUSSION

Demographic Characteristics

The presentation of demographic data shows that 62.3 per cent of respondents were male and 37.7 per cent female, with the majority (54.3%) aged 31–40 years and only 1.3 per cent aged 51–60, which reflects broader structural imbalances in Kenya's manufacturing sector and warrants critical scrutiny of prevailing HR practices. The pronounced gender disparity is a well-

documented trend in the Kenyan manufacturing sector, where women remain underrepresented, particularly in technical and supervisory roles, due to entrenched socio-cultural norms, limited access to vocational training, and workplace policies that inadequately address gender equity or work–life balance (KNBS, 2022).

The age distribution suggests a relatively young workforce, which may indicate high employee turnover, limited career progression pathways, or the sector's reliance on lower-cost, entry-level labour issues. Regarding education, the finding that 68.3 per cent of respondents held at most a diploma (35.0% diploma, 33.3% high school certificate) and only 1.3 per cent possessed doctoral qualifications is not surprising, given the skill-intensive yet resource-constrained nature of Kenya's manufacturing industry. A significant portion of the workforce lacks formal technical or higher education, which limits firms' capacity to adopt advanced manufacturing technologies and comply with evolving labour standards (World Bank, 2020; KAM, 2021).

Socio-economic Characteristics

The presentation of socio-economic characteristics reveals that 48.3 per cent of respondents had less than 10 years of work experience, while a mere 3 per cent reported over 31 years of service. This skewed experience distribution reflects a heavy reliance on junior and mid-level personnel with limited tenure, which may signal high turnover, inadequate retention strategies, or systemic barriers to long-term career progression (KAM, 2021). In terms of job designation, the data show that 50.7 per cent of respondents were operational staff, 21.7 per cent supervisors, 20.3 per cent technical personnel, and only 7.3 per cent in management roles. Similarly, by departmental function, 57.0 per cent worked in operations, 20.7 per cent in sales and marketing, 14.7 per cent in finance and accounting, and just 7.7 per cent in human resources. The figures show a high concentration of staff in operational roles supported by HR professionals using HR information systems (KNBS, 2022).

Descriptive Statistics

Based on the adopted items (Guthrie, 2001). This study used a Likert-type scale, which rated the level of agreement/disagreement with the items with a scale: 1 - Strongly Disagree (SD); 1 - Disagree (D); 3 - Neutal (N); 4 - Agree (A); and 5 - Strongly Agree (SA)).

Table 1: Descriptive Statistics

Indicators of High-Performance Work Systems	**Mean**	**SD**
Great effort is taken to select the right person	4.620	0.625
Long-term employee potential is emphasised.	4.337	0.652
Considerable importance is placed on the staffing process.	4.366	0.855
Very extensive efforts are made in the selection.	4.413	0.687
Extensive training programs are provided for employees.	4.285	0.722
There are formal training programs to teach new hires the skills they need to perform their job.	4.427	0.642
Employees have adequate opportunities for upward mobility.	4.208	0.759
Employees do not have a future in this firm.	2.378	0.786
Promotion in this firm is based on performance.	4.040	0.885
Employees in this firm have clear career paths.	3.966	0.886
Job security is almost guaranteed for employees.	4.191	0.863
The job description for a position accurately describes all of the duties performed by individual employees.	4.097	0.822
Performance appraisals are based on objective, quantifiable results.	3.957	0.819
Rewards in this firm are competitive with those of other firms in the same region.	4.087	0.738
Reward in this firm is based on employees' performance.	4.097	0.785
Employees in this firm are often asked by their supervisors to participate in decision-making.	4.141	0.986
Employees in this firm are allowed to make decisions about how to do their jobs.	4.164	0.825
Employees are provided the opportunity to suggest improvements in the way things are done.	4.620	0.625
Indicators of Employee Performance	**Mean**	**SD**
The quality of my work in the past three months was very good.	4.390	0.616
The quantity of my work in the past three months was very good.	4.447	0.561
I manage to plan my work so that it is always done on time.	4.373	0.650
I always keep in mind the results that I have to achieve in my work.	4.251	0.751
I have trouble setting priorities in my work.	3.559	1.123
I can perform my work well with minimal time and effort.	4.167	0.689
I can fulfil my responsibilities.	4.169	0.758
I come up with creative ideas at work.	4.224	0.781
I take the initiative when there is a problem to be solved.	4.083	0.836
I ask for help when needed.	4.128	0.860
I take on challenging work tasks when available.	3.845	0.885
I always work at keeping my job knowledge and skills up-to-date.	4.070	0.805
I can cope well with difficult situations and setbacks at work.	4.239	0.780
I come up with creative solutions to new problems.	4.125	0.741
I can cope well with uncertain and unpredictable situations at work.	4.040	0.759
I easily adjust to changes in my work.	4.010	0.814
I often complain about unimportant matters at work.	2.314	1.066
I sometimes focus on the negative aspects of a work situation, instead of on the positive aspects.	2.228	1.108
I sometimes behave rudely towards someone at work.	2.115	1.132
I purposely make mistakes.	1.910	1.182

Source: Researcher (2025)

The descriptive analysis showed that firms are emphasising the long–term commitment to employees, thus they emphasise staffing and selection processes. The firms extensively conduct employee training to improve employee outcomes. The firms provide sufficient opportunities for upward mobility and promotion based on performance standards and career paths. These firms offer job security to employees and seek to match employees to jobs. The firm carries out performance appraisals based on quantifiable measures and competitively rewards employees based on performance standards. Employees are involved in decision–making on issues touching on their job responsibilities and are allowed to contribute towards their tasks and job performance. The description aligns closely with the tenets of HPWS, which emphasise long-term employment relationships, rigorous selection, extensive training, performance-based rewards, and employee involvement (Huselid, 1995; Becker & Huselid, 2006). The emphasis on staffing, training, promotion based on merit, job security, and participative decision-making reflects a commitment to what Pfeffer (1998) terms "high-commitment management."

The statistics indicated that their task performance and work quantity have also been commendable. They always complete the task on time and are conscious of the work standards and set the work priorities. In terms of contextual work performance, the analysis shows that employees fulfil their work responsibilities and can bring up new ideas at work. Most of them take initiative in problem-solving, always ask for help when needed, and take on challenging tasks whenever called upon. Regarding adaptive performance, the statistics show that employee update their job knowledge and skills to be able to cope well with uncertainties and unpredictable situations at the workplace.

Further, the employees are creative at work and can easily adjust to work changes. Lastly, on the counterproductive work behaviour, most employees indicate that they focus on the positive aspects of the work and are neither rude at work nor make intentional mistakes at the workplace. The statistics indicate that employees are consistently conscientious, proactive, adaptive, and devoid of counterproductive behaviours. While the respondents affirm that they are devoid of CWBs, research indicates that that counterproductive work behaviours (CWBs) such as withdrawal, sabotage, or interpersonal deviance occurs in lesser incidence rates in most organisations, even those with strong HR systems (Spector & Fox, 2005).

Inferential Statistics

The study employed ANOVA analysis to examine the nature of the relationship between study variables and socio-demographic characteristics. The findings are displayed in Table 2.

Table 2: Categorical Differences in Study Variables

Variable	F-test	p	Categorical differences					
Demographic characteristics			1	2	3	4	5	6
HPWS # Gender	8.29	0.05	4.12^{a}	4.39^{b}				
HPWS # Age	4.29	0.01	4.16^{a}	4.26^{a}	4.14^{a}	3.00^{b}		
HPWS # Education level	12.16	0.00	3.95^{a}	4.36^{ab}	4.35^{ab}	4.27^{ab}	4.51^{bc}	5.00^{c}
HPWS # Work experience	8.01	0.00	4.11^{ab}	4.31^{bc}	4.52^{c}	3.93^{a}		
HPWS # Designation	14.28	0.00	4.05^{a}	4.41^{b}	4.44^{b}	4.28^{ab}		
HPWS # Departmental function	8.23	0.00	4.31^{a}	4.64^{b}	4.15^{a}	4.28^{a}		
$^{a, b, c,}$ *Means with the same letter superscript in a column are not significantly different (p<0.05)*								

Source: Researcher (2025)

Table 2 shows significant demographic disparities in the perception and impact of High-Performance Work Systems (HPWS) within Kenya's manufacturing sector, particularly among firms in Nairobi City County. The analysis reveals that perceptions of HPWS vary significantly across gender, age, education level, work experience, job designation, and departmental function, suggesting that HR systems are not

experienced uniformly across the workforce (F = 8.29 to 14.28, all p < 0.05). Notably, female employees, those aged 51–60 years, individuals with high school technical education, and employees with 11–20 years of experience reported more favourable views of HPWS. Additionally, HR staff held the most positive perceptions, whereas operations staff expressed the least favourable views. These differences point to potential misalignments between HR policy design and frontline operational realities, a common challenge in developing economies where formal HR practices may not be fully contextualised to shop-floor dynamics (Bigsten & Söderbom, 2006; Kering et al., 2020a).

Table 3: Effects of HPWS on Employee Performance

	Model 1			Model 2		
	β	t	p	β	t	p
(Constant)	1.455	42.665	0.000	0.708	11.611	0.000
Gender	0.142	2.517	0.012	0.005	0.117	0.907
Age	-0.045	-0.681	0.496	-0.045	-0.871	0.384
Work experience	-0.205	-2.944	0.004	-0.020	-0.338	0.736
Education	0.053	0.710	0.478	-0.238	-4.360	0.000
Job designation	0.192	2.854	0.005	0.095	1.791	0.074
Departmental function	-0.110	-1.849	0.065	-0.096	-2.072	0.039
HPWS				0.629	13.645	0.000
R^2	0.118			0.462		
Adjusted R^2	0.100			0.449		
Std. Error of the Estimate	0.112			0.088		
F	6.552		0.000	35.762		0.000

Source: Researcher (2025)

The hierarchical regression results in Table 3 provides an insight that certain demographic variables; gender (β = 0.142, p < 0.05), work experience (β = –0.205, p < 0.05), and job designation (β = 0.192, p < 0.05) significantly predict employee performance, collectively explaining 11.8 per cent of its variance (F = 6.552, p = 0.000). Age, education level, and departmental function, despite influencing HPWS perceptions, did not significantly predict actual performance outcomes. This divergence between perception and performance suggests that while employees may feel differently about HR practices based on their background, only specific structural and positional factors translate into measurable performance differences.

Several arguments can be advanced to explain these disparities. First, the more favourable HPWS perceptions among female employees may reflect greater appreciation for structured HR practices such as performance feedback, training, and participative mechanisms that enhance role clarity and career support in male-dominated manufacturing environments (Agyemang & Ofei, 2013). In Kenya's industrial sector, where gender imbalances persist, such systems may be perceived by women as enablers of inclusion and equity, thereby boosting their engagement and performance (Opoku & Boateng, 2024).

Second, the negative relationship between work experience and performance (β = –0.205) is counterintuitive but plausible. Employees with 11–20 years of experience may hold more critical views of HPWS if they perceive these systems as inconsistent with long-standing operational norms or as tools for intensifying work without commensurate rewards, a phenomenon documented in studies on work intensification under high-involvement HR models (Boxall & Macky, 2014). Veteran employees might also feel alienated if HPWS emphasise digital literacy or agile practices that favour younger cohorts, leading to disengagement despite favourable initial perceptions (Kiptum, 2021).

Third, the strong positive effect of job designation (β = 0.192) aligns with social exchange theory: employees in higher-ranking roles (e.g., supervisors, HR professionals) are more likely to benefit directly from HPWS through greater autonomy, decision-making input, and developmental opportunities (Cropanzano et al., 2017). Consequently, they reciprocate with higher performance. In contrast, operations staff often on fixed-shift, task-specialised roles may experience HPWS as top-down impositions that increase monitoring without enhancing voice or job control, thereby dampening their performance impact (Guthrie, 2001). This reflects a critical gap in HR system implementation: when HPWS are not adapted to the realities of different functional units, they risk exacerbating intra-organisational inequities rather than fostering collective high performance (Jeong & Shin, 2019).

Finally, the non-significance of departmental function in predicting performance despite significant differences in HPWS perceptions suggests that perceptual alignment does not automatically translate into behavioural outcomes. As Jiang et al. (2012) argue, the effectiveness of HPWS depends on how coherently and fairly practices are enacted across roles. In Kenyan manufacturing firms, where resource constraints and managerial capacity may limit consistent HPWS rollout, frontline staff may recognise the intent of HR initiatives but remain unmotivated due to poor execution or lack of trust in organisational reciprocity (Bedarkar & Pandita, 2014; Li et al., 2019).

In sum, the findings reveal that demographic and positional factors shape both the perception and performance outcomes of HPWS in nuanced ways. This challenges the assumption of a "one-size-fits-all" HR model and calls for context-sensitive, differentiated HR strategies that account for gender, tenure, role, and functional context in Kenya's manufacturing landscape (Tzabbar et al., 2017; Zhou et al., 2019).

Discussion

The study evaluated the effect of high-performance work systems on employee performance of manufacturing firms in Nairobi City County, Kenya. The results indicate that HPWs have a statistically significant positive effect on employee performance of selected manufacturing firms in Nairobi City County, Kenya (β = 0.629, p< 0.05). This means that when firms adopt high-performance work systems, they tend to induce higher levels of performance from employees.

The positive effect of high-performance work systems (HPWS) on employee performance has been demonstrated in numerous studies (Alfes et al., 2013). These findings support the proposition that HPWS exerts a favourable influence on employee performance. However, the relationship is nuanced: HPWS positively predicts employee performance through psychological empowerment, yet it can simultaneously undermine performance through emotional exhaustion (Han et al., 2023).

HPWS facilitates the selection of competent and creative employees and ensures that they are afforded opportunities to contribute meaningfully to organisational goals (Tzabbar et al., 2017). This process fosters greater employee commitment, which in turn enhances motivation within the human resources (HR) function. Heightened commitment is likely to elicit behaviours that benefit the department and, ultimately, improve organisational productivity (Wojtczuk-Turek & Turek, 2021). The HPWS framework operates by optimising employees' work-related knowledge, skills, and abilities in ways that align with organisational performance objectives, enabling employees to assume greater ownership of their roles and transcend self-interest for sustained performance (Ogbonnaya & Valizade, 2018). Importantly, it is not isolated HR practices but complementary bundles of HRM practices—commonly referred to as HPWS—that yield higher performance at both individual and organisational levels. These systems are grounded in the understanding that employees' experiences of integrated HRM practice clusters shape their perceptions of the exchange relationship they establish with their organisation (Alfes et al., 2013).

HPWS influences employee performance through mechanisms such as empowerment, decision-making ownership, job autonomy or discretion, and participative involvement (Garg & Sharma, 2015). Through its collaborative and synergistic combination of developmental and motivational practices, HPWS enhances the collective knowledge, skills, and motivation of organisational members, thereby

enabling organisations to achieve superior performance outcomes—such as improved market performance and higher workforce retention (Raineri, 2017; Zhou et al., 2019). HPWS is also directly and positively associated with job satisfaction and employee engagement, reinforcing the argument that coherent bundles of HRM practices cultivate positive employee attitudes and behaviours (Bal et al., 2013). When HRM practices are implemented as an integrated system, they produce mutually reinforcing effects that elevate the quality of employees' work performance (Ogbonnaya & Valizade, 2018).

Theoretically, social exchange theory posits that employees are motivated to exhibit positive attitudes and discretionary behaviours when they perceive that their employer values them and their contributions. Specific HRM practices may signal an organisation's intent to invest in employees over the long term, thereby creating a sense of obligation that prompts employees to reciprocate with extra-role behaviours and contributions (Alfes et al., 2013). This theory further conceptualises human capital and employee satisfaction as collective, organisation-level mechanisms that mediate the impact of HPWS on organisational performance outcomes (Shahzad et al., 2024). It suggests that when individuals collaboratively invest in and draw upon the organisation's pooled knowledge, skills, and motivation, a synergistic effect emerges that enriches collective human capital and satisfaction (Zhou et al., 2019). Moreover, social exchange theory explains how organisational members develop shared cognitive and affective interpretations of their exchange relationships, influencing one another's evaluations of fairness, support, and reciprocity (Shahzad et al., 2024).

Consequently, a collective sense of social exchange emerges that transcends individual dyadic relationships, establishing a shared normative standard that discourages deviation from expected performance attitudes and behaviours (Chun et al., 2013). Within this framework, individuals tend to conform to collective performance expectations even when their personal perceptions of the exchange relationship vary (Shahzad et al., 2024).

Organisational support fosters a sense of obligation that strengthens employees' physical, social, and cognitive attachment to the organisation and its well-being. Appropriate support enhances employee engagement, which strongly influences the degree of effort employees are willing to invest in their work and the organisation (Bedarkar & Pandita, 2014). Employees develop a sense of obligation toward the organisation and its representatives, forming a critical link between perceptions of organisational justice and positive workplace outcomes (Roch et al., 2019). As Cropanzano et al. (2017) note, healthy social exchange relationships are nurtured by perceptions of fairness, which generate feelings of obligation that motivate employees to reciprocate with behaviours that benefit the organisation or their supervisors.

According to Khoreva and Wechtler (2018), when organisations invest in multiple dimensions of HR practices—practices that employees interpret as evidence of employer commitment—employees are more likely to act in ways that align with organisational interests. HPWS contributes to the development of collective human capital by first transforming and amplifying individual knowledge, skills, and abilities (KSAs) into a valuable organisation-level resource and then cultivating an environment that encourages collaboration, continuous learning, and shared problem-solving (Jeong & Shin, 2019). Through training and development programs focused on collective capability building, as well as through employee involvement in decision-making and problem-solving, HPWS not only leverages individual talents but also promotes organisation-wide knowledge sharing and expertise diffusion (Jeong & Shin, 2019).

Furthermore, performance-linked incentive systems motivate employees to exert their best efforts and share knowledge to achieve collective developmental and performance objectives. HPWS also encourages open communication and information sharing across the organisation, facilitating the dissemination of best practices, lessons learned, and tacit knowledge—thereby supporting collective learning and human capital development. Empirical evidence confirms that strategically designed HRM systems like HPWS are instrumental in acquiring, developing, and motivating the collective capabilities, attitudes, and behaviours essential for organisational success (Ma et al., 2017; Zhou et al., 2019).

Collective human capital is embedded in an organisation's social processes, enabling the development of firm-specific competencies that support positive organisational change and confer a sustainable performance advantage over competitors (Zhou et al., 2019). Similarly, HPWS nurtures collective employee satisfaction by fostering a positive work environment, recognising and rewarding performance, and promoting meaningful engagement. Satisfied employees are more inclined to reciprocate through heightened commitment, increased effort, and proactive contributions to organisational goals. Consistent with social exchange theory, the ongoing reciprocal interactions between the organisation and its employees—characterised by supportive practices and mutual satisfaction—are likely to translate into enhanced organisational performance (Zhou et al., 2019).

CONCLUSION AND RECOMMENDATIONS

Conclusion: In conclusion, the descriptive analysis indicates the long–term commitment to staffing and selection processes and the use of employee training to improve employee outcomes. The firms provide sufficient opportunities for upward mobility and promotion based on performance standards and career paths using quantifiable performance appraisal systems. Employees are involved in decision–making processes. The results from hypothesis testing showed that high-performance work systems have a statistically significant positive effect ($\beta = 0.629$, $p < 0.05$) on employee performance of selected manufacturing firms in Nairobi City County.

Recommendations: The findings imply that novel and tested HR systems offer alternative and unique benefits to manufacturing firms when contextually applied. In terms of policy, HPWS is a powerful HR tool that augments employee performance in the manufacturing sector. Lastly, the social exchange theory offers an enriching theoretical perspective that augments the application of the HPWS as a mutual – reinforcing HR practices to both the employee and the firm.

Limitations of the Study

The study was limited to eleven selected manufacturing firms, which were the representative number and were geographically limited in scope to Nairobi City County, and as such, the findings may differ because of the geographical spatial differences.

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