

**PERCEIVED EFFECT OF HUMAN CAPITAL INVESTMENT ON
EMPLOYEE COMMITMENT AT THE OFFICE OF AUDITOR
GENERAL IN KENYA**

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

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This research project has been submitted for examination upon my approval as University Supervisor.

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DEDICATION

This study is dedicated to my family for they have always been supportive and encouraging throughout my life. They have been and continue to be a pillar of support in everything that I do. I appreciate it.

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ABBREVIATIONS AND ACRONYMS

- HCT** - Human Capital Theory
- HR** - Human Resources
- ICPAK** - Institute of Certified Public Accountants of Kenya
- IT** - Information Technology
- OAG** - Office of the Auditor-General
- RBV** - Resources Based View
- SET** - Social Exchange Theory
- SPSS** - Statistical Package for the Social Sciences

ABSTRACT

Human capital investment is very important for any firm to increase effectiveness, efficient, productivity and commitment in organizations. However, despite investing in employee getting committed, motivated and loyal employees remains on the serious challenges faced by institutions today. Further, human capital investment remains a major structural challenge in most public sector entities. In Kenya, while the government has made steps aimed at reforming the public sector, human capital investments remain an obstacle and has continued to stifle Government efforts to improve service delivery. Specifically, the Office of the Auditor General (OAG) also acknowledges challenges that heavily affected the competence and efficacy of the office operations. This paper thus tried to determine the perceived impact of human capital investments on employee commitment at the office of auditor general in Kenya. The human capital theory, the resource based view and the social exchange theory formed the study's theoretical literature. The study adopted a cross-sectional descriptive study design and the study population was the 1500 employees at the OAG. A sample size of 150 employees was selected that represented 10% of the total population using stratified random sampling. The study used primary data that was gathered through questionnaires. The data collected was analyzed using descriptive statistics and the regression model through the SPSS statistical software. The study found that the Office of the Auditor General had instituted satisfactory and appropriate training, educational, knowledge management and skill development programs. Regression results revealed that training had positive and significant connection with worker commitment at the OAG. The findings further indicate that education had a positive and significant effect on employee commitment at the OAG while knowledge management positively and significantly affected employee commitment at the OAG. The study also revealed a positive and significant connection between skills development and employee commitment at the OAG. The study concluded that human capital investments in form of training, educational, knowledge management and skill development programs significantly and positively influence employee commitment at the office of auditor general in Kenya.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Human capital investment is progressively becoming a central aspect to the elevation of employees work performance to enhance competitive advantage (Yew, 2007). Firms boost their employees' capability through all-inclusive human capital investment programs to realize corporate objectives and for long-term sustainability and survival (Marimuthu, Arokiasamy & Ismail, 2009). Thus, organizations should devote more resources to make sure that employees possess adequate knowledge, competencies and skills they need to work effectually (Maige, 2016). Investing in human capital is therefore a highly commitment approach that affects employee motivation and involvement (Brenya, 2014). Human capital investments facilitates development of organizational competencies by stimulating employees' commitment to the firm. Without employee commitment, the execution of new strategies, initiatives and ideas will be compromised (Hansson, Johanson & Leitner, 2004).

On a theoretical perspective, the human capital theory states that useful knowledge and skills are imparted into employees through education or training, which raises their productivity, brings about positive aptitudes, attitudes as well as other learnt attributes that leads to quality productivity at the work place (Kim & Shin, 2019). The resources based view (RBV) supports that human capital investments enhance organizations' competitiveness when it generates better net economic returns than the company's competitors do (Boon et al., 2018). The social exchange theory postulates that human capital investments serve organizations as a means of demonstrating their support, care or

commitment to employees and, conversely, to promote affective involvement and mutual loyalty between employees (Yew, 2007).

In Kenya, the government acknowledges that human resources are the engine that drives a country's socio-economic change (Odhon'g & Omolo, 2015). Thus, human capital investment is one among the four pillars of Kenya's development strategy (Nderitu, Gakobo & Ochieng, 2019). The government implemented key changes in human resources management, including staff rationalization and management of performance programs to make the public service appropriate and improve citizenry service delivery (Ministry of Public Service, Youth and Gender Affairs, 2017). The Office of the Auditor-General (OAG) is an autonomous office that works as watchdog of public funds of Kenyan citizens to make sure public funds are not mismanaged and well accounted for (Obwaya, 2010). The OAG makes sure that all the money allocated to various institutions are utilized for the purposes they were allocated and also advises the Government on viable projects to spend money on (Muthengi, 2017).

1.1.1 Employee Perception

Employee perception refer to the process in which people take and organize their sensual discernments to give meaning to the environ (Panimalar & Kannan, 2013). Perception does not necessarily have to be found on realism, but it is simply a perception on the point of view of a specific individual on a situation. When dealing with the structural behavior concept, observation is significant as individual's behavior is grounded on their view of realism (Kaharuddin et al., 2018). Employee insight is an aspect that can make a significant difference in the workplace quality and influences workers to remain in an industry (Wang et al., 2020).

Employee perception is recommended as one of key tools of improving the quality of working life (Wang et al., 2020). The implicit goal of employees' perception is to create an environment in which the individual has independence and freedom in making decisions concerning his work environment and the correspondence between his personal and professional requirements and between his work and their improvement. (Panimalar & Kannan, 2013). Good employees' perception creates a positive work environment while negative perception affects the organization's performance (Kaharuddin et al., 2018).

Perception of employees has a positive impact on the company's productivity when employees are ready and determined to achieve the organization's goals. Employees can show a willingness and determination to work if their perceptions are taken into account in the organizations decision-making (Kaharuddin et al., 2018). When employee perceptions are taken into account, absenteeism is reduced, organizational involvement is enhanced, performance is improved, turnover is reduced and job satisfaction is increased (Panimalar & Kannan, 2013).

1.1.2 Human Capital Investment

Human capital investment is any action that enhances a worker's productivity or quality (Ukenna et al., 2010). Human capital investment also refers corporate input to talent and technology that create a competitive advantage, are valuable and unique, and should be kept out of other companies' scope (Jamal & Saif, 2011). Investing in human capital is essentially a process of human development through training or education or both (Awan & Sarfraz, 2013). The attributes of investments in human capital and human capital are attributed to individuals, not to the company (Hansson, Johanson & Leitner, 2004). A decision to invest in human capital, like a decision to invest in other assets, it is very much

important though it requires comparing costs to represent with benefits to be received in the future (Maige, 2016).

Human capital is a significant organization input particularly for continuous employee's improvement in terms of skills, knowledge and abilities (Tessema, 2014). Investing in staff is enhanced by evaluating the entity's commitment towards helping employees to recognize plus acquire innovative competencies and skills that would make them take on new roles inside or outside the organization (Kumar, Singh & Kumar, 2016). Investing in human capital gives an organization a competitive advantage by constantly training workers to improve present-day competencies and acquire new skills that can then be adapted and subsequently credibly implemented (Pasban & Nojedeh, 2016). Companies are thus keen to invest in human capital in order to improve company-specific expertise which are useful in today's organization but not in other organizations' (Jamal & Saif, 2011).

Investments in human capital remain as part of the significant role of human resource management. It is contended that appropriate practices of employee development influences organizational results by shaping the attitude and behavior of employees (Kucharčíková, Mičiak & Hitka, 2018). education and training are a major concern for governments, businesses and individuals (Hansson, Johanson & Leitner, 2004). In HRM, the key indicators of human resource investments as identified in various studies among them Odhon'g and Omolo (2015), Brenya (2014), Wang, Shieh and Wang (2008), Maige (2016), Ukenna et al (2010) comprises of training, education, skills development and knowledge management.

1.1.3 Employee Commitment

Employee commitment refers to the comparative asset of an employee's participation and interconnectivity with a specific industry (Alshitri, 2013). Employee commitment also relates to the degree in which a person identifies with an entity and desires to actively remain contributing in it (Yew, 2007). Employee commitment denotes the psychological connection between the employee and the firm, which decreases the probability that employee, will voluntarily leave the firm (Rusu, 2019). Thus, it is an employee's attitude to the entity, which entails a solid belief and recognition of the organization goals and values, the enthusiasm to make significant efforts on the firm's behalf and a robust desire to retain the entity's membership (Alshitri, 2013).

Employee commitment creates a cooperative and positive atmosphere in the organization and brings together the entity's employees to improve the overall organization functions (Shafiq, Zia-ur-Rehman & Rashid, 2013). Dedicated workers ardently work with the organization to create a friendly atmosphere in the organization enabling the entire workforce to work enthusiastically towards achieving the organization's objectives (Guchait & Cho, 2008). High employee commitment enhances performance, service quality, labor productivity and leads to a growth organization, which enlarges the market share, expands employment, and improves employee socio-economic well-being in the long-run (Rusu, 2019).

Employee commitment can be assessed by the degree in which an individual is apt to accept the organizations goals and values (Brenya, 2014). It can also be evaluated by the extent to which a worker accomplishes his or her job responsibility (Singh, & Bhardwaj, 2017). Employee commitment is usually measured based on Meyer and Allen's (1991)

model three dimensions, which include affective, continuance, or normative commitment (Zeinoddini, Aibaghi & Soleimani, 2015). Affective commitment reveals the employee's emotive attachment as they identify with the organization and membership enjoyment. Continuance commitment indicates the perceived assessment of the costs and benefits of maintaining the organization's membership while the normative commitment reveals a sense of commitment to stay at the entity (Shafiq, Zia-ur-Rehman & Rashid, 2013).

1.1.4 Office of Auditor General in Kenya

The Office of the Auditor General in Kenya obtains its decree from Article 229 of the Kenyan Constitution. In addition, Article 248(3a) categorizes the Office of the Auditor General as a sovereign office (ICPAK, 2014). Its role is to audit and report on the accounts of national and regional governments for the financial year, all funds and agencies of the Counties and the National Government; all law courts; any commission established by the Constitution and any independent corporate body. Others include the Senate, the National Assembly and the County assemblies; publicly funded political parties; National debt; and the accounts of all other companies required by law to be audited by the Auditor General (ICPAK, 2014).

The OAG is the only constitutionally mandated independent agency to exercise statutory review of operations of the government and report to the National assembly (Koigi, 2016). The OAG office is required to provide assurance regarding public resources accountability through; Accounts certification, continuous auditing and provision of services for all Kenyans (Transparency International Kenya, 2019). Audit reports prepared by the OAG are thus vital accountability instruments that not only accentuate public resources usage,

but also reflect the accountability and transparency levels in public resources use (Transparency International Kenya, 2019).

Employees of the Office of the Auditor-General play a very important role as they act as a link between the organization and the public (Kyalo & Oluoch, 2017). Thus, OAG has adopted various HR guidelines in an endeavor to change the OAG office from the poor service delivery culture to a culture that is more business-centered environment that that leads to customer satisfaction (Obwaya, 2010). However, the OAG has accused of submitting audit reports later than the stipulated time as mandated by the constitution. The office was also accused of carrying out audits, which fall short of international standards (Muthengi 2017). Kyalo and Oluoch (2017) for instance documented that the OAG's statutory position, corporate management, availability of resources and audit procedures significantly influenced OAG's office effectiveness in public finance management oversight in Kenya.

1.2 Research Problem

Human capital investment is very important for any firm to increase effectiveness, efficient, productivity and commitment in organizations (Maige, 2016). Thus, firms are required to undertake human capital investment to improve employee productivity and satisfaction (Marimuthu, Ismail & Arokiasamy, 2009). However, despite investing in employee getting committed, motivated and loyal employees remains on the serious challenges faced by institutions today (Brenya, 2014). Further, human capital investment remains a major structural challenge in most public sector entities (Jamal & Saif, 2011). For public entities, measuring the return and value of human capital investment remains a problem and a strategic challenge for human resource practice (Al-Ghazawi, 2006). In

addition, despite companies' efforts to invest in human capital through training to improve employee commitment, the problem of high employee turnover persists.

In Kenya, human capital investments are one among the four pillars of Kenya's development strategy (Nderitu, Gakobo & Ochieng, 2019). However, while the Kenyan government has made momentous steps towards reforming the public sector, human capital investments remain an obstacle and has continued to stifle Government efforts to improve service delivery. The OAG in Kenya is tasked with auditing and reporting on accounts of all government entities in respect to a particular financial year and provide assurance that funds are being effectively used. However, from the Strategic Plan of the Period 2012-2015, the OAG acknowledges challenges that heavily affected the competence and efficacy of the office operations (Koigi, 2016). Kyalo and Oluoch (2017) documented that in undertaking its functions, the OAG has been affected by several issues including; insufficient human, resources, inadequate training, insufficient knowledge, integrity issues and professionalism. According to Muthengi (2017), there has also been high staff turnover at the OAG with general observation indicating that inadequate staff at the office is the major cause of untimely submission of audit reports.

Empirically, numerous studies have been advanced on human capital investments in various entities. Brenya (2014) documented an insignificant link between human capital investment and employee commitment the Judicial Service of Ghana however, Wang, Shieh and Wang (2008) in china document a positive interrelationship. In Kenya, Odhiong and Omolo (2015) explored how investments in human capital affect pharmaceutical firms' performance and documented a positive link between performance and human capital investments while Odhiong', Were and Omolo (2014) also assessed human capital

investments and performance documenting that HR investments practices enhance firm performance but the reviewed studies focused on commercial entities. Additionally, most studies focus more on how human capital investments affect firm performance with different methodologies being used and conflicting results being documented. This study thus intend to examine, to what extent do human capital investments affect employee commitment at the office of auditor general in Kenya.

1.3 Objective of the Study

To determine the perceived impact of human capital investment on employee commitment at the office of auditor general in Kenya.

1.4 Value of the Study

This research shall add on to the existing theoretical evidence on the human capital theory, the resource based view and the social exchange theory. The study will further add on to the on empirical evidence on the study concepts and introduce an opening for extra studies on the concept of human capital investments and organizational commitment.

Second, the study findings shall be of importance to policymaking institutions in Kenya to develop strategic human resources on human capital development policies, which will encourage investment in human capital among public sector entities. Various policy maker in the sector including Ministry of Public Service, Youth and Gender Affairs, Ministry of Labour, Kenya School of Government and other relevant government bodies overseeing the operations of the public sector entities may use the study recommendations to develop strategies on human capital investments.

The establishment of this research shall be of significance in the administration of the office of Auditor General in Kenya, as they will use the study conclusions and recommendations to enhance their human capital investment strategies to enhance employee commitment. The administration and management of the OAG will also get additional information whether investing in human capital enhances employee commitment.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section brings out the theoretic underpinnings of the research and it comprises of the human capital theory as well as the resource-based view that explains the concept of human capital investments and the social exchange theory to explain the concept of employee commitment. The chapter also discusses the human capital investment components, the dimensions of employee commitments and an empirical review between the concepts.

2.2 Theoretical Review

The human capital theory, the resource based view and social exchange theory formed the study's theoretical literature.

2.2.1 Human Capital Theory

The human capital theory as conceptualized by Schultz (1961) and later advanced by Becker (1964) states human capital can be interchangeable but cannot be transferred as the other production aspects (Bae & Patterson, 2013). Thus, it is a production means where additional investments lead to higher output and a business entity can develop its employees through particular skills, knowledge and experience that are essential for an organizations growth and add value to its employees (Amodu et al., 2017). The theory explains how training and education helps to improve labor productivity by increasing the cognitive levels of economically useful human skills, which is a creation of inmate skills and investment in employees (Chidozie, 2016).

The human capital theory indicates that human capital can be divided into two groups, comprising of the specific and overall human capital. The broad human capital is

multidisciplinary, this shows that it is transferable across corporations and industries. Examples of comprise family background attributes, age, education and gender (Iheonunekwu, Ogwudire & Okoko, 2012). Conversely, the specific human capital applies exclusively more or less to activities like new product development. It encompasses attributes like prior knowledge, attitude towards innovation, experience, managerial and technical skills and industry-specific knowledge (Kim & Shin, 2019). The theory postulates that individuals with a greater human capital perform better when undertaking tasks, and human capital entails the skills and knowledge stock that individuals have (Tessema, 2014).

The theory captures the necessity of investing in human capital as a prerequisite for operational knowledge and skills acquisition that are essential for employee commitment and work performance (Bae & Patterson, 2013). However, the theory is criticized that it neglects that individuals can acquire skills and knowledge through their own experience (Onwumelu & Ikechukwu, 2018). The other limitation of HCT is that it assumes that education increases workplace productivity, leading to greater individual salaries and gives slight insight to the processes through which training and education lead to higher wages (Chidozie, 2016). For this study, the theory supports that investing in human capital development increases employees' value, agility and skills, which increases employee performance and commitment in the organization. Thus, for an organization to achieve strategic capability, it must prepare its employees to be smarter, more flexible and knowledgeable than its competitors.

2.2.2 Resource Based View

Resources based view (RBV) was conceptualized by Penrose (1959) and was further articulated by Barney (1991) emphasizes on the importance of the entity to create valuable resources and combine them in dynamic and unique ways to drive the entity's success (Khayinga & Muathe, 2018). The RBV postulates that an organization's competitive advantage does not depend on natural resources, economies of scale or technology, as conventionally assumed but depends on hard to imitate, scarce and valuable, scarce organizational resources (Boon et al., 2018). Thus, human capital is an invisible resource in actual sense. The theory acknowledges human capital as one of the valuable, hard to imitate and no substitutable organization asset that an entity can successfully use to enhance organizational competitiveness (Ukenna et al., 2010).

The RBV recognizes that human capital is a distinctive resource, as individuals that make up this resource possess the capability to capture and bargain a portion of the value they have generated for their entity (Nderitu, Gakobo & Ochieng, 2019). Thus, committed employees are an essential resource and vital component for realizing competitive advantage in any business, and training is an indispensable instrument for its actualization (Khayinga & Muathe, 2018). The RBV emphasizes on the ability of human resources to adapt and learn faster than their competitors in terms of resources such as intelligence, training, judgement, experience, interrelationships and individual managers' visions as well as the organization employees (Munjuri & K'Obonyo, 2015).

The RBV supports that an organizations' performance depends on how well HR managers shape their entities on human resources which are valuable, scarce, inimitable and non-substitutable (Munjuri & K'Obonyo, 2015). The theory has however faced several criticism

The RBV theory has however received lots of criticism. First, the RBV is considered a static theory that does not take into account the development over time of capabilities and resources that form the foundation of competitiveness. Secondly, the theory has no significant operational validity and management implications and articulates that managers should procure and develop VRIN resources and develop a suitable organization, but is silent on how to do it (Boon et al., 2018). In this study, the theory supports that the organization is exceptionally strategic when all employees with different skills are put together and well managed through the HR process like training and development, employee relationships reward management among others.

2.2.3 Social Exchange Theory

The social exchange theory was conceptualized by Blau (1964) and explains that social exchanges entails specific obligations where the individual prefers future returns, although the form and timing of the return are usually unclear (Kim & Shin, 2019). The social exchange is therefore based on undeclared trust and obligations. Social exchange also includes reciprocity, which refers to the norm that assists the receiver of a benefit to pay back the benefactor in some means (Yew, 2007). The link between the employee and the employer can therefore be seen as a social exchange. An employer can recognize a worker's efforts by availing benefit and opportunities. In return, for given benefit and opportunities, personnel may feel the need to reciprocate and be more involved in the organization (Guchait & Cho, 2008).

The theory indicates that employee commitment to the organization depends on the degree in which the corporation is committed to them hence; they will reciprocate their perceptions on the entities commitment to them by being committed to the organization. The theory

further suggests that the satisfactory the employee's experiences and rewards, the more willing they offer something in return (Yew, 2007). The social exchange theory in HR practice facilitates procedural justice (fair treatment) of employees and thus not only generate their perceived support to the organization, but also influence directly their trust to the entity (Boon et al., 2018).

The social exchange theory is widely used to describe perceived administrative justice, organizational citizenship behavior, and organizations support in organizations (Kim & Shin, 2019). The key criticism of the SET is that it lacks sufficient theoretical accuracy and is therefore of limited use. Researchers applying the theory can explain many social phenomena post-hoc, but are severely limited in their ability to predict a priori behavior in the workplace (Yew, 2007). In this study, the social exchange theory explains that when workers receive social, economic and supportive resources from the entity, they feel the need to reciprocate and return the favor to the business. Employees will thus dedicate more physical, sensitive and cognitive resources to their job responsibilities as they engage in their work.

2.3 Investments in Human Capital

Human capital investments comprise of the four major dimensions which include education, training, knowledge management and development of skills as advanced by various authors including Khayinga and Muathe (2018), Wang, Shieh and Wang (2008), Ukenna et al (2010), Odhon'g and Omolo (2015), Kucharčíková, Mičiak and Hitka (2018), Choi (2010), among others. The human capital theory argues that human capital entails elements like prior knowledge, attitude towards innovation, experience, managerial and

technical competencies as well as industry specific expertise (Tessema, 2014). This study placed emphasis on education, training, knowledge management and skills development.

Training denotes the required and undergone training and acquaintance by an individual that raises the employee's capabilities in executing economic value activities (Iheonunekwu, Ogwudire & Okoko, 2012). Investment in training is important from both social and personal perspective. As such, a workforce that lacks training decreases an organization competitiveness (Iheonunekwu, Ogwudire & Okoko, 2012). Trainings is very important in facilitating both the development of the organizations personnel and their productivity levels. Companies undertake staff training to enhance operations thus reducing resources wastage by unskilled employees as well increasing the overall employee proficiency (Al-Ghazawi, 2006). Training is delivered and designed to employees in different formats such as lectures, case analysis, site visits, workshops and through different media personalized online and face-to-face training (Choi, 2010).

Education is a learning sequence that consists of acquiring skills, values, habits and beliefs (Khayinga & Muathe, 2018). Education is directly connected to the income and potential income of workers as explained by literature on investments in human capital (Gross, 2015). By providing and encouraging resources to employees undertaking personal training outside of the enterprise, businesses can strengthen the basic and workers' general knowledge, which should facilitate their creative processes (Choi, 2010). Education remains the most talked about types of investments in human capital as educated people are seen as valuable additions to society and the workplace because of their educational capital, which can add to business improvement, society and the economy in general (Onwumelu & Ikechukwu, 2018).

Knowledge management is considered ownership of commercial knowledge and its use to stimulate innovation. It is thus appropriate to recognize the significance of knowledge and its management, since economic growth is linked to knowledge (Jamal & Saif, 2011). Knowledge management is an active area created by different aspects like human resources, change management, organizational development, performance measurement, and value creation (Pasban & Nojehdeh, 2016). Knowledge management leads to high organization production as one of the cost-reducing constituent of a competitive environment (Khayinga & Muathe, 2018).

Skills denotes the capacity and ability to know how to undertake a specific job in a way that seamlessly relates to others (Khayinga & Muathe, 2018). Improved skills for workers can have great effect on the economic growth of any organization and the society in general. Hence developing workers' skills can give the institution an opportunity to grow and increase work effectiveness and productivity (Maige, 2016). A highly skilled makes it simple for an organization to implement and adopt new technology, which improves the returns on training and education (Onwumelu & Ikechukwu, 2018). Skilled workers may also possess particular expertise in performing specific functions, which enhances their value at the workstation. Unskilled workers are typically people who perform basic or recurring business tasks (Brutto, 2015).

2.4 Components of Employee Commitment

Organizational commitment is viewed as a kind of emotional and mental bond that causes an employee to perceive an organization and its constituents as his/her own part, to identify with the organization, to be in tune with its goals and values, and to perceive them as one's own goals and to try to realize them (Zeinoddini, Aibaghi & Soleimani, 2015). The Meyer

and Allen's (1991) commitment model explains that commitment has three components that relate to different psychological states (Singh, & Bhardwaj, 2017). The Meyer and Allen (1991) three distinct forms includes emotional, perpetuated and standardizing pledge.

Emotional commitment specifies the workers' emotive part to the corporation. Workers with a solid emotional commitment stay with the firm, as they desire to (Wajidi, Uddin & Iqbal, 2014). Affective commitment indicates the emotional bond with the organization. When a person has high affective commitment, they enjoy a relation with the organization and are anticipated to stay since they have emotional connection to the workplace (Singh, & Bhardwaj, 2017). Affective commitment indicates that a devoted worker as the one who remains in the firm, attends work frequently, devotes all day, protects firm assets, and believes in the firm goals (Yew, 2007).

Continuance commitment indicates the degree to which an employee perceives leaving the company as costly. Personnel with a robust determination to keep going because they need to (Brenya, 2014). Continuance commitment relates to evaluation of the expense on the organization in cases of quitting the organization or their retention in the organization. Employees who view that in financial terms their quitting the entity will put them in more difficulties, they decide to stay in the organization (Wajidi, Uddin & Iqbal, 2014). Continuance commitment denotes the extent that an individual deems to be expensive to leave an entity. An employee's decision to stay is based on a cost-benefit analysis and an increase in the daily costs they can leave (Singh & Bhardwaj, 2017).

Normative commitment denotes the employee's commitment to the business and the conviction that remaining at the firm is the right thing. Workers with stout normative

commitment persist as they feel they should (Yew, 2007). Normative commitment means how the employees consider their responsibility towards their organization. Employees, who observe higher degree of normative commitment, prefer to keep their affiliation with their organization (Wajidi, Uddin & Iqbal, 2014). Decision-making is based on positioning and strong feeling for organization to stay (Singh, & Bhardwaj, 2017). Normative commitment results from pressures exerted either before or after joining the organization (Zeinoddini, Aibaghi & Soleimani, 2015).

2.5 Human Capital Investments and Employee Commitment

Al-Ghazawi (2006) explored the influence of investments in human capital on Jordanian financial institutions' efficiency. Data was collected using questionnaires from 16 financial institutions and analysis carried out using regression model. The author recognized a significant positive link between training and development, staffing, retention policy, incentives and human capital investments effectiveness among commercial banks.

Ngari and Gichira (2012) assessed whether human capital affects business productivity of Kenyan pharmaceutical firms. The authors collected data from 19 firms through questionnaires with correlation and the regression model being used for analysis. The study documented that human capital dimensions among them experience and expertise, learning and education, innovation and creativity had significant positive connection with performance of pharmaceutical companies.

Bapna et al (2013) examined how human capital investments affects employee performance. The study used employee level panel secondary data on training and performance at individual level with dynamic panel data regression being employed for

analysis. The paper documented that training significantly and positively impacted employee performance. Further, it was documented IT knowledge and skills, skills atrophy, general training, domain and technical training significantly and positively affected employee performance.

Bae and Patterson (2013) examined whether human capital investments affected performance of employees. Data was collected using questionnaire from one Korean financial corporation. The authors documented that school education positively affected employees' performance while job training had a minimal impact on performance of employees in job categories that require higher academic qualifications.

Kulundu (2013) examined the effect of training on employee commitment at Kenya Ports Authority in Kenya. A descriptive survey was adopted and questionnaires employed to collect data. The collected data was analyzed using correlation analysis. The findings showed a strong correlation between training and worker commitment.

Amodu et al (2017) examined whether development of human capital affected employees' work attitude in the Nigerian assurance sector. Data collection was through questionnaires and the correlation analysis used for analysis. The results documented that the firms involved in the development of human capital recorded improved employees work attitude but the firms recorded a higher turnover as the employees grew older. The study documented positive correlation between development of human capital and employees' work attitude.

Abdow, Guyo and Odhiambo (2018) explored whether human capital development affected organization change among workers in Kenyan petroleum firms. The study

employed a descriptive survey and collected data using questionnaires from 234 participants. Through regression analysis, the authors established significant direct link between human capital development with organizational change.

Nderitu, Gakobo and Ochieng (2019) in Kenya explored the link between human capital management and Co-operative Bank employees' performance. A descriptive study was employed data was questionnaires used for collecting data from 132 participants and the regression model adopted for data analysis. The paper documented that human capital management significantly affected performance. Specifically, the study documented that skills, training and development significantly affects employees' job productivity.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology concerns a logical theoretical examination of the approaches a study intends to use. Therefore, this chapter contains the study design, data collection procedure, and data analysis process.

3.2 Research Design

A research design entails the research procedures and strategies that span the assumptions of broad decisions to in depth techniques of gathering and data analysis (Cooper & Schindler, 2014). The paper used a cross-sectional descriptive research design. This design describes the data and characteristics of the phenomenon or population under investigation (Kothari, 2012). Descriptive research makes available exhaustive information about a situation or an event that is investigated despite being qualitative, quantitative or a combination of methods. This study sought to assess how employee commitment is affected by human capital investments hence a cross-sectional descriptive study helped to clearly provide answers to the formulated research question.

3.3 Population of the Study

The Office of the Auditor General currently has a staff of 1500 personnel deployed in the corporate services section (Human Resource, Finance, PR and Communications, ICT, Administration, Legal Affairs and Procurement) and the Audit departments. Thus, the study population was the 1500 employees at the Office of the Auditor General.

3.4 Sample Design

A sample size of 150 employees was selected for the research which represents 10% of the total population. This is as suggested by Gay et al (2006) that in order for the sample to be satisfactorily illustrative, the sample should be between 10% and 30% of the aggregate population so as to have a normal distribution. This paper used stratified random sampling method to acquire participants in different departments at the OAG. Stratified random sample was employed as it will give the respondents from different departments an equal and fair chance of being represented in the sample.

3.5 Data Collection

This paper employed primary data gathered using questionnaires. The questionnaires were divided into three sections where the first section collected data on the respondents' general information. The second and third sections encompassed of Likert scale based questions and obtained data on human capital investments and employee commitment respectively. The questionnaires were dropped to sampled respondents and picked after five days. The questionnaire is an effectual way to gather an extensive range of data from a large sample. Generally, it is also easy in making analysis (Saunders, Lewis & Thornhill, 2009).

3.6 Data Analysis

Descriptive and inferential statistical tools were used in analyzing the gathered data using the SPSS. Descriptive statistical tools such as the mean, maximum, minimum, and standard deviation, were used to organize and summarize collected data in a meaningful way. Inferential statistics entailed regression analysis, which was employed in assessing the

connection of the dependent and the explanatory variables. The regression equation was framed as follows

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

Where,

Y = Employee commitment

X_1 = Training

X_2 = Education

X_3 = Knowledge management

X_4 = Skills development

β_0 = Constant

$\beta_1 - \beta_4$ = Regression Coefficients

ε = Error term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section has the findings for the analyzed data, results and interpretation. Specifically, the section includes the response rate results, the respondents' background information results, the descriptive results on human capital investments and employee commitment. Finally, the chapter present the regression analysis result and finally a discussion of the findings.

4.2 Response Rate

In this paper, a sample size of 150 employees was elected but complete data was obtained from 103 respondents, which led to 68.7% response rate. The 68.7% response rate was deemed satisfactory for the research as it was above 50% as supported by Mugenda and Mugenda (2008) who stated that 50% response rate is suitable for analysis, and publication, 60% are good while 70% are excellent. Table 4.1 exhibits the findings.

Table 4.1: Response Rate

| | Frequency | Percent |
|---------------------------|------------------|----------------|
| Returned questionnaires | 103 | 68.7 |
| Unreturned questionnaires | 47 | 31.3 |
| Total | 150 | 100.0 |

Source: Research Data (2021)

4.3 Respondents Profile

This section presents findings on the respondents' position in the organization, the department they work in, their experience and their highest education level. The findings were as shown below

4.3.1 Respondents Position

This part assessed respondents' position in the organization. Table 4.2 reveals the findings

Table 4.2: Respondents Position

| Position | Frequency | Percent |
|-----------------------------------|------------------|----------------|
| Senior management | 8 | 7.8 |
| Middle level administration | 19 | 18.4 |
| Clerical and administrative staff | 47 | 45.6 |
| Others | 29 | 28.2 |
| Total | 103 | 100.0 |

Source: Research Data (2021)

Table 4.2 indicates that clerical and administrative staff were 47, which was equivalent to 45.6% of the respondents while 29 respondents, which was equivalent to 28.2%, were in other job categories among them supervisors, departmental heads and officers. Further, 19 were in the middle level managers which was equivalent to 18.4% of the respondents while 8 were senior level managers which represented 7.8% of the respondents. This implies that most of the staff at the OAG were clerical and administrative staff.

4.3.2 Respondents Department

Table 4.3 reveals the outcomes

Table 4.3: Respondents Department

| Department | Frequency | Percent |
|-------------------------------|------------------|----------------|
| Audit | 36 | 35.0 |
| Finance and Administration | 24 | 23.3 |
| PR and Communications | 10 | 9.7 |
| Legal Affairs and Procurement | 12 | 11.7 |
| Others | 21 | 20.4 |
| Total | 103 | 100.0 |

Source: Research Data (2021)

Table 4.3 indicates that majority of the respondents (35%) were from the audit department while 23.3% were from the finance and administration departments. Further, 9.7% were from the public relation and communication department, 11.7% were from legal affairs and procurement departments while 20.4% were from other departments such as human resources, operations, ICT among others. This implies that the findings were not skewed towards a specific department but covered all departments in the organization.

4.3.3 Respondents Experience

This section tried to determine the period the participants had worked with the organization. Table 4.4 reveals the outcomes

Table 4.4: Respondents Experience

| Years | Frequency | Percent |
|-------------------|------------------|----------------|
| Less than 2 years | 12 | 11.7 |
| 3-5 years | 27 | 26.2 |
| 6-8 years | 33 | 32.0 |
| Over 8 years | 31 | 30.1 |
| Total | 103 | 100.0 |

Source: Research Data (2021)

The findings in table 4.4 indicate that 11.7% had worked for less than 2 years at the OAG while 26.2% had worked for 3 to 5 years. Further. The majority at 32% had worked for a period of 6-8 years followed by 30.1% who had worked 30 years and above. This finding show that majority of the participants had worked 5 years and above therefore they were well versed with the organizations dealings and human resource practices.

4.3.4 Education Level

Table 4.5 exhibits the outcomes.

Table 4.5: Education Level

| Level | Frequency | Percent |
|---------------------|------------------|----------------|
| Post graduate | 35 | 34.0 |
| Undergraduate | 42 | 40.8 |
| Professional course | 12 | 11.7 |
| Others | 14 | 13.6 |
| Total | 103 | 100.0 |

Source: Research Data (2021)

Table 4.5 reveals majority at 40.8% had an undergraduate degree while 34% had a postgraduate degree respectively. Further, 11.7% had professional qualifications while 13.6% had other qualifications such as diploma and certificate courses. The findings indicate that most of the participants had undergraduate degrees which is necessary for the activities undertaken by the entity.

4.4 Human Capital Investments

This section sought the views of the employees on various human capital investment. The respondents were required to respond to different statement on a scale of 1- 5 where 1 represented strongly disagree, 2 indicated disagree, 3 represented neutral, 4 indicated agree while 5 indicated strongly agree. This study placed emphasis on training, education, knowledge management and development of skills. The outcomes were as follows

4.4.1 Training

Table 4.6: Training

| Statement | Mean | Std. Dev |
|--|------|----------|
| I am satisfied with the training strategies and programs at the OAG | 4.30 | .669 |
| Training has raised my capabilities to execute cost-effective value activities in my organization | 4.55 | .519 |
| I feel that training has enhanced my job performance over the years | 4.35 | .478 |
| Due to training an always prepared for new job responsibilities and challenging tasks | 4.24 | .568 |
| Training programs have enhanced the efficiency and effectiveness of operations at the OAG | 4.01 | .618 |
| Because of training I developed positive attitudes, aptitudes, and other acquired important skills | 4.48 | .684 |
| Composite mean and standard deviation | 4.32 | .589 |

Source: Research Data (2021)

Table 4.6 indicates that the respondents were largely satisfied with training practices at the OAG (Mean=4.32; SD=0.589). The respondents were satisfied with the training strategies and programs instituted by the OAG (mean=4.30; SD=0.669). The employees also strongly agreed that training had raised their ability to accomplish cost-effective and value-adding activities at the OAG (mean=4.55; SD=0.519). Further, the employees agreed that training had enhanced their job performance over the years (mean=4.35; SD=0.478) and that training had enabled them to be always prepared for challenging task and new job responsibilities (mean=4.24; SD=0.568) respectively. Additionally, the respondents indicated that training programs had enhance the efficiency and effectiveness of operations at the OAG (mean=4.01; SD=0.618) and training enable them develop positive attitudes, aptitudes as well as acquiring vital skills (mean=4.48; SD=0.684) respectively.

The analysis above implies that in overall the OAG invests in its employees through training. The evidence indicates that the OAG has invested in training strategies and practices that raises their employees' capacity to execute cost saving activities. Further,

training investments had enhanced job performance, prepared employees for new responsibilities and enhanced efficiency at the OAG.

4.4.2 Education

Table 4.7: Education

| Statement | Mean | Std. Dev |
|--|------|----------|
| I am currently undertaking education programs to upgrade my knowledge and skills | 2.34 | .924 |
| The OAG encourages and sponsors staff member educational programs in institutions of higher learning | 4.34 | .593 |
| My educational background has greatly enhanced my productivity at my work place | 4.61 | .490 |
| My educational background has assisted me to improve my skills, knowledge and behavior at the work place | 4.29 | .532 |
| Education serves as an investment which bestows social and private benefits to an individual | 4.64 | .482 |
| Education has helped me to transfer knowledge into my current job | 4.05 | .531 |
| Composite mean and standard deviation | 4.04 | .592 |

Source: Research Data (2021)

The outcomes in table 4.7 indicate that the participants were largely contented with education practice at the OAG (mean=4.04; SD=0.592). Most of the employees indicated they were not undertaking educational programs to upgrade their knowledge and skills (mean=2.34; SD=0.924). The respondents indicated that the OAG encourages and sponsors their staff education programs in institutions of higher learning (mean=4.34; SD=0.593) and that their education background had greatly enhance their work place productivity (mean=4.61; SD=0.490) respectively. Further, the employees indicated that education served as an investment instrument which bestows individual with private and social benefits (mean=4.64; SD=0.482) and that education had helped them to transfer skills and knowledge when undertaking tasks (mean=4.05, SD=0.531) respectively.

The above analysis implies that in overall the OAG had invested in educational programs and activities towards enhancing their employees’ capabilities. The evidence indicates that though majority of the employees were not undertaking any of the available educational programs, the OAG encouraged and sponsored staff education program in institutions of higher learning. Further, the evidence shows that educational programs enhances work place productivity, bestowed employees with individual social and private benefits as well as aiding the transfer of knowledge and skills among employees at the OAG.

4.4.3 Knowledge Management

Table 4.8: Knowledge Management

| Statement | Mean | Std. Dev |
|--|-------------|-----------------|
| The OAG recognizes the significance of knowledge and its management | 3.87 | .537 |
| I am aware of the knowledge management tools and methods used to stimulate innovation at the OAG | 3.34 | .839 |
| I am satisfied with the knowledge management practices put in place by the OAG | 3.95 | .512 |
| It is through knowledge management that the organization will be able to develop employee skills and succession programs | 4.47 | .501 |
| Organizations should invest adequate resources in knowledge management programs | 4.64 | .608 |
| Composite mean and standard deviation | 4.05 | .599 |

Source: Research Data (2021)

Table 4.8 indicates that the participants were contented with the knowledge management practices put in place by the OAG (mean=4.05; SD=0.599). Majority of the respondents were neutral on whether the OAG recognizes the importance of knowledge management (mean=3.87; SD=0.537). In addition, most of the respondents were neutral on the various knowledge management methods and tools adopted by the OAG to stimulate innovation (mean=3.34, SD=0.839). The respondents were also neutral on whether they were satisfied with the knowledge management practices put in place by the OAG (mean=3.95;

SD=0.512). However, the respondents agreed that through knowledge management, an organization is able to develop skills and succession programs (mean=4.47; SD=0.501) and that organizations should invest adequate resources in knowledge management (mean=4.64; SD=0.608) respectively.

The above analysis implies that on the overall the OAG had invested in various knowledge management practices. Based on the analysis made, majority of the employees were not fully aware of the knowledge management tools and method used for simulating innovation and were not fully aware whether the OAG recognized the significance of knowledge management. However, the evidence indicates that through knowledge management OAG employees are able to develop skills and succession programs thus indicating the need to invest adequate resources towards knowledge management by the OAG.

4.4.4 Skills Development

Table 4.9: Skills Development

| Statement | Mean | Std. Dev |
|--|-------------|-----------------|
| The OAG has instituted various skill development programs to enhance employee knowledge and skill | 4.03 | .169 |
| Skill development programs at the OAG have given me the opportunity to grow and increase work productivity | 4.12 | .449 |
| Due to news skills I am able to adopt and to use new technology | 4.63 | .447 |
| New skill development activities have made me develop first-hand expertise in carrying out various tasks | 4.02 | .594 |
| Due to continuous skills development programs I am able to develop useful competencies | 4.50 | .502 |
| Skills development reduces resources wastage and increases overall employee efficiency | 4.28 | .845 |
| Composite mean and standard deviation | 4.28 | .501 |

Source: Research Data (2021)

The outcomes in table 4.9 reveals that the participants were largely satisfied with skills development programs at the OAG (mean=4.28; SD=0.501). The employees indicated that the OAG had instituted various skill development programs to enhance knowledge and skill among its staff (mean=4.03; SD=0.169) and that the various skill development programs at the OAG had given them the opportunity to grow and enhance their work productivity (mean=4.12; SD=0.449) respectively. The participants also agreed that due to news skills they were able to adopt and to use new technology (mean=4.63; SD=0.447 and that new skill development activities had made them to develop first-hand expertise when undertaking different tasks (mean=4.02; SD=0.594) respectively. Additionally, the participants agreed that due to continuous skills development programs they were able to develop useful competencies (mean=4.50; SD=0.502) and that skills development reduces resources wastage and increases overall employee efficiency (mean=4.28; SD=0.845) respectively.

From the above analysis, it is evident that in overall the OAG undertakes skill development programs and activities. The evidence shows that skill development programs at the OAG enhances skills and knowledge, gives employees and opportunity to grow which raises their work productivity and enables personnel to develop fist hand expertise which allows them to undertaking varying tasks. Further, the evidence indicates that through continuous skills development employees at the OAG were able to develop useful competencies, to use new technology and to improve their overall efficiency.

4.5 Employee Commitment

Employee commitment was assessed suing three metrics that included affective, normative and continuance commitment. The results were as follows

4.5.1 Affective Commitment

Table 4.10: Affective Commitment

| Statement | Mean | Std. Dev |
|---|------|----------|
| I really feel as if the firm's problems are my own | 3.89 | .640 |
| I would very much like to continue working with my current organization | 4.23 | .425 |
| I believe that I am not obliged to be loyal to my employer at all times | 4.11 | .466 |
| I do not feel that I am emotionally attached to my organization, neither do I have a strong sense of belonging to it | 4.26 | .475 |
| I comfortable and proud openly telling people my current employer | 4.39 | .490 |
| If I am offered a better job opportunity elsewhere, I will find it wrong leaving my current organization as it has a great deal of personal meaning to me | 4.04 | .486 |
| Composite mean and standard deviation | 4.15 | .497 |

Source: Research Data (2021)

As per the outcomes in table 4.10, the findings show that respondents had affective commitment (mean=3.38; SD=0.555). Majority of them agreed that they would wish to continue working at the OAG (mean=4.23; SD=0.425) and they were comfortable and proud about telling others about their current employer (mean=4.39; SD=0.490). additionally, the participants agreed that if they were offered a better job opportunity elsewhere they found find it wrong to leave the OAG as it had a great deal of personal meaning to them (mean=4.01; SD=0.486). Alternatively, the participants agreed that would not feel obliged to be leave to their employer at all times (mean=4.11; SD=0.466) and they further agreed that they felt nothing as they were passionately attached to my organization, neither did they have a strong sense of belonging to the industry (mean=4.26; SD=0.475) respectively.

The above analysis implies that employees at the OAG are effectively committed. This is shown by the fact that they own the organizational problems, the intended to continue working for OAG and felt that they were obliged to be loyal to the organization. In

addition, the employees at OAG are loyal, emotional attached, have a sense of belonging and they feel proud to tell others where they work.

4.5.2 Normative Commitment

Table 4.11: Normative Commitment

| Statement | Mean | Std. Dev |
|---|------|----------|
| I feel like my work is appreciated, as my supervisor involves me in most of his /her work. | 4.16 | .459 |
| I am still in the organization is because I feel it is a necessity for me | 4.27 | .509 |
| In my view, the organization provides me with an opportunity to utilize my abilities and I have a feeling of accomplishment | 4.10 | .515 |
| If I left the organization now my career would greatly be disrupted | 4.16 | .556 |
| There would be no negative consequences for me if I left my job now because of the limited alternatives that I have | 4.25 | .519 |
| I feel the organization does not owe me for my input and effort and I therefore do not feel ready to leave | 4.15 | .706 |
| Composite mean and standard deviation | 4.18 | .544 |

Source: Research Data (2021)

Table 4.11 indicates that there was normative commitment among employees at the OAG (mean=4.18; SD=0.544). Further, the finding indicates that the respondents' agreed that they felt appreciated at the work place due to involvement by the supervisor in most of his /her work (mean=4.16; SD=0.459). They also agreed that the reason they were still working at the OAG because they it was a necessity for them (mean=4.27; SD=0.509) and they there would be no negative consequences if they left the organization because of limited alternatives they have (mean=4.25; SD=0.519) respectively. The respondents also agreed that the OAG had provided them with an opportunity to utilize their abilities (mean=4.10; SD=0.515) and that if they leave the organization their career would be greatly disrupted (mean=4.16; SD=0.556) respectively. The respondents further agreed that they felt that the

organization does not owe them for their input and effort hence they did not feel ready to leave (mean=4.15; SD=0.706) respectively.

The above findings indicate that employees at the OAG are normatively committed. This is indicated by the point that they felt appreciated at the work place due to involvement by their supervisors, they felt the organization was a necessity for them and they were ready to utilize their abilities at the entity. Further, the employees did not their career to be disrupted, would want to avoid the negative consequences of leaving work and they felt that they not yet ready to leave the OAG.

4.5.3 Continuance Commitment

Table 4.12: Continuance Commitment

| Statement | Mean | Std. Dev |
|--|------|----------|
| I would feel remorseful leaving the organization now | 4.17 | .776 |
| I will feel it not right to leave the organization right now because I feel that I owe great deal to my organization | 4.19 | .627 |
| I feel I am not obliged to stay at with my current employer | 4.06 | .725 |
| My organization deserves my loyalty, so I should stay | 4.04 | .559 |
| Even with some financial difficulties in the organization, I would be reluctant leave | 4.02 | .485 |
| I am committed to my current organization and the people in it, so I will not abandon it | 4.07 | .449 |
| Composite mean and standard deviation | 4.09 | .604 |

Source: Research Data (2021)

The findings in table 4.12 indicates that there was continuance commitment among employees at the OAG (mean=4.09; SD=0.604). The respondents strongly agreed that that they would feel remorseful if they leave the organization (mean=4.17; SD=0.776) and agreed that they would not feel right to leave the organization since they felt that they had a great deal to the industry (mean=4.19; SD=0.627) respectively. The respondents agreed

they felt obliged to stay at the OAG (mean=4.06; SD=0.725) and further agreed that the organization deserves their loyalty hence they should stay (mean=4.04; SD=0.559) respectively. Additionally, the participants agreed that even with some financial difficulties in the organization, they would be reluctant to leave (mean=4.02; SD=0.485) and that they were committed to the organization and its people hence they had no intention to leave (mean=4.07; SD=0.449) respectively.

This analysis above implies that employees at the OAG are continually committed to the organization. This is evidenced by the fact they would feel guilty to leave, they owed a great deal to the organization and they were indebted to stay at the OAG. Further, the employees indicated the organization deserves their loyalty; they would not leave due to financial constraints and they are committed to people with they entity and have no intention of leaving.

4.5 Regression Analysis

Regression analysis was undertaken to establish the interrelationship between the explanatory (education, training, knowledge management and development of skills) and the response variable (employee commitment). The results were as follows

4.5.1 Model Summary

Table 4.13: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .746 ^a | .556 | .538 | .72799 |

a. Predictors: (Constant), Human capital investments

Source: Research Data (2021)

Table 4.13 shows that human capital investments at OAG accounted for 55.6% of the variation in employee commitment. This is indicated by the R square value (coefficient of determination) of 0.556 (55.6%). Thus, 44.4% of the disparity is accounted for other variables not considered by the research.

4.5.2 Analysis of Variance

Table 4.14: ANOVA

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|-----|-------------|--------|-------------------|
| 1 Regression | 65.083 | 4 | 16.271 | 30.701 | .000 ^b |
| Residual | 51.937 | 98 | .530 | | |
| Total | 117.020 | 102 | | | |

a. Dependent Variable: Employee commitment

b. Predictors: (Constant), Human capital investments

Source: Research Data (2021)

Table 4.14 reveals that the regression model is appropriate and suitable for the study. This is indicated by the F-statistics value of 30.701 which is statistically significant at 95% confidence level as indicated by the P value ($0.000 < 0.05$) respectively.

4.5.3 Coefficients

Table 4.15: Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 1.672 | 1.625 | | 1.029 | .306 |
| 1 Training | .306 | .063 | .421 | 4.884 | .000 |
| Education | 1.073 | .314 | .237 | 3.416 | .001 |
| Knowledge management | .813 | .272 | .219 | 2.988 | .004 |
| Skills development | .149 | .062 | .202 | 2.385 | .019 |

a. Dependent Variable: Employee commitment

Source: Research Data (2021)

Table 4.15 shows that training had a positive ($B=0.306$) and significant ($p\text{-value}=0.000<0.05$) relationship with employee commitment at the OAG. The findings further indicate that education had a positive ($B=1.073$) and significant ($p\text{-value}=0.001<0.05$) effect on employee commitment at the OAG while knowledge management positively ($B=0.813$) and significantly ($p\text{-value}=0.004<0.05$) affected employee commitment at the OAG. The study also revealed a positive ($B=0.149$) and significant ($p\text{-value}=0.019<0.05$) connection between skills development and employee commitment at the OAG.

4.6 Discussion of the Findings

The study finding indicated that employees at the OAG were contented with the various training practices instituted by the organization. Specifically, the employees indicated that training had raised their ability to undertake tasks and that training had enhanced their job performance over the years. Further, the findings indicated that training enabled employees at the OAG to undertake challenging task and new responsibilities. The employees also indicated that training enhanced their efficiency and enabled them to develop positive attitudes and to acquire new skills. These findings indicate that training is an important human capital investment activity that enhances employees' job performance. Regression results documented a positive and significant link, which indicates a direct link between the variables hence training positively enhances employee commitment. A study by Kulundu (2013) revealed a strong correlation between training and employee commitment. Al-Ghazawi (2006) documented a significant positive link between training and development, staffing, retention policy, incentives and human capital investments

effectiveness. Bapna et al (2013) documented that training significantly and positively impacted employee performance.

Secondly, the findings indicated that employees at the OAG were largely satisfied with the educational programs and initiatives undertaken by the organization. Although most of the employees were not undertaking educational programs, there was a general agreement that the OAG encouraged and sponsored their employees to undertake various education programs in institutions of higher learning and that education enhances employee productivity at the work place. Further, the findings indicated that education bestowed private and social benefits to employees and education was key towards transfer of knowledge, skills and enhancing employee output. These findings thus indicate that educational initiatives are key human capital investments that enhance employee productivity. Regression results documented that education has significant positive impact on employee commitment that indicates a direct interrelationship meaning that education positively enhances employee commitment. In their study, Ngari and Gichira (2012) documented that human capital dimensions among them experience and expertise, learning and education, innovation and creativity had a significant positive relationship with performance. Bae and Patterson (2013) documented that school education positively affected employees' performance while job training had a minimal impact on performance of employees in job categories that require higher academic qualifications.

Third, the study results revealed that employees at the OAG were contented with the knowledge management practices put in place by the organization. Although most of the employees were not completely aware of the various knowledge management tools used by the organization there was a general agreement that knowledge aids in skill

development, skills transfer and smooth succession. In addition, the findings documented that organization should invest and commit more resources on knowledge management. This finding therefore indicates that knowledge management is an essential human capital investment for organizations. Regression outcomes revealed that knowledge management had significant positive connection with employee commitment that indicates that knowledge management positively enhances employee commitment. A study by Wang, Shieh and Wang (2008) in china document a positive interrelationship between human capital investment and employee commitment. Amodu et al (2017) documented that the firms involved in the development of human capital recorded improved employees work attitude but the firms recorded a higher turnover as the employees grew older. However, Brenya (2014) documented an insignificant connection between human capital investment with employee commitment

Finally, the findings indicated that employees at the OAG were largely satisfied with skills development programs at the organization. The study specifically revealed that the OAG had various skills and development programs, which enhanced employee growth and productivity. Most of the employees agreed that learning skills enabled them to adopt, to learn new technology, and to develop first-hand expertise when undertaking various tasks. These findings indicate that skills development is a key human capital investment worth undertaking by organization. Regression results documented significant positive link between skills development with employee commitment, meaning that skills development positively enhances employee commitment. In their study, Bapna et al. (2013) documented that IT knowledge and skills, skills atrophy, general training, domain and technical training significantly and positively affected employee performance. Odhoni and Omolo (2015)

documented a positive link between performance and human capital investments. Nderitu, Gakobo and Ochieng (2019) documented that human capital management significantly affected performance. Specifically, the study documented that skills, training and development significantly affects employees' job productivity.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section summarizes the study findings and gives research conclusions and recommendations. An outline of research limitations and suggestions for further studies is also presented in this chapter.

5.2 Summary

The background outcomes revealed that majority of the participants were clerical and administrative staff followed by other job categories among them supervisors, departmental heads and officers. The findings also indicated that majority of the participants were from the audit department followed by those from the finance and administration departments respectively. Further, it was revealed that majority of the workers had worked for a period of 6-8 years followed by those who had worked for more than 30 years. The outcomes also indicated that majority of the respondents had an undergraduate degree who were closely followed by respondents with a postgraduate degree respectively.

The descriptive analysis results on training as a human capital investment revealed that the OAG had instituted satisfactory training practices and programs among which its employees were contented with, as the training practices had raised their ability and allowed them to accomplish various tasks and to undertake value-adding initiatives. The findings also revealed that training practices at the OAG had enhanced employees'

performance, as they were able to undertake challenging tasks and new obligations effectively and efficiently.

The findings on education revealed that OAG had put in place various educational and support programs upon which they sponsored their employees' education in institutions of higher learning, which enabled the employees to upgrade their skills and knowledge. Although, the research documented that majority of the employees were not undertaking the educational programs they were contented with the programs put in place. Further, the study revealed that education programs bestowed various social and private benefits to the employees and such programs allowed the employees to transfer knowledge, which in turn enhanced their productivity.

The findings on knowledge management indicated that employees at the OAG were contented with the organization's knowledge management practices and that OAG recognized that knowledge management had instituted various tools and techniques to ensure knowledge management achieved. The results also indicated that knowledge management allows organizations to develop employee skills and to address succession challenges hence the employees indicated that it was appropriate to invest adequate resources in knowledge management.

The results on skills development indicated that the OAG had instituted several skill development programs at the organization which the employees indicated they were satisfied with as the programs had provide them with growth opportunities which enhanced their work productivity. According to the findings, employees at the OAG indicated that new skill development activities enables them to use new technology, to develop first-hand expertise when undertaking different tasks and to develop useful competencies.

The results on employee commitment indicated that the employees at the OAG were effectively committed. This was indicated by fact that they owned the organizational problems, they intended to continue working at the OAG and they felt that they were obliged to be loyal to the organization. In addition, the employees at OAG are loyal, emotional attached, have a sense of belonging and they feel proud to tell others where they work. Further, the results indicated that employees at the OAG are normatively committed. This is indicated by the point that they felt appreciated at the work place due to involvement by their supervisors, they felt the organization was a necessity for them and they were ready to utilize their abilities at the entity. Further, the employees did not their career to be disrupted, would want to avoid the negative consequences of leaving work and they felt that they not yet ready to leave the OAG. Lastly, the study documented that employees at the OAG are continually committed to the organization. This is evidenced by the fact they would feel guilty to leave, they owed a great deal to the organization and they were indebted to stay at the OAG. Further, the employees indicated the organization deserves their loyalty; they would not leave due to financial constraints and they are committed to people with they entity and have no intention of leaving.

The regression analysis results revealed that human capital investments (education, training, knowledge management and development of skills) at the OAG accounted for 55.6% of the variation in employee commitment. The coefficient outcomes revealed that a significant positive connection existed between training and employee commitment at the OAG. The study also documented that educational programs had a significant and positive relationship with employee commitment at the OAG. Additionally, the findings indicted that knowledge management positively and significantly affected employee commitment

at the OAG. Lastly, the results documented that there was a significant and positive connection between skills development and employee commitment at the OAG.

5.3 Conclusions

The study founded on the documented results made conclusions that training significantly enhances employee commitment, which is achieved through having satisfactory training programs that raise employee abilities to use their skills, to undertake challenging and value adding activities. The study also concludes that education significantly enhance employee commitment through sponsoring employees' education in institutions of higher learning that allows them upgrade their skills and knowledge. Further, the study concludes that knowledge management significantly enhances employee commitment through investing in knowledge transfer and putting place appropriate knowledge management tools and methods. Finally, the study concludes that skill development has a significant effect on employee commitment that is attained through introduction of effective and satisfactory skill development programs.

5.4 Recommendations

The research results indicated that training positively and significantly enhances employee commitment at the OAG. Founded on this observation, the study makes recommendatios that the OAG's management should strategical align their training programs with the organizations overall goals and such training programs should be continuously reviewed to ensure they meet the current market needs as linking training strategy with the entity goals would enhance employee commitment.

The study also documented that education positively and significant influences employee commitment at the OAG. The research founded on this finding makes recommendations that the OAG's management should encourage and provide incentives to their employees to undertake educational training in their respective areas as this would strengthen their basic and general knowledge, which facilitates creativity and employee commitment.

This study indicated that knowledge management positively and significantly affects employee commitment at the OAG. Therefore, this research makes recommendations that the OAG management should put in place appropriate knowledge transfer tools and method to ensure continuous transfer of knowledge among its employees as knowledge management leads to high organization production and reduces succession challenges.

Lastly, the study concluded that skills development significantly and positively influenced employee commitment at the OAG. Thus, this study recommends that management at the OAG should continuously initiate new skills development programs and revised the existing programs to address the ever-changing market demands as developing workers' skills can give the institution an opportunity to grow and increase work effectiveness and productivity

5.5 Limitations of the Study

This research targeted a sample of 150 respondents that made up 10% of the entire population. The paper however managed to collected data from 103 respondents that lead to 68.7% response rate. This indicates that the study did not achieve a 100% response rate hence the findings were based on the 103 participants who answered the research questionnaires. The study also used a cross sectional descriptive study design however; the

design does not incorporate the time element hence this study was only undertaken at specific time point in one organization.

Contextually, this study was undertaken at the OAG hence the research was limited to a single public organization in Kenya. Therefore, care should be taken when simplifying the outcomes to other public sector organizations as their operations, mandate and activities differ significantly. Further, the findings may not be replicated to commercial entities since they may have varying investment in human capital as well as public sector entities worldwide.

This research's data was collected through structured questionnaires which had likert based questionnaires and the respondents were required to respond in a particular manner. Although structured questionnaires are cheap and cost effective to administer and they also save the researcher's time they do not capture the in-depth qualitative views and opinions of the participants. In addition, questionnaires do not convey the respondent's feelings and emotions.

5.6 Suggestions for Further Research

The paper focused on examining the perceived effect of human capital investments on employee commitment at the office of auditor general in Kenya. The study focused on training, education, knowledge management and development of skills and their effect on employee commitment. The research results indicated that the four variables accounted for 55.5% of the variation in employee commitment. This indicates a myriad of other factors influence employee commitment at the OAG. This study thus recommends a study on the determinants of employee commitment at the office of auditor general in Kenya.

This study was also undertaken in a single public organization thus limiting its findings and generalization to the study context. This study thus recommends a similar study that would cover several affective, normative and continuance commitment public sector organizations in Kenya. The study also aggregated affective, normative and continuance commitment into a single composite index to assess the overall employee commitment. This indicates that the findings are not attributed to specific form of employee commitment. This study therefore recommends a similar study under which outcome of human capital investment on employee commitment is assessed for each form of employee commitment

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APPENDICES

Appendix I: Research Questionnaire

The questionnaire aims at obtaining data on the effect of human capital investments on employee commitment at the office of auditor general. Therefore, you are requested to answer all the questions in this study questionnaire. The information provided will be treated confidentially and will be used appropriately for this study.

Section A: General Information

1. Indicate your position in the organization _____
2. Indicate the department you work with _____
3. Indicate the period you have worked with the organization
 - Less than 2 years []
 - 3-5 years []
 - 6-8 years []
 - Over 8 years []
4. Indicate your highest education level
 - Post graduate []
 - Undergraduate []
 - Professional course []
 - Others (specify) _____

Section B: Human Capital Investments

Part a: Training

5. Kindly indicate your level of agree or disagreement with the following statements on human capital investments. Use the following scale as appropriate, 1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree

| Training | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| a. I am satisfied with the training strategies and programs at the OAG | | | | | |
| b. Training has raised my capabilities to execute cost-effective value activities in my organization | | | | | |
| c. I feel that training has enhanced my job performance over the years | | | | | |

| | | | | | |
|---|----------|----------|----------|----------|----------|
| d. Due to training an always prepared for new job responsibilities and challenging tasks | | | | | |
| e. Training programs have enhanced the efficiency and effectiveness of operations at the OAG | | | | | |
| f. Because of training I developed positive attitudes, aptitudes, and other acquired important traits | | | | | |
| Education | 1 | 2 | 3 | 4 | 5 |
| a. I am currently undertaking education programs to upgrade my knowledge and skills | | | | | |
| b. The OAG encourages and sponsors staff member educational programs in institutions of higher learning | | | | | |
| c. My educational background has greatly enhanced my productivity at my work place | | | | | |
| d. My educational background has assisted me to improve my skills, knowledge and behavior at the work place | | | | | |
| e. Education serves as an investment which bestows social and private benefits to an individual | | | | | |
| f. Education has helped me to transfer knowledge and skill into my current job in terms of productivity | | | | | |
| Knowledge Management | 1 | 2 | 3 | 4 | 5 |
| a. The OAG recognizes the significance of knowledge and its management | | | | | |
| b. I am aware of the knowledge management tools and methods used to stimulate innovation at the OAG | | | | | |
| c. I am satisfied with the knowledge management practices put in place by the OAG | | | | | |
| d. It is through knowledge management that the organization will be able to develop employee skills and succession programs | | | | | |
| e. Organizations should invest adequate resources in knowledge management programs | | | | | |
| Skills Development | 1 | 2 | 3 | 4 | 5 |
| a. The OAG has instituted various skill development programs to enhance employee knowledge and skill | | | | | |
| b. Skill development programs at the OAG have given me the opportunity to grow and increase work productivity | | | | | |
| c. Due to news skills I am able to adopt and to use new technology and activities | | | | | |
| d. New skill development activities have made me develop first-hand expertise in carrying out various tasks | | | | | |
| e. Due to continuous skills development programs I am able to develop useful competencies | | | | | |
| f. Skills development reduces resources wastage and increases overall employee efficiency | | | | | |

Section C: Employee Commitment

6. Kindly indicate your level of agree or disagreement with the following statements on training. Use the following scale as appropriate, 1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree

| Affective commitment | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| a. I really feel as if the firm's problems are my own | | | | | |
| b. I would very much like to continue working with my current organization | | | | | |
| c. I believe that I am not obliged to be loyal to my employer at all times | | | | | |
| d. I do not feel that I am emotionally attached to my organization, neither do I have a strong sense of belonging to it | | | | | |
| e. I comfortable and proud openly telling people my current employer | | | | | |
| f. If I am offered a better job opportunity elsewhere, I will find it wrong leaving my current organization as it has a great deal of personal meaning to me | | | | | |
| Normative commitment | 1 | 2 | 3 | 4 | 5 |
| a. I feel like my work is appreciated, as my supervisor involves me in most of his /her work. | | | | | |
| b. I am still in the organization is because I feel it is a necessity for me | | | | | |
| c. In my view, the organization provides me with an opportunity to utilize my abilities and I have a feeling of accomplishment | | | | | |
| d. If I left the organization now my career would greatly be disrupted | | | | | |
| e. There would be no negative consequences for me if I left my job now because of the limited alternatives that I have | | | | | |
| f. I feel the organization does not owe me for my input and effort and I therefore do not feel ready to leave | | | | | |
| Continuance commitment | 1 | 2 | 3 | 4 | 5 |
| a. I would feel guilty leaving my organization now | | | | | |
| b. I will feel it not right to leave the organization right now because I feel that I owe great deal to my organization | | | | | |
| c. I feel I am not obliged to stay at with my current employer | | | | | |
| d. My organization deserves my loyalty, so I should stay | | | | | |
| e. Even with some financial difficulties in the organization, I would be reluctant leave | | | | | |
| f. I am committed to my current organization and the people in it, so I will not leave it | | | | | |

Adopted from Meyer and Allen (1996) with modifications