HUMAN RESOURCE MANAGEMENT PRACTICES AND PERFORMANCE OF MANUFACTURING COMPANIES IN NAIROBI CITY COUNTY, KENYA.

BY

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THIS PROJECT IS SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENT OF THE DEGREE IN MASTER IN BUSINESS ADMINISTRATION (HUMAN RESOURCE MANAGEMENT) KENYATTA UNIVERSITY

OCTOBER, 2018
DECLARATION

I declare that this project proposal to the best of my knowledge is my original work and has not been presented in any university for academic award.

Signature ……………………… Date ……………………

Pamella Kathambi Njue (D53/0L/CTY/26578/2015)

I confirm that the work reported in this project proposal was carried out by the candidate under my supervision and approval as University supervisor.

Signature…………………… Date…………………..

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DEDICATION

This project is dedicated to my father and mothers Mr. and Mrs Njue. The support and guidance throughout my studies is abundant. May God bless you greatly.
ACKNOWLEDGMENT

First, thank you to Kenyatta University for allowing me a chance acquire knowledge. Second, I am grateful to my supervisor, Dr. David Kiiru for his priceless contribution and helpful criticism which climaxed to the improvement of the project.
# TABLE OF CONTENTS

DECLARATION ........................................................................................................ii  
DEDICATION ..........................................................................................................iii  
ACKNOWLEDGMENT ...............................................................................................iv  
TABLE OF CONTENTS .........................................................................................v  
LIST OF TABLES ....................................................................................................viii  
LIST OF FIGURES ..................................................................................................ix  
OPERATIONAL DEFINITION OF TERMS ..............................................................x  
ABBREVIATIONS .................................................................................................xi  

## CHAPTER ONE: INTRODUCTION .................................................................1  
1.1 Background of the Study ..............................................................................1  
   1.1.1 Human Resource Management Practices .................................................3  
   1.1.2 Organizational Performance ..................................................................4  
   1.1.3 Manufacturing firms in Kenya .................................................................5  
1.2 Statement of the Problem ............................................................................6  
1.3 General Objectives of the study ..................................................................7  
   1.3.1 Specific objectives .................................................................................8  
   1.3.2 Research Questions ..............................................................................8  
1.4 Scope of the Study .......................................................................................8  
1.5 Significance of the Study ............................................................................9  
1.6 Organization of the Study ............................................................................9  

## CHAPTER TWO: LITERATURE REVIEW .....................................................10  
2.1 Introduction ..................................................................................................10  
2.2 Theoretical Review ......................................................................................10  
   2.2.1 Human Capital Theory .........................................................................10  
   2.2.2 Resource Founded View Theory ............................................................11  
   2.2.3 Organizational learning Theory ..............................................................12  
2.3 Empirical Review .......................................................................................14  
   2.3.1 Compensation and Performance ...........................................................14  
   2.3.2 Training and Performance ...................................................................16  
   2.3.3 Recruitment and Performance ...............................................................18  
   2.3.4 Information Sharing and Performance ...............................................19  
2.4 Summary of Literature and Research Gaps .............................................20
CHAPTER THREE: RESEARCH METHODOLOGY ........................................................... 28

3.1 Introduction ........................................................................................................ 28
3.2 Research Design .................................................................................................. 29
3.3 Target Population ............................................................................................... 29
3.4 Sampling Design and Procedure ........................................................................ 29
3.5 Data Collection Instruments ............................................................................. 30
3.6 Validity and Reliability of Instruments ............................................................... 30
   3.6.1 Validity ......................................................................................................... 30
   3.6.2 Reliability ..................................................................................................... 31
3.7 Data Collection Procedure .................................................................................. 31
3.8 Data Analysis and Presentation .......................................................................... 31
3.9 Ethical Considerations ....................................................................................... 32

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION ............ 32

4.1 Introduction ........................................................................................................ 32
4.2 Response Rate .................................................................................................... 33
4.3 Demographic Information .................................................................................. 33
   4.3.1 Gender ........................................................................................................ 33
   4.3.2 Position at the organization ....................................................................... 33
   4.3.3 Education Level of Respondents ................................................................. 34
   4.3.4 Duration of work service at the organization ............................................ 35
4.4 Descriptive Analysis ......................................................................................... 35
   4.4.1 Compensation ............................................................................................ 36
   4.4.2 Training ....................................................................................................... 37
   4.4.3 Recruitment ............................................................................................... 37
   4.4.4 Information Sharing .................................................................................. 38
4.5 Performance ........................................................................................................ 39
4.5 Regression analysis ............................................................................................ 41
   4.5.1 Test of Direct Relationship ....................................................................... 41
   4.5.2 Compensation influence and performance ............................................... 42
   4.5.3 Training and performance ........................................................................ 43
   4.5.4 Recruitment and performance .................................................................. 43
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND POLICY RECOMMENDATIONS

5.1 Introduction

5.2 Summary of the Findings

5.3 Conclusion

5.4 Recommendations

5.5 Limitations of the Study

5.6 Suggestions for Further Research

REFERENCES

Appendix I: Questionnaire

Appendix II: Manufacturing Companies in Nairobi South Region
LIST OF TABLES

Table 4.2 Composition of Respondents by Gender .................................................. 33
Table 4.4: Responses on Compensation ................................................................. 36
Table 4.5: Responses on Training ........................................................................... 37
Table 4.6: Recruitment Responses .......................................................................... 38
Table 4.7 Information Sharing Responses ............................................................... 39
Table 4.8: Responses on Performance ................................................................... 39
Table 4.9: Influence of HRM Practices on performance ......................................... 41
LIST OF FIGURES

Figure 2.1: Conceptual Framework ................................................................. 28
Figure 4.1: Education Level of respondents .................................................. 34
Figure 4.2: Working Duration ........................................................................ 35
### OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Compensation</td>
<td>Policies to reward employees fairly founded on input to financial incentives, benefits, commissions and allowances.</td>
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<tr>
<td>Effectiveness</td>
<td>Manufacturing employees accomplish organization purpose by producing expected results.</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Manufacturing employees performing tasks in the best possible manner with the least waste of time and effort.</td>
</tr>
<tr>
<td>Human Resource Practices</td>
<td>Planned human resources activities undertaken by the manufacturing firms.</td>
</tr>
<tr>
<td>Information Sharing</td>
<td>Manufacturing organization ability to have a free flow of information among all stakeholders such as horizontal, vertical flow etc.</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>Is the organization’s ability to attain its goals by using resources in an effective and efficient manner.</td>
</tr>
<tr>
<td>Performance</td>
<td>Denotes to attainment of goals and objectives in terms of efficiency, effectiveness and quality services.</td>
</tr>
<tr>
<td>Recruitment</td>
<td>Finding and engaging people to meet needs of the firm</td>
</tr>
<tr>
<td>Screening</td>
<td>Procedures given to people before they are allowed to work for an organization to make certain they can be trusted, have right personality for the job includes reference, background checks etc</td>
</tr>
<tr>
<td>Sourcing</td>
<td>Organization process of short listing correct candidates within the recruitment process where candidates are found through a variety of methods.</td>
</tr>
<tr>
<td>Training</td>
<td>Acquisition of skills to enhance employee performance in the firm.</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>--------------</td>
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<tr>
<td>AFDB</td>
<td>African Development Bank</td>
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<td>GOK</td>
<td>Government of Kenya</td>
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<tr>
<td>HCT</td>
<td>Human Capital Theory</td>
</tr>
<tr>
<td>HRP</td>
<td>Human Resource Practices</td>
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<tr>
<td>KAM</td>
<td>Kenya Association of Manufacturers</td>
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<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
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ABSTRACT

Performance of manufacturing firms in Kenya has been low compared to other countries. Research over the years, has established significantly a positive correlation between HR practices and performance. The assumption underpinning the practice of HRP is that people are the organisations key resource and performance largely depends on them. Therefore, if an appropriate range of HRP are developed and implemented effectively, HR will make a substantial impact on performance. However, the majority of the manufacturing firms in Nairobi City county are yet to catch up with the HRP. The general objective of this study was to investigate the effects of human resource practices on the performance of manufacturing companies in Nairobi city county, Kenya and Specific objectives are to establish how compensation affects the performance of manufacturing companies in Nairobi City county, Kenya, to establish how training affect performance of manufacturing companies in Nairobi City county, Kenya, to assess the relationship between recruitment and performance of manufacturing companies in Nairobi city county, Kenya and to determine the extent to which information sharing influence performance of manufacturing companies in Nairobi city county, Kenya. The study utilized descriptive research design. The study population comprised of all the 95 manufacturing firms in Nairobi City county, Kenya as outlined in the manufacturing association of Kenya 2016. Self-administered questionnaires was used to collect primary data. Descriptive statistics was computed to describe the characteristics of the variables in the study while multiple regression analysis was used to establish the nature of the relationships between the independent and dependent variables. The findings indicate that there is significant positive relationship between compensation and manufacturing companies performance in Nairobi City, training has a significant positive relationship with performance of manufacturing firms while recruitment had a significant positive relationship with manufacturing firms performance in Nairobi City County, information sharing also had significant relationship with organizational performance. The findings support the theory of resource based view that competitive advantage comes from the resources that are possessed by an organization. The recommendations are; human resource managers should offer a competitive compensation to their staff, offer adequate training and recruitment while having information sharing that ultimately improved manufacturing performance as shown by the research findings.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study
Economic environment is changing rapidly and this change is characterised by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. To compete successfully in this environment, organizations continually need to improve their performance by reducing costs, innovating products and processes and improving quality, productivity and speed to market. The people who make up an organization -human resources- are considered to be one of the most important resources of today’s firms (Tiwari, 2012).

HRM has transcended from policies that gather dust to practices that produce results. Human resource management practices has the ability to create organizations that are more intelligent, flexible and competent than their rivals through the application of policies and practices that concentrate on recruiting, selecting, training skilled employees and directing their best efforts to cooperate within the resource bundle of the organization. This can potentially consolidate organization performance and create competitive advantage as a result of the historical sensitivity of human resources and the social complex of policies and practices that rivals may not be able to imitate or replicate their diversity and depth (Gong et al., 2013).

Organizations are focused on achieving superior Performance through the best use of talented human resources as a strategic asset. HRM policies or strategies must now be aligned to business strategies for organizational success. No matter the amount of technology and mechanization developed, human resource remains the singular most important resource of any success-oriented organization. After all, successful businesses are built on the strengths of exceptional people. HRM has now gained significance academically and business wise and can therefore not be relegated to the background or left in the hands of non-experts (Lawler, 2012). Human resource management practices can be defined as a set of organizational activities that aims at managing a pool of human capital and ensuring that this capital is employed towards the achievement of organizational objectives (Snape et al., 2010).
The adoption of certain bundles of human resource management practices has the ability to positively influence organization Performance by creating powerful connections or to detract from Performance when certain combinations of practices are inadvertently placed in the mix (Thompson, 2012). So if we think human resource management as just the services any manager may provide in recruiting and selecting, appraising, training and compensating employees, then we rather would have to take the backseat for those who understand the influence HRM has on corporate performance to take the centre stage. Research has recorded a positive relationship between human resource management practices and corporate Performance. Thus in order to stimulate corporate Performance, management is required to develop skilled and talented employees who are capable of performing their jobs successfully (Thompson, 2012).

Achieving better corporate performance requires successful, effective and efficient exploit of organization resources and competencies in order to create and sustain competitive position locally and globally. HRM policies on selection, training, Performance appraisal, compensation, promotion, incentives, work design, participation, involvement, communication, employment security, etc. must be formulated and implemented by HRM specialist with the help of line managers to achieve the following outcomes: competence, cooperation with management, cooperation among employees, motivation, commitment, satisfaction, retention, presence, etc. (Van Jaarssveld et al., 2011).

Ahmad and Schroeder (2003) found a positive influence of human resource management practices (information sharing, extensive training, recruitment, compensation and incentives, status differences, employment security, and decentralization and use of teams) on organizational Performance as operational Performance (quality, cost reduction, flexibility, deliverability and commitment).
1.1.1 Human Resource Management Practices

Human Resource Management Practices are the approaches that are used in managing people (Armstrong, 2012). An organization can adopt a set of HRMP that suit its operational requirements. According to Pfeffer (2008) there are seven HRMP that influence firm Performance. These HRMP are; employment security, targeted selection, workplace teams and decentralization, high pay contingent on organizational Performance, employee training, reduction of status differentials and business information sharing with employees. Faced with intensive and complex competitive pressure, firms closely examine their organizational structures, especially how they organize employment.

This change of focus to the human side of the business has necessitated the implementation of continuous improvement HR programs (Esther, Elegwa, & James, 2012; Longenecker et al., 2001). Firms have moved towards Strategic Human Resource Management (SHRM) for adopting tactical patterns or choices that are associated with the management of employment relations. This explains a firm’s ability to manage human resources more effectively for better outcomes (Boxall & Purcell, 2003).

Globally competitive organizations depend on the uniqueness of their human resources and the systems for managing human resources effectively to gain a competitive advantage (Pfeffer, 1994; Tomson, 2008). Human resources are not only the drivers and principal value creators of the output of the knowledge industry, but they are also the intellectual capital or the infrastructure investment. Therefore, attracting, training, retaining and motivating employees are the critical success determinants for any knowledge-founded organization. A firm that aspires to perform well has to ensure that its HRM practices are synergistic and consistent with its organizational strategy (Nzuve, 2007), like its competitive strategy in order to spur both individual and organizational Performance (Robin, 2007).

There has been much research that attempts to establish a positive link between HRM practices and firm Performance. According to Ulrich (2003) HR practices seem to matter and survey findings confirm it, though direct relationships between investments and attention to HR practices are often fuzzy, and tend to vary according
to the population sampled and the measures used. Other scholars like (Purcell et al., 2003) have cast doubts on the validity of some of the attempts through research to make the connection. In the current study, employment security, recruitment, self-managed teams, Performance related pay, workforce training, status differentials and sharing information were used as indicators of human resource management practices. According to Ahmad and Schroeder (2003) sophisticated technologies and innovative manufacturing practices alone can do very little to enhance operational Performance unless there are requisite human resource management practices that can be used to form a consistent socio-technical system in a workplace.

1.1.2 Organizational Performance

Researchers have different opinions of what performance is. Organizational performance continues to be a contentious issue in the management research circles. Javier (2002) equates Performance to the famous 3Es; economy, efficiency and effectiveness of a certain programme of activity. According to Richard et al. (2009) organizational Performance encompasses three specific areas of firm outcomes; financial Performance (profits, return on assets, return on investment, etc.), product market Performance (sales, market share, etc.), and shareholder return (total shareholder return, economic value added, etc.).

Organizational Performance is the organization’s ability to attain its goals by using resources in an effective and efficient manner Daft (2000). We can put organizational Performance as the actual output or results of an organization as measured against its intended outputs, that is; goals and objectives. Performance should not be confused with productivity; according to Ricardo (2001), productivity is a ratio depicting the volume of work completed in a given amount of time. Performance is a broader indicator that could include productivity as well as quality, consistency, effectiveness, efficiency and other factors.

A study by Chien (2004) found that there were five major factors determining organizational Performance, namely: Leadership styles and environment, Job design, Organizational culture, Model of motive and Human resource policies The concept of Performance borders on both what has been achieved and how it has been achieved. Organizational Performance can be measured in a number of different ways. The most obvious way to measure what has been achieved and the approach used in any studies,
is by reference to key Performance indicators (KPIs) which are usually to do with financial results (profitability) or productivity. Measuring the ‘how’ is more difficult. It has to rely extensively on qualitative assessments of organizational capability or effectiveness.

The use of non financial measures in measuring performance in HRM studies is most preferred as recommended by Dixon, Nanni and Vollmann (1990); Kaplan, (2010). Therefore, this research used non financial measures of performance since financial measures exhibit inherent problems when measuring HR performance. For example, while Buhner (2003) noted that financial measures view tangible capital as the main source of competitive advantage, it is clear that activities related to people are indicated as costs. Thus, the HRM function is treated as a cost centre; hence employees are seen as liabilities. Secondly, financial measures lead to a short term orientation on the part of the firm with respect to the management of human resources. Thirdly, accounting data provides only an aggregate financial reflection of the real business process. Finally, financial measurements focus on resource consumption over a short time while HR practices take longer to demonstrate their impact (Becker, Huselid & Ulrich, 2001). However, it should be noted that non financial measures ultimately lead to financial performance for the organisation (Mutua et al., 2012).

1.1.3 Manufacturing firms in Kenya
The manufacturing sector in Kenya grew at 3.5% in 2015 and 3.2% in 2014, contributing 10.3% to gross domestic product (GDP) (KNBS, 2016). On average, however, manufacturing has been growing at a slower rate than the economy, which expanded by 5.6% in 2015. This infers that the share of manufacturing in GDP has been reducing over time. As a result, it can be argued that Kenya is going through premature deindustrialisation in a context where manufacturing and industry are still relatively under-developed. Kenya seems to have ‘peaked’ at a point much lower than in much of Asia.

Manufacturing sector in Kenya is growing far slower than those in Ethiopia, Rwanda, Tanzania and Uganda. If this trend continues, other East African countries wasgin to dominate manufacturing in the region. Further, governments in East Africa seem to be
putting more pronounced effort into building manufacturing through the creation of industrial parks (Ethiopia) and making land available for manufacturing, particularly labour-intensive manufacturing. Uganda and Tanzania are also determinedly positioning themselves as investment destinations for manufacturing in the region. Kenya does not seem to be echoing this impetus (GOK, 2016).

While Kenya remains an attractive investment destination for manufacturing, other countries are aggressively courting such investment. For example, one interviewee shared that they were working with a client in 2015 looking at setting up a manufacturing plant in either Kenya or Ethiopia. The client ended up choosing Ethiopia because there was too much bureaucracy and corruption in Kenya, as well as great difficulty in getting the right information on requirements linked to building manufacturing plants in the country. Ethiopia was more straightforward in terms of process and ethical issues (Odingo, 2016)

The good news from a regional perspective is related to the fact that the East African Community (EAC) is aligning itself as the next global manufacturing destination. Such regional initiatives can be leveraged by the manufacturing sector in Kenya and catalyse its growth. There is clearly room for growth, evidenced in the fact that the combined manufacturing sector in the seven countries in Eastern Africa as a whole is only about one-third the size of the manufacturing sector in Vietnam, which has a population one-third the size of the seven countries (AfDB, 2014).

1.2 Statement of the Problem

Despite the effort put on human resource practices by manufacturing firms in Kenya to enhance performance, the performance of most manufacturing firms has remained low (KNBS, 2016). Manufacturing sector in Kenya is growing far slower than those in Ethiopia, Rwanda, Tanzania and Uganda. If this trend continues, other East African countries wasgin to dominate manufacturing in the region (GOK, 2016). Manufacturing firms in Kenya have encountered challenges (KNBS, 2016) in regard to their performance contrary to the expectations of the stakeholders who span across shareholders, employees, consumers, and government among others. On average, however, manufacturing has been growing at 3.6% from 2008-2015 which is a slower rate than the overall Kenyan economy, which expanded by 5.6% in 2015 (KNBS, 2016). As a result, it can be argued that Kenya is going through premature
deindustrialisation due to poor performance Furthermore, the relationship of compensation, training, recruitment and information sharing and performance remain unclear (Were, 2016; Wimbush, 2005, 2010; Khatri, 2000).

Empirical studies have pointed to the increasing link of HRMP and Performance of firms. HRMP-firm Performance relationship has been the subject of significant empirical examination (Khatri, 2000; K’Obonyo, Busienei, & Ogutu, 2013; Dimba & K’Obonyo, 2009). However, this studies have been done in other sectors of the economy but none reviewed focused on manufacturing firms in Kenyan context. Studies indicate that those firms that adopt certain HRMP in the implementation of the human resource practices, policies and practices tend to achieve superior results compared to their competitors (Kidombo, 2007).

Some scholars have argued that more effective bundles of HRMP can transform a firm’s human resources into a strategic asset, as a result of the potential for complementarities between human resource management practices and firm resources (Ulrich & Lake, 2000). The past studies reviewed have focused on individual HR practices on performance. (Storey, 2002; Barringer et al., 2005; Benson et al., 2004; Brewster 2004; Cho et al., 2005; Collings and Clark, 2003; Morishima, 2001; Paul and Anantharaman, 2003; Roberts, 2005; Widener, 2005; Zhu, 2004). The effect of compensation, training, recruitment and information sharing on performance has received less attention. Founded on this, the study focused to shade some light on grey areas and perspectives that had not been included in previous firm Performance empirical studies.

1.3 General Objectives of the study
The General Objective of this study was to investigate the effects of Human resource practices on the Performance of Manufacturing Companies in Nairobi City county, Kenya.
1.3.1 Specific objectives

The study was guided by the following Specific objectives:

i. To establish the effect of compensation on Performance of Manufacturing Companies in Nairobi City county, Kenya.

ii. To determine the effect of training on Performance of Manufacturing Companies in Nairobi City county, Kenya.

iii. To assess the influence of recruitment on Performance of Manufacturing Companies in Nairobi City county, Kenya.

iv. To determine the effect of information sharing on Performance of Manufacturing Companies in Nairobi City county, Kenya.

1.3.2 Research Questions

The study was guided by the following research Questions:

i. How does compensation affect Performance of Manufacturing Companies in Nairobi City county, Kenya?

ii. How does training affect Performance of Manufacturing Companies in Nairobi City county, Kenya?

iii. How are the relationships between the recruitment and Performance of Manufacturing Companies in Nairobi City county, Kenya?

iv. To what extent does information sharing influence performance of Manufacturing Companies in Nairobi City county, Kenya?

1.4 Scope of the Study

The study concentrated on manufacturing firms in Nairobi City county, Kenya to establish the effect of HRM practices on performance. There is no doubt that coverage of all firms in Kenya would have produced a better result, but the study was limited to Nairobi south area. The respondents were purposeful selected staff of manufacturing firms. A descriptive design was employed. The manufacturing companies are the key players in the economic sector. The justification for this is that they are the cause that is supposed to drive business and ineffectiveness of policies can directly be traced to the actions or inactions of employees working in these manufacturing companies.
1.5 Significance of the Study
This study has academic, policy and practical implications. To the scholars, the study will explore the direct relationship between HRMP and performance. The results were of great help to researchers and scholars, for it is anticipated to help them increase general knowledge on the subject in terms of how the variables should be related and may provide useful reference to future studies as part of their literature. The research findings will also suggest recommendations for further studies. The research methods and approaches that were applied in this study is anticipated to aid future researchers who would wish to carry out a study related to a phenomenon in this area.

The findings are of help to the organizations management by providing them with information, like how training makes the human capital improve the company's performance. The managers may use this knowledge to address the concerns of the employees in their work hence improving performance.

The findings of the study are of also help to policy makers to craft policies that are appropriate to the industry, policies that will lead to improved performance in manufacturing sector. Governments of other countries manufacturing companies operate in similar environment could also gain from the findings of this study by drafting policies that can improve the performance. The study findings are also of benefit to potential entrants into the industry, since the results provide them with the knowledge of what is likely to affect the performance of a firm.

1.6 Organization of the Study
This project proposal is divided into three chapters. Chapter one consists of the introductory background, the research problem and research questions. The significance, scope and limitations was outlined, finishing with the organization of the study. Chapter two comprises of theoretical and empirical literature that informs the human resource practices and Performance. The theories discussed links to the study. Gaps within the literature are identified and was linked to the research problem of the proposed study. Finally, study variables was discussed and presented as a conceptual framework. Chapter three described the proposed research methodology namely: research design, target population, research instruments to be used, sampling and data collection procedure, and data analysis methods to be employed.
2.1 Introduction
This chapter discusses theories that links to the study, empirical studies, knowledge gaps that exists in prior research and conceptual framework.

2.2 Theoretical Review
This study is anchored in the Human Capital Theory (HCT) the Resource Founded View Theory (RBV) of the firm, Contingency Theory and the Institutional Theory.

2.2.1 Human Capital Theory
The Human Capital Theory according to Schultz (1961) provides a perspective that value addition by people within an organization can contribute to better firm Performance. Human capital theory regards people as assets and not a cost within an organization. Human capital, according to Bontis (2008), represents the human factor in the organization; the combined intelligence, skills and expertise that gives the organization its distinct character. The HCT emphasizes the added value that people can contribute to an organization. Boxall (1996) refers to this situation as one that confers ‘human capital advantage.’ Human capital is an intangible asset – it is not owned by the firm that employs it. Despite the lack of formal ownership of human capital, firms can and do gain from high levels of training and knowledge of their employees through strategies like creation learning corporate cultures or vocabulary terms to create cohesion.

The assumptions of human capital theory revolve around the inmeasurable nature of its many forms. Economic capital can be measured by its ability to produce wages, however, an intrinsic value of human capital exists although it is not always measurable. Secondly, human capital may be stored but not fully utilized at all times therefore making it difficult to observe and study consistently (Boxall, 1996).

Human capital is often subdivided into categories such as cultural capital, social capital, economic capital, and symbolic capital. Human capital is developed in many ways. Economic capital is typically measured by the ability to perform labor which
results in economic value. Education, job training, and marketable talents are all ways in which humans increase their ability to acquire knowledge and generate higher wages. Social capital and cultural capital refer to the relationships and influence individuals contribute to society. Although social, cultural, and symbolic capital are very difficult to measure, understanding their existence and value is still vital. Each type of human capital is important and the combination of all types generate total human capital (Boxall, 1996).

2.2.2 Resource Based View Theory

The Resource Based View (RBV) theory is founded on the work of Penrose (1959). There is strong evidence that supports the Resource Founded View (Crook et al., 2008) which indicates that firms compete in an ever changing and dynamic business environment. Organizations can attain and achieve a sustained competitive advantage through their employees according to Barney (2001). This can be realized when a firm has a human resource pool that cannot be imitated or substituted by its rivals or competitors. The RBV as a basis of competitive advantage lies primarily in the application of the bundle of valuable resources at the disposal of the firm. The firm has to identify the key potential resources which should fulfil the criteria of being valuable, rare, in-imitable and no substitutable by the firms’ competitors (Galbreath, 2005) in the area in which the firm operates.

The key points of the RBV theory are that firms have to identify their key potential resources and evaluate whether these resources fulfil the following criteria referred to as Valuable, Rare, In-imitable and Non-substitutable (VRIN). A resource must be valuable to enable a firm to employ a value-creating strategy, by either outperforming its competitors or reduce its own weaknesses (Barney, 2001; Amit & Schoemaker, 1993). Rare – to be of value, a resource must be rare by definition. In a perfectly competitive strategic factor market for a resource, the price of the resource was a reflection of the expected discounted future above-average returns (Barney, 1986). In-imitable – if a valuable resource is controlled by only one firm it could be a source of a competitive advantage (Barney, 2001). This advantage could be sustainable in the long run if competitors are not able to duplicate this strategic asset perfectly (Peteraf, 1993; Barney, 1986.). No substitutable– even if a resource is rare, potentially value-creating and imperfectly imitable, an equally important aspect is lack of
substitutability (Dierickx & Cool, 1989; Barney, 2001). Firms have to provide care for and protection of resources that possess these evaluations, because doing so can improve organizational performance (Crook, et al, 2008).

The VRIN characteristics mentioned are individually necessary, but not sufficient conditions for a sustained competitive advantage (Dierickx & Cool, 1989; Priem & Butler, 2001). Within the framework of the resource-founded view it should be noted that, the chain is as strong as its weakest link and therefore requires the resource to display each of the four characteristics to be a possible source of a sustainable competitive advantage (Barney, 2001). There has to be a distinction between capabilities and resources by defining capabilities as a special type of resource, specifically an organizationally embedded non-transferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm (Barney, 2001). Resources are stocks of available factors that are owned or controlled by the firm, and capabilities are an organization’s capacity to deploy resources. Essentially, it is the bundling of the resources that builds capabilities.

2.2.3 Organizational learning Theory

Garvin (1993) argues that a firm through organizational learning can achieve above average profit over a long period of time. Organizations that value continuous organizational learning as important capability are in a position to generate superior performance through use of training and development. For a firm to be competitive, external environmental scanning should be constant and engaging expertise should be considered to be of importance (Day, 1994, & Spender and Grant, 1996). The function of organizational learning in accomplishing competitive advantage and superior performance is stating the velocity at which an organization learns (Stewatt, 1996).

Continuous learning in an organization ensures that employees are up to date in terms of knowledge and information, hence strengthening human capital at large (Spender & Grant, 1996; Armstrong, 2001). In changing environments, all firms should have the ability to learn faster than the competitors so as to attain CA for superior performance (Winter, 2000). According to Winter (2000), for any organization to attain
high performance, learning in a better and faster way than competitors from failures and success is inevitable. The most well known and effective process of enhancing knowledge flow is technology, which ultimately changes the individual and the organization at large.

In the high performing firms, employees learn from each other in the course of job rotation, gaining original ideas that are hard to copy through training. Through organizational learning, human resource is hard to duplicate, given that it keeps on taking a diverse character (Armstrong, 2001). Customer satisfaction is as a result of organizations that learn in the long run, which in due course amplify profitability and sales. Normally, organizational learning focuses on how competitive advantage can be generated from human capital as a resource and how it can improve the performance of a firm. Human capital is one the most unique resources in an organization that is hard to copy (Coplin, 2002).

Organizational Learning theory proposes that an organization should change its activities to match the changing environment for it to remain competitive in a dynamic and unpredictable environment (Crossan, Zane & White, 1999; Hoffman, 2000; Murray & Donegan, 2003). In organizational learning, sharing and transferring of knowledge and information takes place at the individual or employees level specifically when it is being done by more to less experienced employees. According to Goh (2003) and Lopez (2005), Organizational theory is said to be the summation of individuals and combined learning through hr practices, experience all the way to working interactions in the organization, knowledge and skills acquisition. One limitation of organizational learning is that it concentrates on the process of coordinated system alteration through individuals or employees as the only resources. Stewatt (1996) and Lopez (2005) noted that for high performance to be attained, the tactic of uninterrupted learning should be emphasized by cheering the employees to learn fresh skills, get fresh knowledge and learn more from those with experience. Unique human capital in terms of skills and knowledge that is complex to duplicate can be developed through organizational learning. An organization that applies organizational learning ends up with complex capabilities which are complicated to copy, replicate and transfer, thus being specific to the firm to enable it generate above average performance.
2.3 Empirical Review

2.3.1 Compensation and Performance

Performance-founded compensation is the dominant HR practice that firms use in order to evaluate and reward employees’ deeds (Collings and Clark, 2003). There is consensus that Performance-founded compensation has a positive effect upon employee and organizational Performance (see for reviews: Brown et al. 2003; Cardon and Stevens, 2004). Employee motivation, founded on perceived expectations, can provide link between compensation and Performance. Expectancy theory posits that pay level will influence employee Performance when (a) employees perceive that a relationship exists between their efforts and Performance and (b) employees gain specific benefits if they perform well (Ngo et al., 2008).

Empirical studies on the relationship between Performance-related pay and company Performance have generally found a positive relationship, but a growing body of empirical evidence suggests that it is not just pay level that matters, but pay structure as well (Wimbush, 2005; Singh 2005). Both Performance-founded compensation and merit-founded promotion can be viewed as ingredients in organizational incentive systems that serve to encourage individual Performance and retention (Uen and Chien, 2004).

Widener (2005) developed a binary logit model of the relationship between two human resource practices (reliance on human capital and the firm’s pay structure) with the use of non-financial measures in top managers’ bonus compensation contracts. Results displayed that this relationship is moderated by the firm’s pay structure. In particular, the relationship was stronger in firms that had employed a hierarchical pay structure. These firms also have had a higher probability of relying on human resource measures.

In a study of multiple hospitals, Brown, et al. (2003) examined pay at different levels and structures and its impact on resource efficiency, patient care outcomes, and financial Performance. Findings displayed that higher pay was associated with greater Performance; however, the effects appeared to be curvilinear. The researchers
emphasized the importance of an integrative approach to making decisions regarding compensation.

Tosi et al. (2004) examined the relationships among CEO perceived charisma, CEO compensation packages, and firm Performance in a sample of Fortune 500 companies over a 10-year period. Findings indicated that charismatic CEOs seem able to influence their own compensation packages and stock prices but no other indicators of firm Performance.

Barringer et al. (2005) conducted a quantitative content analysis of the narrative descriptions of 50 rapid-growth firms and a comparison group of 50 slow-growth companies. Results demonstrated that employee incentives differentiated the rapid growth from the slow-growth firms. Firms that were eager to achieve rapid-growth provided their employees financial incentives and stock options as part of their compensation packages. In doing so, firms managed to elicit high levels of Performance from employees, provide employees the feeling that they have an ownership interest in the firm, attract and retain high-quality employees, and shift a portion of a firm’s business risk to the employees.

In their study of foreign firms operating in Russia, Fey et al. (2000) found that salary level was revealed to be significantly associated with firm Performance for both managers and non-managers. In addition, promoting managers founded on merit was positively associated with firm Performance while to be effective, compensation practices and policies must be aligned with organisational objectives. While Performance-founded compensation can motivate employees, sometimes employees perceive it as a management mechanism to control their behaviour (Lawler and Rhode, 1976; Ahmad, 2003). In such a case, employees are less loyal and committed, thus compensation plans have the opposite than desired outcome (Ahmad, 2003; Rodriguez and Ventura, 2003).

Ngo et al. (2008) found that retention-oriented compensation was related to various measures of firm Performance. Collings and Clark (2003) studied 73 high-technology firms and displayed that the relationships between the HR practices and firm Performance (sales growth and stock growth) were mediated through their top
managers’ social networks. Executive compensation played an important role for affecting the composition and interactions of top executive teams (Gerhart and Milkovich, 2000). Incentive pay founded on firm Performance was found to increase commitment to organizational goals, employee cohesiveness, and a collective orientation (Collings and Clark, 2003).

Cardon and Stevens (2004) pointed out that compensation is particularly important for small firms because it affects recruiting and retention efforts as well as it signals legitimacy to external stakeholders. Cho et al. (2005) suggested that incentive plans is effective in decreasing turnover rates. Banker et al. (2001) conducted a longitudinal study of the effectiveness of incentive plans in the hotel industry and found that incentive plans related to increased revenues, increased profits, and decreased cost.

2.3.2 Training and Performance
Training may be related to firm Performance in many ways. Firstly, training programmes increase the firm specificity of employee skills, which, in turn, increases employee productivity and reduces job dissatisfaction that results in employee turnover (Huselid, 2005). Secondly, training and developing internal personnel reduces the cost and risk of selecting, hiring, and internalising people from external labour markets, which again increases employee productivity and reduces turnover. Training like job security requires a certain degree of reciprocity: A company that train and develop systematically its employees advocate them that their market value develops more favourably than in other firms. This increases employees’ productivity, commitment, and lowers turnover. Companies may also assist their employees in career planning. In doing so, companies encourage employees to take more responsibility for their own development, including the development of skills viewed as significant in the company (Doyle, 2003).

Cardon and Stevens (2004) in a study on on influence of employee training on small firms. They suggested that Unstructred training, informal job instruction, and socialization are the main components of the training process in SMEs. Accenture’s, in their ‘The High Performance Workforce Study 2004’, reported that, despite a wide
range of human resource and training programs and increased training budgets; only 16% of executives said are very satisfied with the training function.

Brewster (2004) on another study on training in US and European countries management found that training increase significantly from one side of the Atlantic to the other. Husiled (2005) found that the education and development of employees have a significant effect both upon the personnel productivity and the short-term and long-term indicators of organizational Performance.

Shah et al. (2003) study on influence of training on organizational performance. Examinined the role of organizational associations and found that they influence negatively the application of these policies, as their application requires often unpleasant changes in the structure and management of personnel, something that does not always find accordingly the associations. At the same time, it was strongly suggested the negative role of the age of the organization in the application of these practices, as older an organization might be would be much more difficult to adopt innovative practices, provided that other older and more tried practices will have a more powerful place even if the new can promise better results.

Ngo et al. (2008) study on the effects of country origins on HR (human resource) practices of firms from the United States, Great Britain, Japan and Hong Kong operating in Hong Kong. Study results displayed that structural training and retention-oriented compensation were related to various measures of firm Performance.

Paul and Anantharaman (2003) on another study on human resource practices and organizational Performance. The findings proposed that career development programmes demonstrate a true interest of the organization for the growth of its personnel, which, in turn, stimulates commitment and devotion, which, subsequently, raises personnel productivity and consequently economic output.

Barringer et al. (2005) study on training on rapid-growth and slow-growth firms. Finding that rapid-growth firms depend heavily on the abilities and efforts of their employees to maintain their growth-oriented strategies. The fast-growth firms used training programs to achieve their objectives and emphasized employee
development to a significantly greater extent than their slow-growth counterparts. Therefore, training and employee development practices are more common in rapid-growth firms than slow-growth ones.

Zhu (2004) study on changes of human resource development in Japan. Observed that some companies and companies have shifted towards a more strategic approach that emphasizes the impact of effective learning at both individual and organizational levels on long-term organizational competitiveness. Storey (2002) examined the relationship between training and firm Performance in middle-sized UK companies and proposed that, in the context of smaller firms, it is necessary to widen the concept of training to include education, training. Storey (2002) found an association between the concept of education, training and middle-sized Performance. Benson et al. (2004) examined the effect of corporate investment in tuition reimbursement programs on employee turnover in a large manufacturing company. Study results demonstrated that tuition reimbursement programs as well as reimbursement for employees to earn certificates and other credentials had an overall positive effect on turnover.

Cerio (2003) examined the manufacturing industry in Spain and found that quality management practices related to product design and development, together with human resource practices, are the most significant predictors of operational Performance.

2.3.3 Recruitment and Performance
This practice can ensure that the right people, with the desirable characteristics and knowledge, are in the right place, so that they fit in the culture and the climate of the organization. Moreover, pinpointing the rights employees would decrease the cost of employees’ education and development. Schuster (1986) argued that recruitment is a key practice that creates profits. Huselid (2005) examined HR practices of high Performance companies and found that attracting and selecting the right employees increase the employee productivity, boost organizational Performance, and moreover to contribute in reducing turnover.
Michie et al. (2001) argued that a possible indirect link between recruitment and organisational Performance can be the forging of internal bonds between managers and employees that creates the write culture for productivity growth. Collins (2003) argued that the practice of recruitment results at sales growth. Paul and Anantharaman (2003) pointed out that an effective hiring process ensures the presence of employees with the right qualifications, leading to production of quality products and consequently in increase of economic Performance.

Cho et al. (2005) on another study on pre-employment tests as a key component of recruitment. Fing found that when employed, these tests can select employees that stay with a company longer. Passing pre-employment tests may give an applicant a stronger sense of belonging to the company, resulting in higher degrees of commitment if employed.

Cardon and Stevens (2004) pointed out that for small companies recruiting is often quite problematic. This can be due to several reasons such as limited financial and material resources and jobs with unclear boundaries responsibilities, which decreases their potential to hire qualified candidates.

2.3.4 Information Sharing and Performance
Sharing of information may have a dual effect: Firstly, it conveys employees the right meaning that the company trusts them. Secondly, in order to make informed decision, employees should have access to critical information. Communicating Performance data on a routine basis throughout the year help employees to improve and develop. Employees presumably want to be good at their jobs, but if they never receive any Performance feedback, they may perceive to have a satisfactory Performance when in fact they do not (Chow et al., 1999). Furthermore, information sharing fosters organizational transparency which reduces turnover (Ahmad and Schroeder, 2003) and forges synergistic working relationship among employees (Nonaka, 1994).

In his study of Japanese consultation committees, Morishima (2001) found a positive association of information sharing with productivity and profitability, and a negative one with labour cost. Information sharing is not a widespread HR practice as someone might have expected it to be. Many companies are vulnerable to share critical
information with their employees because in this way employees become more powerful and companies may lose control of them (Pfeffer, 2008). Furthermore, information sharing always involves the danger of leaking important information to competitors (Ronde, 2001).

Constant et al. (1994) pointed out that attitudes about information sharing depend on the form of the information. Burgess (2005) studied employee motivations for knowledge transfer outside their work unit and found that employees who perceived greater organizational rewards for sharing spent more hours sharing knowledge beyond their immediate work group. However, a significant percentage of employees perceived knowledge as a means of achieving upward organizational mobility. They sought information more often than shared it. Roberts (2005) studied how HR strategy affects profits in 3000 businesses throughout the world and found that sharing information was related to increased profitability. However, Ichniowski and Shaw (1999) compared US and Japanese steel-making plants and found that employee participation founded solely on problem-solving teams or information sharing did not produce large improvements in productivity. In a study of Fortune 1,000 largest manufacturing and service companies on high-Performance practices, Lawler et al. (2005) found information sharing to correlate to firm Performance but results are inconclusive.

2.4 Summary of Literature and Research Gaps
The studies discussed above were either outdated, in that they were either conducted more than five years ago therefore do not represent the current issues; they did not cover the targeted population or were out of geographical context like the studies conducted in other countries.
Table: 2.1: Summary of Empirical Review and Knowledge Gaps

<table>
<thead>
<tr>
<th>Author</th>
<th>Study</th>
<th>Focus Key Findings</th>
<th>Research gaps</th>
<th>Focus of current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storey (2002)</td>
<td>The relationship between training and firm Performance in middle-sized UK companies</td>
<td>Proposed that, in the context of smaller firms, it is necessary to widen the concept of training to include education, training.</td>
<td>Focused on one variable training</td>
<td>Focuses on four variables of HRMP</td>
</tr>
<tr>
<td>Barringer et al. (2005)</td>
<td>Quantitative content analysis of the narrative descriptions of 50 rapid-growth firms and a comparison group of 50 slow-growth companies</td>
<td>Results demonstrated that employee incentives differentiated the rapid growth from the slow-growth firms. Firms that were eager to achieve rapid-growth provided their employees financial incentives and stock options as part of their compensation packages. In doing so, firms managed to elicit high levels of</td>
<td>Focus was small business only</td>
<td>Focuses on small and large manufacturing firms</td>
</tr>
<tr>
<td>Benson <em>et al.</em> (2004)</td>
<td>effect of corporate investment in tuition reimbursement programs on employee turnover in a large manufacturing company</td>
<td>Study results demonstrated that tuition reimbursement programs as well as reimbursement for employees to earn certificates and other credentials had an overall positive effect on turnover</td>
<td>Study findings not clear</td>
<td>Will find findings related to the study</td>
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<td>-------------------------</td>
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</tr>
<tr>
<td>Brewster (2004)</td>
<td>The differences between the US and European HR management systems and training increase significantly from one side of the Atlantic to the other.</td>
<td>Found that training increase significantly from one side of the Atlantic to the other.</td>
<td>Studied in developed countries</td>
<td>Focused in Kenya</td>
</tr>
<tr>
<td>Study</td>
<td>Methodology</td>
<td>Findings</td>
<td>Other Information</td>
<td></td>
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<td>--------------------------</td>
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<td>--------------------------------------------------------------------------</td>
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<tr>
<td>Cho et al. (2005)</td>
<td>Pre-employment test on performance of employees</td>
<td>Pre-employment tests as a key component of recruitment and found that when employed, these tests can select employees that stay with a company longer. Passing pre-employment tests may give an applicant a stronger sense of belonging to the company, resulting in higher degrees of commitment if employed.</td>
<td>Studied one variable</td>
<td></td>
</tr>
<tr>
<td>Collings and Clark (2003)</td>
<td>The relationships between the HR practices and firm Performance.</td>
<td>Executive compensation played an important role for affecting the composition and interactions of top executive teams. Incentive pay founded on firm</td>
<td>Was specific</td>
<td></td>
</tr>
</tbody>
</table>
Performance was found to increase commitment to organizational goals, employee cohesiveness, and a collective orientation (Collings and Clark, 2003).

<table>
<thead>
<tr>
<th>Source</th>
<th>Method</th>
<th>Findings</th>
<th>Location</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morishima (2001)</td>
<td>Information sharing on performance in Japanese consultation committees</td>
<td>Found a positive association of information sharing with productivity and profitability, and a negative one with labour cost. Information sharing is not a widespread HR practice as someone might have expected it to be.</td>
<td>Studied in Japan</td>
<td>Focus in Japan</td>
</tr>
<tr>
<td>Paul and Anantharaman (2003)</td>
<td>Recruitment and performance</td>
<td>Pointed out that an effective hiring process ensures the presence of employees with the right qualifications, leading to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Author</td>
<td>HR strategy</td>
<td>Sharing information was related to increased profitability.</td>
<td>There is a lack of understanding about the process (how and why) through which HRM creates organisational value and increases performance.</td>
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<td>-----------------</td>
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<tr>
<td>Roberts (2005)</td>
<td>HR strategy affects profits in 3000 businesses throughout the world</td>
<td>Sharing information was related to increased profitability.</td>
<td>There is a lack of understanding about the process (how and why) through which HRM creates organisational value and increases performance.</td>
<td></td>
</tr>
<tr>
<td>Widener (2005)</td>
<td>Relationship between two human resource practices (reliance on human capital and the firm’s pay structure)</td>
<td>Results displayed that this relationship is moderated by the firm’s pay structure. In particular, the relationship was stronger in firms that had employed a hierarchical pay structure. These firms also have had a higher</td>
<td>Industry studied not specific</td>
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<td></td>
<td></td>
<td></td>
<td>Focuses on manufacturing industries</td>
<td></td>
</tr>
</tbody>
</table>

production of quality products and consequently in increase of economic Performance.

Roberts (2005)

HR strategy affects profits in 3000 businesses throughout the world

Sharing information was related to increased profitability.

There is a lack of understanding about the process (how and why) through which HRM creates organisational value and increases performance.

Widener (2005)

Relationship between two human resource practices (reliance on human capital and the firm’s pay structure)

Results displayed that this relationship is moderated by the firm’s pay structure. In particular, the relationship was stronger in firms that had employed a hierarchical pay structure. These firms also have had a higher

Industry studied not specific

Focuses on manufacturing industries

25
Zhu (2004) observed that some companies and companies have shifted towards a more strategic approach that emphasizes the impact of effective learning at both individual and organizational levels on long-term organizational competitiveness.

| Zhu (2004) | The changes in the area of human resource development in Japan and performance | Observed that some companies have shifted towards a more strategic approach that emphasizes the impact of effective learning at both individual and organizational levels on long-term organizational competitiveness. | Mixed findings | Will clarify findings |

### 2.5 Conceptual Framework

Mugenda and Mugenda (2003) defines a conceptual framework as a hypothesized model identifying the concepts of the study and their relationships. In this framework, the independent variables (compensation, training, recruitment and information sharing) are seen to influence the dependent variable (Performance of manufacturing firms).
Human Resource Management Practices

<table>
<thead>
<tr>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Financial incentives</td>
</tr>
<tr>
<td>- Benefits</td>
</tr>
<tr>
<td>- Commissions</td>
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<tr>
<td>- Allowances</td>
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</table>

<table>
<thead>
<tr>
<th>Training</th>
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</thead>
<tbody>
<tr>
<td>- On the job training</td>
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<tr>
<td>- Mentoring</td>
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<tr>
<td>- Job rotation</td>
</tr>
<tr>
<td>- Classroom training</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Job analysis</td>
</tr>
<tr>
<td>- Sourcing</td>
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<tr>
<td>- Screening</td>
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<tr>
<td>- Selection</td>
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</table>

<table>
<thead>
<tr>
<th>Information Sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Bottom up communication</td>
</tr>
<tr>
<td>- Top down communication</td>
</tr>
<tr>
<td>- Horizontal</td>
</tr>
</tbody>
</table>

Organizational Performance

| - Efficiency         |
| - Effectiveness      |
| - Customer perspective|
| - Learning and growth|
CHAPTER THREE  
RESEARCH METHODOLOGY  

3.1 Introduction  
This chapter labels the processes that was followed in steering the study. It plans the research design, target population, sampling design, sample size, data collection instruments and data analysis methods.
3.2 Research Design
While Kombo and Tromp refer to the research design as the glue that holds all the elements in a research together, Orodho (2003) defines it as a scheme, outline or plan that was used to generate answers to research problems. It is the conceptual structure within which the research is to be carried out. This study applied descriptive survey research since it describes a phenomenon. By description it means considering such basic questions as what, how, when and where about a given phenomenon. Descriptive research design was used because it deals with clearly defined problems with definite objectives (Kombo & Tromp, 2006). Descriptive research design is a scientific method which involves observing and describing the behaviour of subjects without influencing it in any way (Bryman, 2001). Descriptive design involves measurement, classification, analysis, comparison and interpretation of data.

3.3 Target Population
The target population for the study was the 95 manufacturing companies in Nairobi City county, Nairobi City county Region, Kenya listed in KAM 2016 (appendix III). The firms to be targeted include the different manufacturing sectors of the economy textiles, foods, chemicals, wood & paper, building materials, water and drinks, breweries, metals and toiletries.

3.4 Sampling Design and Procedure
The research population is small hence census was conducted. Census is the collection and analysis of data from every possible case or group member in a population (Saunders, 2007). Respondents for each of the 95 organizations was identified using purposive sampling in selecting human resource departments in all the companies. Use of stratified random sampling to create two strata consisting of the heads of human resource departments to represent senior management and another consisting of other employees in the human resource department to represent middle level management. Finally simple random sampling was used to pick one employee from each of the human resource departments to represent middle level management. (Shapiro, 2006) The HR managers are subject matter experts and are believed to be in a good position to provide the required information that and likely to be involved in
policy formulation and implementation and hence knowledgeable in the areas under study.

This was consistent with the view of Gerhart (2000) that single respondents are significantly undermined by the presence of measurement error, hence the choice of two respondent senior level and middle management.

3.5 Data Collection Instruments
Data was collected using self administered questionnaires. Gay and Airasian (2003) explains that descriptive data is usually collected using questionnaires. Questionnaires was used because of the ease in reaching a large group of respondents within a short time at minimal cost. The semi structured and open ended questions guided the response to the study area and also help the respondent make quick decisions. The semi structured questions was mainly on a five point Likert scale of strongly agree, agree, neutral, disagree, and strongly agree.

Gall et al. (1996) observe that questionnaires have the added advantage of being less costly and using less time as instruments of data collection.

3.6 Validity and Reliability of Instruments
3.6.1 Validity
The Research instrument was pre–tested to increase the validity of the responses. Mugenda and Mugenda (2003) suggest that pre-testing allows errors to be discovered that require editing, correction, reframing and those that are ambiguous. Validity indicates that degree to which the instrument measures the contrasts under investigation (Mugenda and Mugenda, 2003). Content validity was used in this paper because it ensured that the sample of the items represented what it was intended to measure as designed. Also validity indicates the degree to which scores are consistent with the objective of measurement and free of measurement errors.

Expert validity views and suggestions of the supervisors’ was incorporated in the questionnaire and then Pre-testing was done on selected respondents with the help of the assistants; however these respondents were not included in the study sample. As a result of the pilot test, changes in words selection and instructions was done in the
questionnaire. Regular cross checking and follow ups were done to ensure accuracy, relevance, completeness, consistency and uniformity of the data collected. The printed final questionnaires was used to collect data for analysis.

3.6.2 Reliability
According to Joppe (2000), reliability is the extent to which results are consistent over time. The reliability of this study was ensured by using the Cronbach’s alpha coefficient of internal consistency because it provides a unique quantitative estimate of the internal consistency of the scale (Zikmund, 2009). According to (Cooper & Schindler, 2007), for the instrument to be reliable, the coefficient has to be above 0.7.

3.7 Data Collection Procedure
Letter was sought from NACOSTI and Kenyatta University to enable collection of data. The researchers administered the questions to the relevant respondents in an effort to achieve the necessary information. The questionnaires was administered through a drop and pick later method because of the busy schedule of the target respondents. This reduced the level of interference with the daily duties and operations of the organization.

3.8 Data Analysis and Presentation
After data collection, the filled-in and returned questionnaires was edited for completeness, coded and entries made into Statistical package for social sciences (SPSS version 20). This ensured that the data is accurate, consistent with other information, uniformly entered, complete and arranged to simplify coding and tabulation. With data entry, the data collected was captured and stored. Descriptive statistics involved the use of frequencies in their absolute and relative forms (percentage). Mean and standard deviations also be used as measures of central tendencies and dispersion respectively. Inferential statistics was used to analyze data. The relationship between the dependent variables and the independent variables was expressed using a multiple regression equation in the form of:

\[ Y = \beta_0 + \beta_1 C + \beta_2 T + \beta_3 R + \beta_4 I + \epsilon, \]

Whereby
\[ Y = \text{Performance} \]
C = Compensation
T = Training
R = Recruitment
I = Information Sharing
\(\varepsilon\) = Error Term
\(\alpha\) = regression constant,
\(\beta\) = regression co-efficient.

3.9 Ethical Considerations
Authorization to conduct this study was sought from the National council for science and research and manufacturing companies in Nairobi city. All the respondents was made fully aware of the need for this research and voluntary participation. Assurance was also be given that all information gathered was used strictly for the purpose of this study and would be treated with utmost confidentiality.

CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND DISCUSSION
4.1 Introduction
This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on human resource management practices and performance of manufacturing companies in nairobi city county,kenya. Its organised as follows: The analysis of the response rate, descriptive statistics and inferential statistics.
4.2 Response Rate
This study targeted 190 respondents (employees) and 190 questionnaires were distributed to each one of them in collecting data as shown in table 4.1 below. From the research study, 168 out of 190 respondents filled in and returned the questionnaire contributing to 88.42% response rate. Wimmer and Dominick (2006) asserted that a response rate of 21% – 70% is acceptable for self-administered questionnaires. has it guarantees accuracy and minimizes bias. Hence, the response rate met this criterion thus appropriate for this research. This commendable response rate was enhanced by the researcher who made own visits to respondent’s companies reminding them to fill-in and return the questionnaires.

4.3 Demographic Information
This section covered the general information about the respondents who took part in the research. The background information sought was gender, age of respondents, academic qualification and duration of time worked at the organization.

4.3.1 Gender
The research found male gender to be 62% and female was 38% concluding that both genders were well represented as per the constitution of Kenya requirement that at least a third of the employees be female. and the difference does not affect the results of this study.

<table>
<thead>
<tr>
<th>Table 4. 2 Composition of Respondents by Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: (Research data,2018)

4.3.2 Position at the organization
Table 4.3 below shows that human resource senior managers were 46% while
human resource middle managers were 54% as shown below.

Table 4.3 Position of Respondents

<table>
<thead>
<tr>
<th>Role</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior human resource managers</td>
<td>77</td>
<td>46</td>
</tr>
<tr>
<td>Middle level human resource managers</td>
<td>91</td>
<td>54</td>
</tr>
<tr>
<td>Total</td>
<td>168</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: (Research data, 2018)

The significant number of respondents are middle level human resource managers implying that the findings are good enough for the research study.

4.3.3 Education Level of Respondents

The respondents were also asked about their education level. The findings were as shown in figure 4.1 below.

Source: (Research data, 2018)

Figure 4.1: Education Level of respondents

The study sought to determine the education level of the respondents and requested the respondents to indicate their highest level of education. From the findings it was established that most of the respondents as shown by 58% had a degree certificate. 25% of the respondents had diploma certificate and 17% had masters degree. This
infers that majority of respondents were well educated to understand influences of human resource practices on performance. None of the respondents had a high school only or PHD degree.

4.3.4 Duration of work service at the organization
The study sought to find out the respondent’s working duration at their respective firms.

Source: (Research data, 2018)

Figure 4.2: Working Duration
Figure 4.3 above revealed that majority of the respondents as shown by 37% had been working between 10 and 15 years, 32% of the respondents had worked for a period of between 5-10 years, whereas 20% of the respondents had worked for less than 5 years.
This infers that respondents had enough experience to understand the human resource practices affecting performance of their respective companies.

4.4 Descriptive Analysis
The section describes the descriptive statistics for the study variables namely human resource practices variables and performance. The descriptive statistics summarize the main characteristics of the study variables.
4.4.1 Compensation

Measurement of central tendencies is used to discover the mean scores for the five interval-scaled constructs. A total of 7 items (questions) with particular mean score were obtained from the SPSS version 21 output. All of the items/questions are being asked using 5-point Likert scale. Where 5 represents “very strongly agree” and 1 “very strongly disagree”.

For analysis purposes, the mean score for the respondents was computed. A mean score of 0 means not relevant, less than 1.5 means that the respondents strongly disagree, a mean score of 1.5- 2.4 means that they disagreed, a mean of 2.5- 3.4 means they had neutral perception, 3.5 -4.4 means that they agree and a mean score of above 4.5 means that they strongly agreed. A standard deviation of above 1.0 means there is no consensus whereas a standard deviation of 1.0 and below means that there is a consensus.

Table 4.4: Responses on Compensation

<table>
<thead>
<tr>
<th>Compensation</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a gap in salaries between employees in the organization</td>
<td>4.54</td>
<td>0.91</td>
</tr>
<tr>
<td>Laid down regulations on minimum wage policy are adhered to</td>
<td>4.06</td>
<td>0.95</td>
</tr>
<tr>
<td>Non-financial incentives are offered by the company</td>
<td>4.02</td>
<td>0.86</td>
</tr>
<tr>
<td>Skills determine the wage employees earn</td>
<td>4.31</td>
<td>1.02</td>
</tr>
<tr>
<td>Allowances and overtime are paid on extra work</td>
<td>4.12</td>
<td>0.99</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21.05</strong></td>
<td><strong>4.73</strong></td>
</tr>
<tr>
<td><strong>Aggregate score</strong></td>
<td><strong>4.21</strong></td>
<td><strong>0.946</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

Table 4.4 above, The question on there is a gap in salaries between employees in the organization had the highest mean while the question on non financial incentives being offered by the company had the lowest mean. The overall aggregate mean score for this section stands at 4.21 and the standard deviation is 0.946. This infers that on
average the respondents confirmed on a consensus that compensation affects performance.

### 4.4.2 Training

The respondents were required to rate their level of extent with the statements pertaining to training variable on a scale of 1 to 5. Where 5 represents “very strongly agree” and 1 “very strongly disagree”. The results are in Table 4.5.

#### Table 4.5: Responses on Training

<table>
<thead>
<tr>
<th>Training</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training offered suit the job and improves my performance</td>
<td>3.59</td>
<td>0.994</td>
</tr>
<tr>
<td>Training is designed with input from employees</td>
<td>4.27</td>
<td>0.840</td>
</tr>
<tr>
<td>Training is delivered in a method I can easily understand</td>
<td>4.12</td>
<td>0.998</td>
</tr>
<tr>
<td>Training is evaluated by management after its offered</td>
<td>3.95</td>
<td>1.02</td>
</tr>
<tr>
<td>Training improves my productivity</td>
<td>4.05</td>
<td>1.15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19.98</strong></td>
<td><strong>6.002</strong></td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>3.996</strong></td>
<td><strong>1.2004</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

Table 4.5 above, the overall aggregate mean score for this section stands at 3.996 and a standard deviation of 1.2004. This infers that on average the respondents had neutral perception that the organization had put in place training that would enable achieve performance. The statement that training is delivered in a method that respondents can understand had the highest mean score of 4.12 while the standard deviation stood at 0.998.

### 4.4.3 Recruitment

The respondents were required to rate their level of extent with the statements pertaining to recruitment on a scale of 1 to 5. Where 5 represents “very strongly agree” and 1 “very strongly disagree”. The results are in Table 4.6.
Table 4.6: Recruitment Responses

<table>
<thead>
<tr>
<th>Recruitment</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs are competitively recruited</td>
<td>4.32</td>
<td>0.89</td>
</tr>
<tr>
<td>Background checks are performed on all candidates</td>
<td>4.16</td>
<td>0.91</td>
</tr>
<tr>
<td>Education and skills are considered during hiring decision</td>
<td>4.39</td>
<td>0.99</td>
</tr>
<tr>
<td>Selection of candidates is from a large pool</td>
<td>4.32</td>
<td>0.94</td>
</tr>
<tr>
<td>Jobs are competitively recruited</td>
<td>4.05</td>
<td>0.90</td>
</tr>
<tr>
<td>Background checks are performed on all candidates</td>
<td>4.45</td>
<td>1.02</td>
</tr>
<tr>
<td><strong>Aggregate Scores</strong></td>
<td><strong>4.28</strong></td>
<td><strong>0.94</strong></td>
</tr>
</tbody>
</table>

**Source:** Research Data (2018)

The overall aggregate mean score for this section stands at 4.28 and the standard deviation at 0.94. This infers that the respondents agreed on a consensus that recruitment improves performance. The statement on background check of candidates was highest at a mean of 4.96 and a standard deviation of 0.74.

4.4.4 Information Sharing

The respondents were required to rate their level of extent with the statements pertaining to information sharing on a scale of 1 to 5. Where 5 represents “very strongly agree” and 1 “very strongly disagree”. The results are in Table 4.7
Table 4.7 Information Sharing Responses

<table>
<thead>
<tr>
<th>Information Sharing</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circulars and emails are used in the organization</td>
<td>3.39</td>
<td>0.648</td>
</tr>
<tr>
<td>Flow of information is clear</td>
<td>3.8</td>
<td>0.772</td>
</tr>
<tr>
<td>Employees can communicate with top management</td>
<td>3.73</td>
<td>0.658</td>
</tr>
<tr>
<td>Information sharing improves performance</td>
<td>3.99</td>
<td>0.874</td>
</tr>
<tr>
<td>Internet is available to employees</td>
<td>4.13</td>
<td>0.945</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19.04</strong></td>
<td><strong>3.897</strong></td>
</tr>
<tr>
<td><strong>Aggregate score</strong></td>
<td><strong>3.808</strong></td>
<td><strong>0.778</strong></td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

The overall aggregate mean score for this section stands at 3.808 and the standard deviation at 0.778. This infers that the respondents agreed on a consensus that on information sharing. The statement on internet availability had the highest mean score of 4.13 and a standard deviation of 0.945.

4.5 Performance

The respondents were required to rate their level of extent with the statements pertaining to employee performance on a scale of 1 to 5. Where 5 represents “very strongly agree” and 1 “very strongly disagree”. The results are in Table 4.8.

Table 4.8: Responses on Performance

<table>
<thead>
<tr>
<th>The organizational objectives are in line</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organizational objectives are in line</td>
<td>4.3159</td>
<td>0.9654</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Score</td>
<td>Trend</td>
<td>Scale</td>
<td>Value</td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>with the organization’s goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization encourages innovation and creativity</td>
<td>4.4215</td>
<td>1.1567</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>The organizations always achieve its objective within the set time frame</td>
<td>4.3265</td>
<td>0.8458</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>The organization continuously assesses customer satisfaction</td>
<td>4.0174</td>
<td>0.9657</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>The organization controls its costs by reviewing it often</td>
<td>4.258</td>
<td>0.9521</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>The organization delivers its services/products promptly without any delay</td>
<td>4.625</td>
<td>0.974</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>The organization responds to customers complain in a timely manner</td>
<td>4.015</td>
<td>0.8245</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>The organization makes optimal use of its financial resources.</td>
<td>3.990</td>
<td>1.002</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Customers are satisfied with time deliveries</td>
<td>4.426</td>
<td>0.957</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Customers receive adequate information on purchases</td>
<td>4.025</td>
<td>0.941</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Customers are increasing in number</td>
<td>4.115</td>
<td>0.918</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Customers are satisfied with services</td>
<td>4.056</td>
<td>0.899</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>New products are created</td>
<td>4.189</td>
<td>0.965</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Products are timely availed in markets before competition</td>
<td>4.014</td>
<td>0.911</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Employees grow in the company</td>
<td>4.156</td>
<td>0.991</td>
<td>1.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Benchmarking with other companies is</td>
<td>4.259</td>
<td>0.862</td>
<td>1.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>
The overall aggregate mean score for this section stands at 4.2006 and the standard deviation at 0.9834. This indicates that the respondents agreed that performance of the organization was positive.

4.5 Regression analysis

Multiple regression analysis was used to test the research questions. This was performed using research data collected and the results interpreted according to the $R^2$ values and P values $P<0.001$ and $P<0.005$ significance level. The variables under study were regressed on performance. Linear regression test was used to determine the effects of human resources management practices on performance. If the value of R Square is equal or more than 0.5, then there is strong correlation between respective variables and performance.

4.5.1 Test of Direct Relationship

Findings of multiple regression testing the relationship of compensation, training, recruitment and information sharing and performance are summarized in table 4.9 below.

<table>
<thead>
<tr>
<th>Goodness of fit</th>
<th>Test Statistic</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted $R^2$</td>
<td>0.661</td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.6774</td>
<td></td>
</tr>
<tr>
<td>F-Statistic ( 4,168)</td>
<td>108.63</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

Dependent Variable (performance)

<table>
<thead>
<tr>
<th>Linear Regression Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>Compensation</td>
</tr>
<tr>
<td>Training</td>
</tr>
<tr>
<td>Recruitment</td>
</tr>
<tr>
<td>Information Sharing</td>
</tr>
<tr>
<td>Constant</td>
</tr>
</tbody>
</table>

Key: ** significant at 1%

Source: Research Data (2018)

Adjusted R-squared is 0.661 as shown in table 4.9 above denotation that the independent variables jointly explain 66.1% variations in the dependent variable while the rest are explained by the error term. The F statistic is 108.63 with a P-value of 0.000 which infers that the regression model is significant. Consequently, the t statistic and p-values can dependably be used to test the significance of coefficients in the model;

\[ Y = 6.341 + 0.588 \text{ Compensation} + 0.697 \text{ Training} + 0.484 \text{ Recruitment} + 0.214 \text{ Information sharing} + \epsilon \]

The regression equation attained from this output is:-
Performance = 6.341 constant + 0.588 compensation + 0.697 training + 0.484 recruitment + 0.214 information sharing

4.5.2 Compensation influence and performance
Table 4.17 above illustrates that coefficient of compensation is 0.588. The beta coefficient for compensation is 0.588. This infers that a unit increase in compensation will result in 58.8% increase in performance of Manufacturing Companies in Nairobi City county, Kenya. A direct relationship between compensation and performance. The t-statistic and corresponding P-value is 6.51 and 0.00 respectively. On the basis of this statistics, the study therefore concludes that there is significant positive relationship between compensation and performance of Manufacturing Companies in Nairobi City county, Kenya.
4.5.3 Training and performance
The table 4.9 above shows that the coefficient of training is 0.697. The beta coefficient for training is 0.697. This infers that a unit increase in training design will result in 69.7% upsurge in performance of Manufacturing Companies in Nairobi City county, Kenya. A direct relationship between training and performance. The t-statistic and corresponding P-value is 7.97 and 0.000 respectively. On the basis of these statistic, the study concludes that there is significant positive relationship between training and performance of Manufacturing Companies in Nairobi City county, Kenya.

4.5.4 Recruitment and performance
Table 4.9 shows that the coefficient of recruitment is 0.484. The beta coefficient for training delivery approach is 0.484. This infers that a unit increase in recruitment will result in 48.4% increase in performance of Manufacturing Companies in Nairobi City county, Kenya. A direct relationship between recruitment and performance. The t-statistic and equivalent P-value is 2.91 and 0.122 correspondingly. On the basis of these statistic, the study concludes that there is positive relationship between recruitment and performance of Manufacturing Companies in Nairobi City county, Kenya.

4.5.5 Information sharing and performance
The Table 4.9 shows that the coefficient of information sharing is 0.214. The beta coefficient for information sharing is 0.214. This infers that a unit increase in information sharing will result in 21.4% increase in performance of Manufacturing Companies in Nairobi City county, Kenya. A direct relationship between information sharing and performance. The t-statistic and corresponding P-value is 1.83 and 0.000 respectively. On the basis of these statistic, the study concludes that there is positive relationship between information sharing and performance of Manufacturing Companies in Nairobi City county, Kenya.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND POLICY RECOMMENDATIONS

5.1 Introduction
This chapter gives a summary of the findings, conclusions and policy recommendations pinched after analyzing data in chapter four. Conclusions have been drawn from the research and recommendations derived in respect to influence of human resource management practices and performance of Manufacturing Companies in Nairobi City county, Kenya.

5.2 Summary of the Findings
This research sought to find the influence of human resource management practices on performance of Manufacturing Companies in Nairobi City county, Kenya. This sector gives a summary of the results.

The general objective investigate the effects of Human resource practices on the Performance of Manufacturing Companies in Nairobi City county, Kenya. Founded on results findings, it established that there is significant positive relationship between HRMP and performance.

The first specific objective was to establish the effect of compensation on Performance of Manufacturing Companies in Nairobi City county, Kenya. The results displayed significant positive relationship between compensation and performance.

The second objective was to determine the effect of training on performance of manufacturing companies in Nairobi City county, Kenya. The result in this study displayed that training was positively correlated with performance of Manufacturing Companies in Nairobi City county, Kenya.
The third objective was to assess the influence of recruitment on performance of manufacturing companies in Nairobi City county, Kenya. The result in this research displayed that recruitment and performance is positively related. The forth objective was to determine the effect of information sharing on performance of manufacturing companies in Nairobi City county, Kenya. The finding of this research displayed that information sharing and performance is positively associated.

The study also established that most of the respondents had worked in the manufacturing companies for a long time. The companies preferred experienced employees because of diverse knowledge gained over time as shown by the demographic results of the research study. Majority of employees had high education qualification. The manufacturing companies employee responses indicated need to have educated employees in order to grasp company objectives. From the research study results, training variable of HRMP had the highest positive effect on performance among other studied HRMP variables and information sharing had the least effect.

5.3 Conclusion
The study concludes that compensation, training, recruitment and information sharing had a positive relationship on performance of manufacturing companies in Nairobi City county, Kenya. The HRM practices have been adopted by the companies in order achieve positive performance. Founded on the research study results, the overall effects of HRM practices (compensation, training, recruitment and information sharing) towards positive performance in the manufacturing companies is significant. The research questions of the research study are affirmed positively. Since the HRMP practices become one of most popular ways to improve performance in organizations in recent years based on empirical evidence, the research results provided evidence for this assertion and supports future research studies related to this study.

5.4 Recommendations
The study makes a number of recommendations. First, the study recommends that the companies should ensure there is adequate compensation as these are likely to positively influence performance as revealed by the research study.
Research results also displayed that performance relates positively with training, hence manufacturing companies should increase training the employees so as to rip benefits of a well trained staff. Research study recommends that recruitment should be enhanced as it showed to influence performance. Information sharing is also beneficial in performance delivery.

5.5 Limitations of the Study
In attaining its objective, the study was limited to manufacturing firms in Nairobi city county. The study therefore cannot be used to generalize other firms in the country. Secondly, the research study was also limited to the degree of precision of the data obtained from the respondents, there were differences in the way the respondents dealt with the issues of HRMP variables as this were subjective thus giving room for personal bias.

The respondents were reluctant in giving information fearing that the information asked would be used to intimidate them or paint a negative image about the firm. The researcher handled this problem by carrying an introduction letter from the University and assuring the respondents that the information they gave would be treated with confidentiality and was used purely for academic purposes.

5.6 Suggestions for Further Research
More studies should be done to examine other HRMP factors that may influence performance. Further, future studies should obtain a large population of firms to determine whether the results can be generalized as this case only used manufacturing sector in a specific locality Nairobi region. The study suggests that a similar study to be done in all companies in Kenya for the purposes of benchmarking. This would allow for generalization of study findings. Further, the researcher suggests that a cross-sectional study should be done in other organizations in various sectors of the economy.
REFERENCES


organizational logic and flexible production systems in the world auto industry. Industrial Labour Review, 48, 197-221.


Wright, P. M., McMahan, G. C., and McWilliams, A. (1994). Human resources and


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**Appendix I: Questionnaire**

The information given in the questionnaire was treated in strict confidence and used for academic purposes only. The topic is Human Resource Management Practices and Performance of Manufacturing Companies in Nairobi City county, Kenya

**Section A: Background Information of Respondents**

Please specify your answer by placing a (√) on the relevant answers provided.

1) Gender?
   - Female ( ) Male ( )

2) What is your age bracket?
   - a) Below 30 years ( )
   - b) 31 – 40 years ( )
   - c) 41 – 50 years ( )
   - d) Above 50 years ( )

3) Which is your position at the company?
   ……………………………………………………………………………………………………

4) What is your highest level of your education?
   - a) Secondary ( )
   - b) Tertiary ( )
   - c) Degree ( )
   - d) Masters ( )
   - e) PHD ( )
   - g) Others. (Specify)………..
4) How many years have you worked for the company?
   a) Less than 5 years ( )
   b) 5-10 years ( )
   c) 10-15 years ( )
   d) More than 15 years ( )

Section B: Human Resource Management Practices
6. Do you agree with the following statements concerning human resource management practices in the organizations? Please indicate the level of your agreement with each.

   Key  5= Strongly Agree   4= Agree   3= Neutral
         2= Disagree          1= Strongly disagree

<table>
<thead>
<tr>
<th></th>
<th>Compensation</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>There is a gap in salaries between employees in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Laid down regulations on minimum wage policy are adhered to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Non-financial incentives are offered by the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Skills determine the wage employees earn</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Allowances and overtime are paid on extra work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b  Training

6. Training offered suit the job and improves my performance |   |   |   |   |   |
| 7. Training is designed with input from employees |   |   |   |   |   |
8. Training is delivered in a method I can easily understand

9. Training is evaluated by management after its offered

10. Training improves my productivity

c. Recruitment

11. Jobs are competitively recruited

12. Background checks are performed on all candidates

13. Education and skills are considered during hiring decision

14. Selection of candidates is from a large pool

d. Information Sharing

17. Circulars and emails are used in the organization

18. Flow of information is clear

19. Employees can communicate with top management

20. Information sharing improves performance

21. Internet is available to employees

SECTION C: PERFORMANCE

9. Explain to what extent the use of human resource management practices strategies in your organization has influenced performance in the following terms.

KEY
5= Strongly Agree  4= Agree  3= Neutral
2= Disagree  1= Strongly disagree
a. **Effectiveness**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The organizational objectives are in line with the organization’s goals</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Organization encourages innovation and creativity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The organizations always achieve its objective within the set time frame</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The organization continuously assesses customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b. **Efficiency**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>The organization controls its costs by reviewing it often</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>The organization delivers its services/products promptly without any delay</td>
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<td>7</td>
<td>The organization responds to customers complain in a timely manner</td>
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<td>8</td>
<td>The organization makes optimal use of its financial resources.</td>
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c. **Customer perspective**

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<tbody>
<tr>
<td>9</td>
<td>Customers are satisfied with time deliveries</td>
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<td>10</td>
<td>Customers receive adequate information on purchases</td>
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<tr>
<td>11</td>
<td>Customers are increasing in number</td>
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Customers are satisfied with services

Learning and growth

New products are created

Products are timely availed in markets before competition

Employees grow in the company

Benchmarking with other companies is reviewed

Appendix II: Manufacturing Companies in Nairobi South Region

1. 42 Geomatic Services Ltd
2. Abu Engineering Ltd
3. Acme Container Ltd
4. Adhesive Solutions Africa Ltd
5. Africa Kaluworks (Aluware) Division K
6. Bamburi Special Products Ltd
7. Beta Healthcare
8. Bidco Oil Refineries Limited
9. Bileo Engineering
10. Biodeal Laboratories Ltd
11. Blowplast
12. Blowplast Limited
13. Blue Ring Products Ltd
14. Blue Triangle Cement
15. Bohmil Industries Limited
16. Bogani Industries Ltd
17. Bosky Industries Ltd
18. British American Tobacco Kenya Ltd
19. C. Dormans Ltd
20. Chandaria Industries Limited
21. Chemplus Holdings Ltd
22. Chevron Kenya Ltd
23. Chloride Exide Kenya Limited
24. Climaento Green Tech Ltd
25. Colgate-Palmolive(East Africa) Ltd
26. Collis F B
27. Commercial Motor Spares Ltd
28. Cosmos Limited  
29. Creative Fabric World Co Ltd  
30. Creative Innovations Ltd.  
31. Crown-Berger (K) Ltd.  
32. Cuma Refrigeration Ea Limited  
33. Doshi Group Of Companies  
34. East Africa Glassware Mart Ltd  
35. East African Breweries Limited  
36. East African Cables Ltd.  
37. East African Portland Cement  
38. Eastern Chemical Industries Ltd  
39. Eco Consult Ltd  
40. Flexoworld Ltd  
41. Foam Mattress Ltd.  
42. Forbes Media Electronic Advertising Solutions  
43. Furmart Furnishers  
44. Gahir Engineering Works Ltd  
45. Hydraulic Hose & Pipe Manufacturers Ltd  
46. Imani Workshops  
47. Jet Chemicals (Kenya) Ltd  
48. Oil Refineries Limited  
49. Kenbro Industries  
50. Kenya Power And Lighting Company Ltd  
51. Kenya Solar  
52. Kieta Industrial Technical Services Ltd  
53. Kim-Fay EA Limited  
54. Kingsource Plastic Machinery Co., Ltd.  
55. Mather & Platt Kenya Ltd  
56. Maweni Limestone Ltd  
57. Mellech Engineering & Construction Ltd.  
58. Metal Crown Ltd  
59. Metsec Ltd.  
60. Mgs International (K) Ltd  
61. Microsoft East Africa  
62. Mjengo Limited  
63. Mohajan Trade International  
64. Momojh Limited  
65. Mombasa Canvas Ltd  
66. Ndugu Transport Co Ltd  
67. New Ruaraka Hardwares  
68. New World Stainless Steel Ltd  
69. Njoro Canning Factory Ltd  
70. Octagon Express (Kenya) Limited  
71. Sanpac Africa Ltd
72. Shade Systems(EA)Ltd
73. Shadetents And Exquisite Designs
74. Shamas Motor Spares
75. Shankan Enterprises Ltd
76. Sigma Engineering Co. Ltd
77. Simco Auto Parts Ltd
78. Slumberland Kenya Ltd
79. Solarworks East Africa
80. City county Hill Motor Spares Ltd
81. Stainless Steel Products Ltd
82. Stamet Products (K) Ltd
83. Statpack Industries Limited
84. Steel Structures Limited
85. Sudi Chemical Industries Limited
86. Unga Group Ltd.
87. Unighir Ltd.
88. Unilever Kenya Limited
89. Universal Ponds Kenya Limited
90. Warren Concrete Ltd
91. Wartsila Eastern Africa Ltd
92. Welfast Kenya Ltd
93. Welsods Limited
94. Wigglesworth Exporters Ltd
95. Williamson Power Ltd