

**EFFECT OF HUMAN RESOURCES MANAGEMENT PRACTICES ON
EMPLOYEE PERFORMANCE OF MANUFACTURING FIRMS IN NAIROBI
INDUSTRIAL AREA, KENYA**

BY

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS
AND ECONOMICS TO IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTERS DEGREE IN
BUSINESS ADMINISTRATION**

MOI UNIVERSITY

2022

DECLARATION

Declaration by the Candidate

This research project is my own work and has not been presented for a degree award in any other university. No part of this project should be produced without prior written permission of the author and/or Moi University.

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DEDICATION

I dedicate this work to my family for their support and prayers.

ACKNOWLEDGEMENT

I acknowledge God above everything else. I wish to give special gratitude to my supervisors Dr. Ambrose Kemboi and Dr. Jemimah Ombongi for their guidance in writing this project. I also wish to thank the other lecturers and the staff of Moi University for their support. I wish to thank my colleagues and friends for supporting me throughout the course. Lastly, my deep appreciation to my family for their genuine support, encouragement, understanding and patience throughout the long period of time spent on this course.

ABSTRACT

Employee performance in the manufacturing firms in the country have been faced with a lot of challenges and many of them have not been sustainable, making the company to lay off workers. Therefore, the study assessed the effect of human resources management practices on employee performance of manufacturing firms in Nairobi Industrial Area with a view of increasing employee performance. The study sought to establish the influence of recruitment, training, reward and employee retention and how they influenced employee performance level of manufacturing firms in Nairobi Industrial Area. The study adopted the goal setting theory and incorporated key human resource management practices into the model as a function of employee performance. The theoretical models that were used in the research study included; Human Capital Theory, Equity Theory and lastly Goal Setting Theory. The study employed an explanatory research design. The target population was 180 different manufacturing firms in Nairobi Industrial Area. Self-administered questionnaires was used to collect primary data. The study collected primary data from a sample of 180 which were selected through simple random sampling. The data collected was tested and analyzed and Recruitment, training, reward and employee retention were found to have significant effect on employee performance. 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. Regression analysis was also done to obtain the relationship between the above mentioned variables on employee performance. Regression analysis established that recruitment was 0.431, $p= 0.000 < 0.05$. This implied that for every one percent increase in coefficient of recruitment practice, employee performance would increase by 0.431 percent. Coefficient of training practice was 0.378 $p= 0.006 < 0.05$. This implied that for every one percent increase in coefficient of training practice, employee performance would increase by 0.378 percent. Coefficient of reward practice was 0.359 $p = 0.000 < 0.05$. This implied that for every one percent increase in coefficient of reward practice, employee performance would increase by 0.359 percent. Applying regression model, the results revealed that coefficient of employee retention was 0.218, $p = 0.002 < 0.05$. This implied that for every one percent increase in coefficient of employee retention, employee performance would increase by 0.218 percent. The findings indicate that there is significant positive relationship between compensation and manufacturing firms' performance in Nairobi Industrial Area, training has a significant positive relationship with performance of manufacturing firms while recruitment had a significant positive relationship with manufacturing firms' performance in Nairobi Industrial Area and employee retention also had significant relationship with organizational performance. The findings support the theory of goal setting that working towards a goal provides the motivation to reach that goal and this therefore will improve employee performance. The recommendations were human resource managers should offer a competitive compensation to their staff, offer adequate training and recruitment while having employee retention that ultimately improved manufacturing performance as shown by the research findings. Model summary show that the predictor variables used explain 42.3% of variations in dependent variable meaning that there are still other variables that affect the employee performance level of manufacturing firms in Nairobi Industrial Area. Therefore, the study suggests the need for future studies to focus on effect of human resource management practices on employee performance. The study concludes that recruitment, training, reward and employee retention had a positive relationship on employee performance of manufacturing companies in Nairobi Industrial Area, Kenya. The HRM practices have been adopted by the firms in order to achieve positive employee performance.

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DEFINITION OF TERMS

- Employee Performance** It refers to an individual employee's knowledge, skills, abilities and other characteristics required in performing work and in meeting work targets (Chukwuka, 2016)
- Employee retention** is concerned with keeping or encouraging employees to remain in an organization for a maximum period of time (Nwokocha and Iheriohanma, 2016).
- Human resource management practices:** This are policies and practices required to perform the routines of human resources in an organization, such as employee staffing, staff development, performance management, compensation management, and encouraging employee involvement in decision making.(Li, Ragu and Rao, 2016).
- Recruitment** refers to the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications (Shaukat, Ashraf and Ghafoor, 2017).
- Reward** is a process of offering monetary value to employees for the effort they directed in their tasks performed (Shaukat, Ashraf and Ghafoor, 2017).
- Training** this refers to the formal activities designed by an organization to assist its workers obtain the essential skills and knowledge to execute present or future jobs (Kanyemba and Gervase, 2016).

ABBREVIATIONS

ANOVA	Analysis of Variance
HCT	Human Capital Theory
HR	Human Resource
HRM	Human Resource Management
MBO	Management By objectives
RD	Research
SPSS	Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Employee performance refers to the fulfillment of particular task calculated against already known standards like that of accuracy, speed and cost and how accurately employees perform the task determines the good performance and also organizations have some expectations regarding employees job performance, when that level of expectation is met by the employees they are called as good performers (Sultana, Irum, Ahmed, & Mehmood, 2019). Human resource management is defined as a system of activities and strategies that focus on successfully managing employees at all levels of an organization to achieve organizational goals (Byars & Rue, 2016).

Arham, Nazri and Rahma (2018), in the study to examine the determinants of Labor Productivity, notes that Africa and South Asian countries (except India) performance in labour productivity is not very encouraging. Labour productivity level in the sub-Saharan Africa economies was the lowest among all regions and emphasized the need to pay more attention to average education attainment level, producing productive employment to attract foreign direct investments (Igella, 2017). Human resources management practices have a significant impact on organizations' productivity points out social resource development, teamwork, human resources planning and performance appraisal are correlated with an organization's business performance (Kiruja & Mukuru, 2018).

The determinants of employee performance are accelerated by the level of satisfaction in which it is the feeling of pleasure and achievement that one experiences in his/her job when knowing the work is worth doing (Gathoni, 2016). Bosire (2018) reported

that satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or experiences. Muhammad and Wajidi (2016) established that some of the determinants of employee performance include human resource development, staff reward system, working environment and work-life balance, which are the foundations of labour improvement in organizations. The human resource is considered to be the most significant asset in an organization that should be highly valued and ignoring the importance of human resource in the organization can lead to the poor performance of the organization whether it is small scale or large scale and therefore should be given the highest priority (Leder, Newsham, Veitch, Mancini & Charles, 2016).

According to Muda, Rafiki, Harahap (2019) established job stress, career advancement and communication do simultaneously affect the employees' performance at the two Islamic banks in Indonesia. Furthermore, Ismajli, Zekiri, Qosja and Krasniqi (2017) revealed that rewarding, salary increment, professional advancement and opportunity for promotion appear to be the most important factors of job satisfaction among the employees in Kosovo municipalities. The other essential elements that the study revealed are work conditions, as well as the evaluation and the objective assessment of performance measurement in Kosovo municipalities. Additionally; Olaniyi (2016) reported that employees working in hotels in Ireland are much satisfied when companies start training and career advancement to improve their skills. Also, Suthar, Chakravarthi and Pradhan (2017) established that remunerations and rewards had increased employee satisfaction in the Public Sector Enterprises in India.

In Nigeria, Saka and Salman (2018) established that recognition of the employees and career advancement led to a high level of the job performance of library personnel in Nigerian universities. Also, in another study in Nigeria by Ndulue and Ekechukwu

(2016) established that satisfaction of the employees in Nigerian breweries public limited company in Kaduna improved the job performance of the company irrespective of the nature of the job, the rewards given to the employees and the security of the situation. The right working conditions have positive recognition, which increases the satisfaction of the employees who, in return, will improve the overall performance of the company. Additionally, Inuwa (2016) argued that job satisfaction has a positive and significant relationship with employee performance and the increase in the level of job satisfaction of non- academic staff in Bauchi State University Gadau, Nigeria. Furthermore, the job performance of the teachers in Ghana has been a result of job satisfaction inform of the incensement of the salaries (Nutsuklo, 2015). Also, Arday, Naa and Adaku (2016) reported that employee satisfaction in the banking industry in Ghana is very crucial as the success or downfall of the banks and most banks have come up with different mechanisms to improve achievements, such as rewarding, training and recognition.

In Kenya, a study by Sikoro, Namusonge, Makhokha and Nyagechi (2016) reported that implementation of HRM practices among employees of the County government in Kenya is diverse and mainly institution-based. Furthermore, according to Mwangi, Njenga, Chepkilot and Koima (2017), work environment and employee achievement were the critical institutional factors affecting job satisfaction of employees since they fortified a pleasure or positive emotional state in the mobile telecommunication. Further, Chebet (2015) found that the key institutional factors among employees of county governments of Kenya were career advancement, leadership, training and working conditions. Also, Wangechi, Kiragu and Sang (2018) revealed that workplace environment, physical environment and rewards fueled employees' performance and satisfaction with work at the county government of Nyeri.

In addition, according to Obwoyere (2016), HRM practices improved the performance of the employees in Nakuru County. Additionally, Nyamunga (2016) reported that HRM practice is a critical element that creates a need for employee achievement. Kuria (2018) argued that employees are the most satisfied and highly productive when their job offers them security from economic strain, recognition of their effort, clean policy of grievances, opportunity to contribute ideas and suggestions, participation in decision making and managing the affairs among others. Ojwang' (2016) asserted that employees who have high job satisfaction generally love their job, feel that they are being fairly treated and believe that their jobs have many desirable features such as fascinating work, good pay and job security.

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, 2016).

1.2 Statement of the Problem

Employee performance in the manufacturing firms in the country has been faced with a lot of challenges and many of them have not been sustainable, making the company to lay off workers (Kipkemoi, 2017). Employers have adopted human resources practices with an aim of improving their employees' performance. However, despite the vital role HRM practices plays in enhancing employee performance, the way these HRM practices are implemented by manufacturing companies here in Kenya is

questionable and in most cases ineffectual. It is misleading to assume that simply because HR practices are present they will be implemented as intended.

There is a big problem when workers are not taken for training, not empowered to perform, not motivated and are poorly compensated for their work. Recruiting of high-potential employees does not guarantee that they will perform effectively. People who do not know what to do or how to do it cannot perform effectively even if they want to. Therefore there is need for organizations to train its employees (Dessler, 2018).

Recent cases of labour unrest demand for unionization in industrial and service sector in Kenya is an indicator that most employees may be dissatisfied with pay and employee retention and this has a negative effect on employees' performance which translate to the overall employee performance (Mutua, 2019). Thus how employees are valued and treated in Kenya need to be examined. There is a need to explain the link between the HRM practices and employee performance in Kenya as well as exploring how certain HRM practices may lead to enhanced business performance so as to compete effectively with other companies in the world.

However, studies that have been conducted have neglected this area of research and presents research gaps. For instance, Asfaw, Argaw and Bayissa (2015) show contextual and geographical gap with the current study. Argaw and Bayissa (2015) conducted the study in District Five Administration Office in Ethiopia, while the current study was conducted in Industrial Area in Nairobi. Additionally, Obiageli, Uzochukwu and Ngozi (2015) present conceptual and contextual gaps. The specific objective used by Obiageli, Uzochukwu and Ngozi (2015) was to determine the extent to which leave policy affects service delivery in Commercial banks in Lagos State, Nigeria while the specific objectives of the current study will assess the effect of

recruitment, training, reward and employee retention on employee performance at Nairobi Industrial Area. Furthermore, Azeem and Akhtar (2014) present geographical, contextual and conceptual gaps with the current study. The variables used in the study were work life balance, job satisfaction and organizational commitment experienced by hospital staff in India.

The gap in these studies lies in understanding those dimensions that have the most positive impact on employee performance, and again they do not explain why the gap exists between HRM practices and employee performance. There exists very limited studies in Kenya examining the effects of HRM practices on employee performance; hence it is unclear if HRM will have a noticeable impact on employee performance in Kenya (Wanyama, 2019). There is a need to explain the link between the HRM practices and employee performance in Kenya.

Therefore, this study will determine the human resources management practices in manufacturing firms in Nairobi regarding the Nairobi Industrial Area to fill the existing research gaps and furthermore, contribute to the body of knowledge on factors influencing employee performance.

1.3 Objectives of the Study

1.3.1 General Objective

The purpose study was to establish the effect of human resources management practices on employee performance of manufacturing firms in Nairobi Industrial Area.

1.3.2 Specific objectives

Specific objectives of this study were;

- i. To establish the effect of recruitment practice on employee performance of manufacturing firms in Nairobi Industrial Area.
- ii. To determine the effect of training practice on employee performance of manufacturing firms in Nairobi Industrial Area.
- iii. To explore the effect of reward practice on employee performance of manufacturing firms in Nairobi Industrial Area
- iv. To determine the effect of employee retention practice on employee performance of manufacturing firms in Nairobi Industrial Area.

1.4 Research Hypotheses

The research was guided by testing the following hypothesis;

Ho₁: Recruitment practice has no significant effect on employee performance of manufacturing firms in Nairobi Industrial Area.

Ho₂: Training practice has no significant effect on employee performance of manufacturing firms in Nairobi Industrial Area.

Ho₃: Reward practice has no significant effect on employee performance of manufacturing firms in Nairobi Industrial Area.

Ho₄: Employee retention practice has no significant effect on employee performance of manufacturing firms in Nairobi Industrial Area.

1.5 Significance of the Study

The findings of the study would benefit the management of manufacturing firms in Nairobi County and other Counties in Kenya 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 study would contribute to the existing body of knowledge on the human resources best practices. It will also help future scholars who will endeavor to explore the direct relationship between Human Resource Management Practices and employee performance. This study will be resourceful to the policy makers in manufacturing firms, because it will question the existing policies and their effectiveness in enhancing employee performance in manufacturing sector. Where need be, a review of policies may be considered.

This study can also be a foundation for future researchers carrying out their studies in the recommended areas for further studies and use it as a source of reference. The findings of the study will help the planners of human resource both in public and private organizations on how to implement appropriate reward strategies thus enhance work performance. Finally, the findings of this research will add to the body of knowledge in the field of training especially other manufacturing firms in Uganda, Tanzania and Rwanda on their suitability and adequacy of reward practices to be introduced to lift performance.

Empirically, the study of this would enhance the policy formulation and implementation in the company. The findings and recommendations of this study would add to the existing literature of globalization in the area of human resource management practices such as; recruitment, training, reward and lastly employee retention. Such

additional literature will enrich the researcher's knowledge with regard to exploring ways to improve the operational effectiveness and the service delivery among manufacturing firms in Kenya and also in Africa.

1.6 Scope of the Study

The main objective of the study was to assess the contributions of human resources practices on level of employee performance among manufacturing firms in Nairobi Industrial Area. Independent variable was measured by the contributions of recruitment, training, reward and employee retention while employee performance as the dependent variable. The researcher targeted human resources managers, mainly because they are directly or indirectly involved in formulating human resource practices that ensures that their respectively firm have a better performance. This was to be done as from September 2019 to December 2021. 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 firms.

CHAPTER TWO

LITERATURE REVIEW

2.0 Overview

In this chapter, the study focused on the concept of the study, review theoretical literature, empirical literature and concluded with conceptual framework.

2.1 Concept of Employee Performance

Employee performance is one of the most factors that affect the performance of the organization. The successful organization understands the importance of HR as a critical factor directly affects and contributes on the performance (Li, Ragu and Rao, 2016). The success of any organization depend on its employees behavior and their decision, although there are many other factors contribute in that success, such as the organization size, the environment in what it operate and its activities. Often, human resource management practices are employed to evaluate the performance of the employee in the organization, and in modern era and highly competitive climate between the organizations, the tendency to improve employee performance is by improving the HRM practices (Demirbag and Zaim, 2017). The employee's performance is use of knowledge, skills, experiences and abilities, to perform the assigned mission required by their managers efficient and effectively (Chukwuka, 2016). The importance of the employees performance can be in form of several points such as; help to considering the cost of the resources used, a measure of the quantity and quality of work done, help to survive and excel between the firms, help to assess and attain of established performance goals and finally, increase the efficiency of the employee performance helps to make the right decisions (Stefanovic and Caliskan, 2017). Kaplan 2017 explained the main methods of evaluating employee performance based on: employee attributes which confirm characteristics or qualities important to

the firm, employee behaviors which are widely used for evaluating or defining employee behaviors necessary to complete a job successfully, and employee achievements which show the extent to which specific objectives or aims have been met, exceeded, or not met.

2.2 Concept of Human Resource Management Practices

2.2.1 Recruitment

Recruitment is the process of attracting individuals on a timely basis, in sufficient numbers and with appropriate qualifications (Gardner, 2018). Organizations use the recruitment process to increase the likelihood of hiring individuals who possess the right skills and abilities to be successful at their jobs. Recruitment plays an important role in ensuring worker performance and positive organizational outcomes. It is often claimed that recruitment of workers occurs not just to replace departing employees or add to a workforce but rather aims to put in place workers who can perform at a high level and demonstrate commitment (Joseph, 2016).

Rohan, Madhumita and Mohanty (2017) argued that recruitment plays a pivotally important role in shaping an organization's effectiveness and employee performance. If work organizations are able to acquire workers who already possess relevant knowledge, skills and aptitudes and are also able to make an accurate prediction regarding their future abilities, recruiting staff in an effective manner can avoid undesirable costs for example those associated with high staff turnover, poor performance and dissatisfied customers and engender a mutually beneficial employment relationship characterized, wherever possible, by high commitment on both sides. Rehman (2018). Recruitment is one of the best HR practices that help

managers of the organizations in selection and attraction of potential candidates which, in turn, leads to both enhanced job performance and employee performance.

Recruitment is known as a procedure used by organizations to attract and place individuals in order to fill the job vacancies. It can also be delineated as identification and attraction of potential candidates by the organization (Amin, 2019).

2.2.2 Training

Nassazi (2017) pointed out that training will give benefits for employees such as better position and better career life and it make efficiency of the organization enhance, thus unskilled employees, skilled employees will give a better performance to the employees. The author argued that training will give benefits for employees such as better position and better career life and it make efficiency of the organization enhance. In order to obtain a competitive edge in providing the best services to the customers, training which will develop a well productive workforce is necessary (Nwokocha and Iheriohanma, 2016). Training is the organizational effort which is been aimed at helping an employee to acquired basic skills required for the efficient execution of the functions for which he/she was hired (Ogbu and Idowu, 2017).

Laird, Holton and Naquin (2015) highlighted that training practice are done to create change by initiating a new employee into the culture of the organization. It involves new employees acquiring new skills or improving their skills in order to implement change that is needed by an organization. Training is not sufficient enough to motivate work force. Cardon and Stevens (2016). Training given to employees is done as an agreement to maintain culture of the organization and also to be productive which in turn will result in earning reward and awards. Thus training also plays an important

role in employee performance as the skills acquired during the training will be the major part of the employee life-cycle in an organization.

Training as a tool will help an employee to upgrade his knowledge and technicality and improves his performance in the organization (Castilla, 2015). Training plays an important role in motivating employees to take part in organized projects, to willingly support programs that will improve the organization and to do their best in order to see that organizational goals are achieved (Bolman and Deal, 2017). Training practice is considered an important component of human resource management, its plays a vital role for increasing talent, flexibility, work adaptability, motivating and sustaining necessary competence of employees (Denison, 2018). Similarly, training is the vibrant area of HRM, and considered the fastest growing part of personnel activities (Irum, Ahmed and Mehmood, 2018; Tai, 2017; Vlachos, 2018).

Training high deliberate endeavors and exercises utilized by organizations to outfit their workforce with the significant attitudes, knowledge, and attitude keeping in mind the end goal to complete their obligations and undertakings adequately and productively (Raymond, Bawa, and Dabari, 2016). Training is the securing of the technology which grants worker to perform as according to the required standard. It is an experience, a discipline or a planned activity which causes individuals to obtain new skills and learning and predetermined behavior. Training and development are a procedure of expanding the performance of a worker, and also their conduct is corrected (Naris and Ukpere, 2017). Training and development are the formal activities undertaken by an organization to help employees acquire the skills and experience needed to perform current or future jobs (Mondy, 2015).

In general, training activities are designed to help employees continue to make positive contributions in the form of good performance by obtaining new knowledge, skills and abilities (Ivancevich, 2016). Training has also been defined as the process by which individuals change their skills, knowledge, attitudes, and/or behavior while development refers to those learning opportunities designed to help employees grow and it is not primarily skill-oriented (Mondy, 2015). It provides general knowledge and attitudes which will be helpful to employees in higher position. In a similar vein, Dowling (2018) indicated that training aims to improve current work skills and behavior, whereas development aims to increase abilities in relation to future position or job.

2.2.3 Rewards

Holt (2019) defined reward as an output and the benefit that employees receive in the form of pay, wages and also same rewards like monetary exchange for the employee's to increase the performance. It also refer to all the rewards given to workers for their service which play a useful role in the relationship between an employer and employee (Oluigbo & Imo, 2016). There are two forms of compensation that are usually provided to employees; namely, direct forms which includes salaries, commissions, bonuses and hourly payments. The other form of compensation is indirect forms which include benefits and equity based programs (Davi Compensation can be linked d, 2015). To business structure and employee recruitment, retention, motivation, performance, feedback and satisfaction and are typically is among the first for things potential employees consider when looking for employment. Compensation reduces high industrial labor turn (Raymond & Massey, 1992). It is noted that over and helps maintain good relationship while retaining the service of workers which proves that it has a significant impact on employee performance (Oluigbo & Imo, 2019).

2.2.4 Employee Retention

Mita (2015) defined employee retention as “a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements”. Employee retention is concerned with keeping or encouraging employees to remain in an organization for a maximum period of time. Bidisha (2017) describe it as a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project” Emeti (2015) states that employee retention is a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs”. Employee-retention is generally the intention of employees to stay loyal to their current workplace (Naris and Ukpere, 2017). It is when employees are encouraged to remain in the organization for a long-period or until the ongoing-project is complete. Thus, as cited by Nwokocha and Iheriohanma (2016), the survival of organizations was highly-dependent on their human-assets.

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Research shows that employees leave organizations out of frustration and constant friction with their superiors or to her team members. In some cases low salary, lack of growth prospects and motivation compel an employee to look for a change. The management must try its level best to retain those employees who are really important for the system and are known to be effective contributors. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time. Employee retention techniques go a long way in motivating the employees for them to enjoy their work and avoid changing jobs frequently.

Employees working in manufacturing firms need to feel that their contributions to the organization are valued (Ivancevich, 2016). To keep employees in the company, they need to feel part of the organization. To enlighten the problem about employees leaving, several pertinent measures need to be taken as organizations are now competing for talent (Mitchell and Lee, 2017). The solutions to improve retention within employees; competitive salaries, comprehensive benefits, incentive programs, and similar initiatives are important to be executed (Dowling, 2018). Besides, pay and financial incentives also work to increase employees' commitment, and satisfaction.

2.3 Theoretical Review

Theoretical review comprise of theories and models. Tranfield and Denyer (2017) argued that a theory is a set of interrelated principles and definitions that present a systematic view of phenomena by specifying relationship among variables with the purpose of explaining natural phenomena. While Gill and Johnson (2019) defined theory as a formulation regarding the cause and effect relationships between two or more variables, which may or may not have been tested. The study is based on the following four theories; Human Capital Theory, Equity Theory and lastly on Goal Setting Theory.

2.3.1 Human Capital Theory

Resick (2015) states that human capital theory signifies the combined intelligence and experience of staff as a source of competitive advantage that cannot be imitated by rivals. Human Capital Theory (HCT) according to Kor and Sundaramurthy (2019) provides a perspective that value addition by people within an organization can contribute to better organization performance. Human capital theory has implications thus for engaging, reward and developing people in organizations (Katou, 2018). The

theory has criticized as not addressing other underlying components of employee performance. Garavan, McGuire and O'Donnell (2014) had argued that ultimately, it's only the characteristics that enhance employee performance that should be used to address HRD practices. The Human Capital Theory can be associated with the resources based view of the firm as developed by Storey (2015). This theory purposes that sustainable competitive advantage is attained when the firm has a human resource pool that cannot be imitated or substituted by its rivals.

Singh (2015) refers to this situation as one that confers human capital advantage'. But goes also to note that a distinction should be made between human capital advantage and human process advantage. The former results from employing people with competitively valuable knowledge and skills, much of tacit. Human capital is one the most unique resources in an organization that is hard to copy (Chin, 2017). Human capital theory regards people as assets and not a cost within the organization (Chang and Chen, 2017). Human capital, according to Guthrie (2010), 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 (Sang, 2015). Thus 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. Human capital theory is significant to recruitment and training variable.

2.3.2 Equity Theory

Equity Theory as proposed by Adams (1963), underlines the principle of fairness. Equity theory has a stronger empirical validity than many other organizational behavior theories and is viewed as a useful and powerful indicator of work outcomes (Admad and Lumpur, 2018). Huseman and Hatfield (2016) suggests that overpaid workers avoid any inequity reduction techniques that result in negative consequences to self-esteem or physical wellbeing and also devaluation of a good job outcome such as job satisfaction or monetary compensation. Equity theory asserts that workers who are underpaid financially may be able to reestablish overall level of equity by convincing themselves that they are well compensated with respect to other outcomes (Howard and Miller, 2016). Equity theory assumes further that even an individual's inputs and outcomes do not balance; he or she still feels equitable only when the other is perceived as not having his or her inputs and outcomes in balance (Danish and Usman, 2010).

Equity theory proposed that when a state of inequity is perceived when a give employee in the organization would experience a state of distress (Kor and Sundaramurthy, 2019). This distressing state will move individuals to take action to restore equity (Shaukat, H., Ashraf, N., & Ghafoor, 2017), thus implying the greater the inequity, the more distress individuals feel, and the harder they will try to restore equity. Bell and Martin (2017) highlighted that feelings of inequity lead employees to adjust how they work, thus when an employee perceives to be earning less than he should, he will adjust his work output to what he perceives is equal to his pay. Hofmans (2016), describes that equity theory considers reward in comparison to others. In organizations, reward may refer to recognition and support, career opportunities, or remuneration. The author further argues that perceptions of inequities lead to stress; the more the feeling of inequity the higher the level of stress.

Equity theory recognizes that individuals are concerned not only with the absolute amount of rewards they receive for their efforts, but also with the relationship of this amount to what others receive (Carrell and Dittrich, 2018). Based on one's inputs, such as effort, experience, education, and competence, one can compare outcomes such as pay, recognition and other factors. Chang and Chen (2015) argued that equity theory obviously suggests that "low rewards (pay) creates dissatisfaction, but it may introduce another way of promoting the guts and motivation inside the employees and might drastically reduce the difference between input and output of an employee within an organization and its performance. Equity theory plays an important role will testing the significant of reward, and also employee retention variables on the organization.

2.3.3 Goal Setting Theory

The theory was advanced by (Latham and Locke, 2018); who emphasized goal setting and encouragement of decision rights and employee voice as a basis for employee performance. (Kagaari, 2016), the scholar emphasized that taking responsibility for results required that organizational members are given the opportunity to influence their results favourably and have the freedom to take action. This implied that people had to be authorized by their managers to independently and swiftly take action on problems without having to ask for permission first. Gomez-Mejia and Balkin (2015) noted that employees are most likely to meet or exceed performance goals when they are empowered with the authority to make decisions and solve problems related to results for which they are accountable.

Mesh *et al.* (2017) implies that goal setting theory seeks to find how employee are involvement in decision making within their organizations. While Hewitt (2017) stated that there were certain individual contingency factors which supported participative

decision making. An organization's performance goals represented a shared responsibility among all its employees each of whom had a stake in the organization's success. Kagaari *et al.* (2019) indicate that goal clarity and participation contribute to higher levels of motivation, and achieved managed performance provided that managers accepted those targets. Management By objectives (MBO) is a method that is frequently used by managers as a product of goal setting, and employees are allowed to participate in setting their goals. Goals specificity, participation in decision making, explicit time period and performance feedback are common ingredients of MBO programs which advocate for employee participation in goal setting, (Kubaison *et al.*, 2015).

Lok and Crawford (2016) goal setting theory applies when employees in a given organization are provided with a goal followed by a reward, then they will be motivated. The authors further advocated that the goals should be specific and measurable, challenging but attainable, relevant to the organization and must be accomplished within a specific period of time. Goal-setting theory asserts that people with specific and challenging goals perform better than those with vague goals, such as 'do your best', specific easy goals or no goals at all (Polyglot, 2019). One meta-analysis discovered goal setting increased performance with an average effect size of 0.75 standard deviations (Khan, Zarif and Khan, 2018). The study will seek to establish how goal setting theory is important in supporting employee voice and specifically employee performance in the organization.

2.4 Empirical Review

2.4.1 Recruitment practice on employee performance

Kanyemba and Gervase (2016) undertook a study on the impact of recruitment on employee productivity evidence from staff of a University in South Africa. The study aimed to understand the recruitment productivity fit within a tertiary institution in South Africa. The study findings concluded that recruitment processes impact productivity; hence management must adopt best practice for these crucial HR functions. The current study will be based on manufacturing firms not tertiary education organization thus to fill the research gap.

Maimuna, Nda and Yazdani (2017) undertook a study on the impact of employee recruitment on employee productivity in his research target population was 60 public organizations in India with a sample size of 180 human resources managers. The findings of the study shows that selecting employee with the right qualifications enhanced organization performance by 43%. The study recommended that in-depth research applied to the study of recruitment practices in its relationship with performance in other sectors as well as in conducting field research to figure out the relationship practices of human resource management and employee performance. The current study seeks to investigate the role of recruitment practices among different manufacturing firms Nairobi Industrial Area thus to fill the research gap.

Kadhim and Naha (2015) undertook a research study on the role of recruitment practices in the performance of Iraq oil and gas sector. The study sampled 14 energy firms listed in Iraq Stock Exchange. The performance of the study was measured in terms of profits and operational cash flows levels in period of 10 years from 2007-2016. However, empirical findings results provided evidence that recruitment practices have

no effect on performance and is insignificantly related to firm performance of oil and gas sector firms in Iraq. The study recommended that practices such as employee retention, job rotation and training should be adopted for an effective human resource management practices thus improve firm performances. The current study seeks to investigate impact of recruitment on employee performance among manufacturing firms in Nairobi Industrial Area, thus fill the research gap.

Gamage (2014) studied recruitment practices in manufacturing SMEs in Japan. The study aimed to find out why in the last two decades, manufacturing sector organizations are not flexible enough to align achievements to their expected goals. The study also addressed various ways through which recruitment influence the percentage increase of SMEs in Japan. A structured questionnaire was developed and sent to 436 manufacturing SMEs from which 144 companies returned their questionnaires thus representing 32% response rate. The findings revealed that recruitment strategies influenced performance of SMEs in Japan. It was also evident that human resource outcomes in between recruitment and business performance in SMEs in Japan. The author also observed that lack of attention from human resource managers increased the failure rate of many SMEs in Japan. The study was conducted in Japan in Asia while the current study will be done in Kenya more specifically among manufacturing firms in Nairobi Industrial area.

2.4.2 Training practice on employee performance

Nassazi (2017) did a research on effect of the training on employee performance. The aim of this learning is to know the impact training on the employee performance by use the telecommunication sector at Uganda. The study dependent variables included; on the job training, off the job training, job enrichment, job rotation. The total questions is

18 and have 120 of respondents. The study findings revealed a positive significant effect of training over the employee performance and the productivity. The study conclusion was that training is indispensable strategic tool for enhancing employee performance and organizations keep increasing training budget on yearly basis with believe that it will earn them competitive edge and the results show that strong relationship exists between training, employees' performance. The study was undertaken in telecommunication sector, while the current study will be undertaken among the manufacturing sector thus filling the research gap.

Ogbu and Idowu (2017) did a study on the impact of employee training on performance a study of selected insurance firms in Abuja-Nigeria. The study dependent variables were; off job training and job rotation. Questionnaire were administered to population sample of 120 employees with a response rate of 56%. The study observed that induction and orientation have significant impact on employee job effectiveness. It was also discovered that on-the-job training has significant relationship with employee productivities while off-the-job training has significant relationship with employees' innovativeness in insurance industry. The study recommends that insurance organizations should set up regular training programs that are capable of improving the skills, morale and productivity of employees. Likewise, Shaukat, Ashraf and Ghafoor (2017) concluded that training practises are designed to improve employee performance, competency level and ultimately leads to foster performance. The current study will be undertaken on manufacturing firms rather than insurance services firms to fill the research gap.

Emeti (2015) conducted a research on the effects of training/development on the employee performance of paint manufacturing firms in Ghana. The study used a cross-

sectional survey research method of sampling, with a sample size of 312 operational staff of the three paint manufacturing firms. Statistical Package for Social Sciences (20) was used to test formulated hypothesis findings. The study recommends that paint manufacturing firms should expand their training/development programs to involve every worker not only favored ones, they should partner with the relevant government agencies. Paint manufacturing firms should expand their training/development programs to involve every worker and not effectively control their identified operational problems like product adulteration and extortion by law enforcement agencies. the study was undertaken only on 3 paint manufacturing firms, while the current study will incorporate all different manufacturing in Nairobi Industrial Area thus to fill the research gap.

Singh (2014) conducted a study to examine the impact of training on employees' performance and Organization's competitive advantage in Indian telecom industry. The objectives of the study were to provide the concept of training in brief; to investigate the impact of training on employee's performance in selected telecom companies. A sample size of 210 employees from four telecom companies was selected for the study, while only 93 responded the questionnaire, thus filling a response rate of 44%. Data was collected through questionnaires designed on a five point Likert scale. Simple Linear Regression and Statistical Package for the Social Sciences (SPSS) were applied to analyze the relationship between training and employee's performance in selected telecom companies. The findings from the study indicated that training had a significant impact on employee's performance in selected telecom companies. The study was conducted on the telecommunication sector, while the current study will be based among manufacturing firms thus filling the research gap.

2.4.3 Reward practice on employee performance

Msengeti and Obwogi (2015), evaluated the effects of the pay and work environment on the retention of employees in the Hotel Industry in Mombasa County. In their findings it was revealed that pay had a weak influence on employee retention while work environment had the strongest influence which was significant. While it was evident from the results that work environment plays a major role in employee retention, it was clear that the amount of salary one would earn was not an independent factor to determine employees' retention. Therefore for companies to remain competitive in the hotel industry it was recommended that employers in the industry also need to re-evaluate the current weaknesses associated with pay. The study findings are similar relationship with that of Chin (2017) who found out that reward practices are all designed to enhance company performance by aligning the interests of employees with the financial performance of textile manufacturing companies in China.

Wambugu and Ombui (2016) did a study on the effects of reward strategies on employee performance at Kabete Technical Training Institute, Nairobi. The study also sought to determine the extent to which personal drive for achievement, growth opportunities, recognition, staff promotion influences employee performance at KTTI. A stratified random sampling technique was used to select a sample of 159 respondents from a target population of 270 employees. The study adopted a descriptive research design and utilized both primary and secondary data. Structured and unstructured questionnaires were used to collect primary data while secondary data was collected through document review. Data analysis was carried out using both qualitative and quantitative techniques with the aid of SPSS while the main method of data presentation was frequency distribution, pie charts, graphs and cross tabulation. The study found a significant relationship between the reward strategies and employee work performance.

The study concluded that personal need for achievement played a key role in influencing employee performance and given a choice employees showed preference for promotion, better remuneration, cash gifts and training opportunities as reward strategies.

Khan, Zarif and Khan (2018) conducted a study on the effects of recognition-based rewards on employees' efficiency and effectiveness. For the purpose of study a close ended questionnaire was used to infer the relation between supervisors' recognition (independent variable) and employees' performance, their desire to remain with the organization, and their long term effectiveness in within the organization (dependent variables). Al-Karam Towel Industries Limited Karachi was selected for the study where at sample size of 100 employees was opted for. The effect of supervisory recognition on employees was examined using chi2 inferential test. The study found that employee recognition-based rewards on employees' efficiency and effectiveness.

Chin (2017) undertook a study on the impact reward and incentive compensation on performance among textile manufacturing firms in China. The study had used a sample size of 57 human resources managers. The study affirm that reward is the center pieces of the employment contract-after all it is the main reason why people work. The author advocated that manufacturing firms should offer extrinsic rewards which are tangible rewards such as pay bonuses and fringe benefits. The study findings indicated that salary is an important determinant factor for employee increased performance and have been shown to influence an employee decision to leave or to stay in the organization. The study was conducted in China among textile manufacturing firms with a smaller sample size, while the current study will be conducted with a larger sample size and also with different manufacturing sectors.

2.4.4 Employee retention on employee performance

Nwokocha and Iheriohanma (2016) undertook research on the emerging trends in employee retention strategies in a globalizing economy in Nigeria. The study dependent variables included; strategic retention plan, involvement of employees in decision-making process, personalized compensation plan, career planning, training and creation of work flexibility and outsourcing. Out of the 660 questionnaire distributed only 152 were successful returned, thus a response rate of 23%. This study revealed the need for sustainable retention strategies in public organizations in Nigeria. It took into consideration the competitive business environment that is occasioned by globalization. The study findings indicated that employee turnover in public organizations, had utilized traditional retention strategies. The current study seek to seek to establish the influence of employee retention practices among manufacturing firms in Nairobi Industrial area.

2.5 Research Gaps

Based on the available literature, a gap does exist in the area of study. Most researchers have concentrated their studies on the role of human management practices on performance without linking it to organization performance. Kanyemba and Gervase (2016) conducted a study on the impact of recruitment on organizational productivity evidence from staff of a University in South Africa. Their recommendations focused on coming up with appropriate measures aimed at improving organizational productivity. The study concerned on the scope of education institutions, while the current will be based on the manufacturing sector such fill the study.

Maimuna, Nda and Yazdani (2017) conducted a study on the impact of human resources practices concentrating more on how employee recruitment on employee

productivity For instance, the studies by Kadhim and Naha (2015); Nassazi (2017 and Ogbu and Idowu (2017) were carried out in developed and emerging countries such as Iraq, Pakistan and Nigeria. It is therefore possible to argue that the socio economic conditions of developed and emerging economies are somewhat different from that of a developing economy like Kenya. Their studies failed to focus on how HRM practices can improve employee productivity, low absenteeism rate and quality products of a given organization. This study therefore seeks to fill this gap by establishing the links between human resource management practices and organization performance among manufacturing firms in Nairobi Industrial area.

2.6 Conceptual Framework

A conceptual framework provides a relationship between the dependent variable and independent variables. An independent variable is presumed to cause changes to the dependent variable, it is also known as the predictor variable (Tashakkori and Teddlie (2015). Cooper and Schindler (2016) describes it as diagrammatical representation that show the relationship between dependent and independent variables. It explains the relationship among interlinked concepts and explains the possible connections between variables. The conceptual framework of the current study will be based on three independent variables namely; recruitment, training, reward. The study also introduces the measure of mediating role of employee retention. While the dependent variable will be organization performance. The figure 2.1 shows the link between the independent and dependent variables for the study, it also indicate the mediating variable.

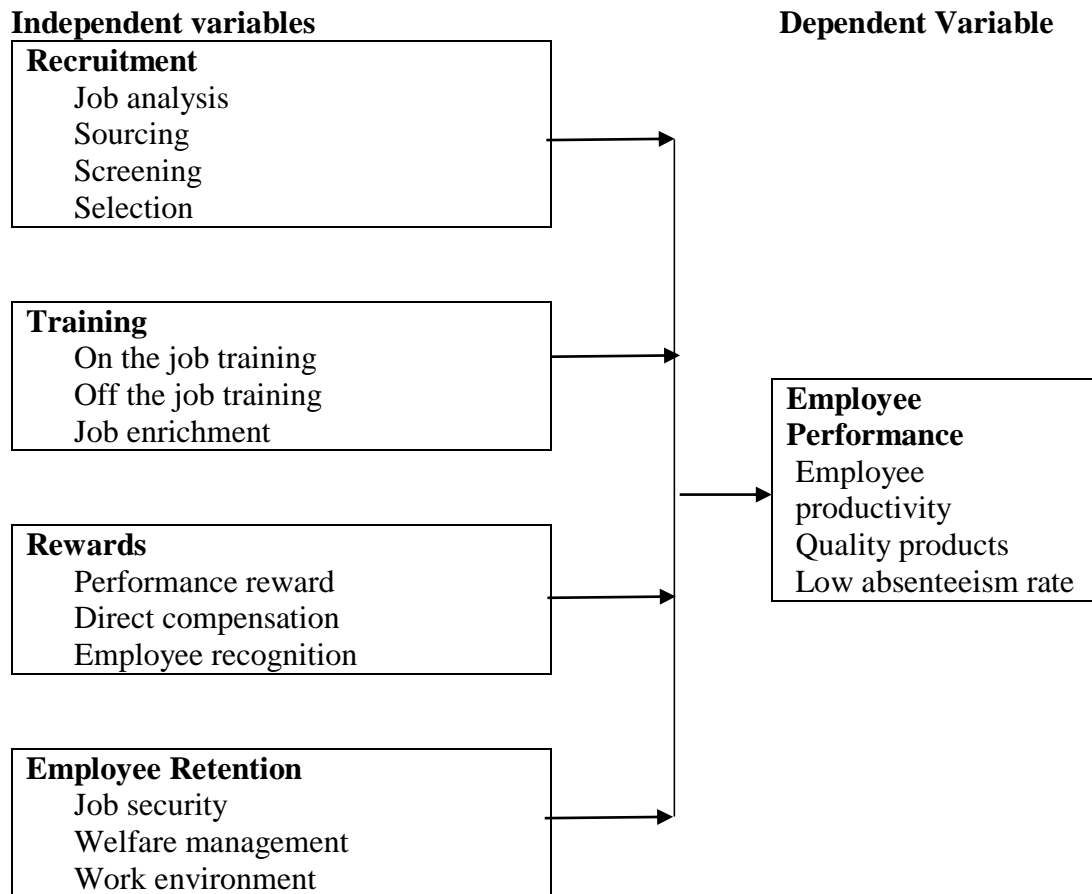


Figure 2.1: Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section sets out the study method to be used so as to achieve the objectives of this study. The settings of the research, the population of interest, sample size and design, data collection mechanisms and data analysis methods.

3.2 The Research Design

Bouma and Atkinson, 2015 defines a research design as the blue print or detailed plan of how a research study is to be conducted, it guides with the logical arrangements for the collection and analysis of data so that conclusions may be drawn. The study employed an explanatory research design. Adams and Schvaneveldt (2011) argued that explanatory research design helps researchers to look for explanations on the nature of certain relationships and investigates the causal relationship between independent variables of human resources management practices and dependent variable of employee performance.

3.3 Target Population

The target population for the study was 180 manufacturing firms in Nairobi Industrial Area, Kenya listed in KAM 2021 (Appendix IV). The firms targeted included the different manufacturing sectors of the economy textiles, foods, chemicals, wood & paper, building materials, water and drinks, breweries, metals and toiletries.

3.4 Sample and Sampling Technique

A sample is a set of entities drawn from a population with the aim of estimating characteristic of the population (Yin, 2009). Sampling frame is the listing of all elements of the population from which a sample is drawn. It is a complete and correct

listing of population members only (Adams and Schvaneveldt, 2011). It is a fraction or portion of a population selected such that the selected portion represents the population adequately. Adams and Schvaneveldt (2011) explained that the basic idea of sampling is selecting some of the elements in a population, so that the same conclusions can be drawn about the entire population.

The study undertook census survey since the research population was small thus involving all the 180 manufacturing firms in Nairobi Industrial Area. Census is the collection and analysis of data from every possible case or group member in a population (Saunders, 2007). The study sample size was 180, because the researcher targeted 1 human resource respondents from each of the 180 manufacturing firms in Nairobi Industrial Area, Kenya.

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 (Shapiro, 2006).

3.5 Data Collection

Data was collected using self-administered questionnaires. Gay and Airasian (2017) explains that descriptive data is usually collected using questionnaires. Questionnaires were 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 respondents make quick decisions. The semi structured questions were mainly on a five point Likert scale of strongly agree, agree, neutral, disagree, and strongly disagree. Gall et al. (2016) observe that questionnaires have the added advantage of being less costly and using less time as instruments of data collection.

3.6 Data Collection Procedure

Letter was sought from NACOSTI and from Moi University, School of Business and Economics to enable collection of data. The researcher administered the questions to the relevant respondents in an effort to achieve the necessary information. The questionnaires were 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 organizations. Secondary data such as personnel lists were sourced from departmental documentation. The researcher prepared and an introductory letter to the respondents.

3.7 Measurement of Variables

There are several methods of collecting primary data in the field of research. The tool used were questionnaires which were administered to employees of the logistic companies due to the merits and demerits outlined in the matrix Table 3.1. The construction of the questionnaire started with an introductory request followed by items which are subdivided into three parts. Part 1 is set to capture personal information of the respondents such as gender, age, education level and how many years of experience in human resources management; part 2 is set to capture items on specific objectives; effect of recruitment, training, reward and employee retention on employee performance. Part 3 is set to capture items on employee performance. The questionnaires were constructed using Likert type with a scale of 1 to 5. The highest degree was marched with the most positive choice from the alternatives while the least score was awarded to the most negative choice. Likert scale for which 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree and 1-Strongly Disagree. This is tabulated as per the objectives under the methods of data collection below.

Table 3.1: Measurement of Variables

Category	Variable	Indicator	Measurement scale	Authors
Independent Variables	Recruitment	Job analysis	1-5 point scale	Chukwuka (2016)
		Sourcing Screening Selection		
	Training	On the job training	1-5 point scale	Irum, Ahmed and Mehmood (2018)
		Off the job training		
	Reward	Job enrichment	1-5 point scale	Danish and Usman (2010), Chin (2017)
Performance reward				
Employee retention	Direct compensation Employee recognition	1-5 point scale	Msengeti and Obwogi (2017)	
	Job security Welfare management Work environment			
Dependent variable	Employee performance	Employee productivity Quality products Low absenteeism rate	1-5 point scale	Quantitative

3.8 Pilot Study

The piloting of the questionnaires was conducted before main study. In order to ascertain validity and reliability of the research instruments, the researcher piloted the instruments by distributing 32 questionnaires to human resource manager of manufacturing firms in Uasin Gishu County. The pilot respondents represented 10% of the sample size (Doody & Doody, 2015). The results of the piloted questionnaires enabled the researcher to determine the consistency of responses to be made by respondents and adjust the items accordingly by revising the research instrument. The

choice of Uasin Gishu County for piloting was due to manufacturing companies having similar characteristics as those in Nairobi County.

3.8.1 Reliability of Research Instrument

According to Joppe (2019), 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, 2019). According to (Cooper & Schindler, 2017), for the instrument to be reliable, the coefficient has to be above 0.7.

3.8.2 Validity of Research Instruments

The study employed the use of a content validity measure, which is usually subjective, thorough and representative of the wider body of material that the research is trying to assess. Research instruments were availed to the supervisors and other specialized lecturers for validation before carrying out the field study for real data collection. According to May (2011) the researcher needs to seek the opinion of individuals who can render intelligent judgment about their adequacy. In order to determine content validity for quantitative data, the researcher obtained the ration of the number of items rated as relevant per objective to that of the total number of items in the questionnaire. When converted into percentage, a value greater than 50% validates the instrument (Creswell & Creswell, 2017). Prior to using the questionnaire for data collection, the researcher discussed them with the supervisors and colleagues. The respondents' opinions during pilot study were used to improve the research instrument for the final study.

3.9 Data Processing, Analysis and Presentation

After data collection, data processing, analysis and data presentation was done.

3.9.1 Data Processing

This involved a series of actions performed on the data in terms of sorting, checking and editing for completeness and consistency. Data collected were coded, edited and analyzed through the Statistical Package for Social Science (SPSS version 21) software.

3.9.2 Data Analysis

Data analysis is the actions and methods performed on data that helped the researcher to describe facts, detect patterns, develop explanations and test hypotheses. Quantitative data collected were analyzed by use of descriptive and inferential statistics. Descriptive statistics were frequency, percentages, means, and standard deviations while inferential statistics were correlation and multiple regressions. Frequency tables, charts and graphs were used to present the data collected for ease of understanding and analysis. Data analysis was done with aid of Statistical Package for Social Scientists (SPSS). The following regression model were used:

$$Y = \alpha + B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + e$$

Whereby;

Y = Employee Performance

X_1 = Recruitment

X_2 = Training

X_3 = Reward

X_4 = Employee retention

e = Error

α = Alpha

3.10 Assumptions of Regression Model

The study tested for linearity, independence of errors, collinearity and normality

3.10.1 Linearity Assumption

Linearity defines the dependent variable as a linear function of the predictor (independent) variables (Darlington, 1968). Multiple regressions can accurately estimate the relationship between dependent and independent variables when the relationship is linear in nature (Osborne & Waters, 2002). The chance of on-linear relationships is high in the social sciences; therefore, it is essential to examine analyses for linearity (Osborne & Waters, 2002). Linearity assumption accurately estimates the relationship between dependent and independent variables; it tests if the relationships are linear in nature. Non linearity of the regression analysis under-estimate the true relationship between the study variables, this was done by use of the Pearson product moment Correlation. Saunders (2009) indicated that a correlation of 1 shows a Perfect linear correlation, correlation of between 0.9 and 1 indicates Positive strong correlation, correlation between 0.7 and 0.9 Positive high correlation, correlation of between 0.5 and 0.7 indicates a Positive moderate correlation, correlation of 0 and 0.5 Weak correlation while a correlation of 0 indicates No relationship and a correlation of -1 and 0 indicates a negative relationship.

3.10.2 Autocorrelation Assumption

Autocorrelation refers to the assumption that errors are independent of one another, implying that subjects are responding independently. The goal of research is often to accurately model the 'real' relationships in the population (Osborne & Waters, 2002). In educational and social science research it is often difficult to measure variables, which makes measurement error an area of particular concern (Osborne & Waters,

2002). To diagnose violations of this assumption is through Durbin-Watson Statistic test. The Durbin-Watson statistic is typically used to test: $H_0: \rho = 0$ vs. $H_1: \rho > 0$ since when error terms are correlated in business and economic applications, the correlation tends to be positive. The statistic D ranges in value from zero to four. When the error terms are independent, we expect D to be close to 2. “Small” values of D suggest that error terms tend to cluster (positive autocorrelation); “large” values of D suggest that error terms tend to alternate (+, -, +, -) (negative autocorrelation).

3.10.3 Multicollinearity Assumption

Collinearity (also called multicollinearity) refers to the assumption that the independent variables are uncorrelated (Darlington, 1968). The researcher is able to interpret regression coefficients as the effects of the independent variables on the dependent variables when collinearity is low (Poole & O’Farrell, 1971). This means that we can make inferences about the caused and effects of variables reliably. Multicollinearity occurs when several independent variables correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables. The more variables overlap (correlate) the less able researchers can separate the effects of variables. In MR the independent variables are allowed to be correlated to some degree (Cohen, 1968). The regression is designed to allow for this, and provides the proportions of the overlapping variance (Cohen, 1968). Ideally, independent variables are more highly correlated with the dependent variables than with other independent variables. To diagnose multicollinearity the study used variance inflation factors (VIF) and tolerance. A VIF greater than 10 or tolerance below 0.10 imply serious multicollinearity problem.

3.10.4 Normality Assumption

Multiple regressions assume that variables have normal distributions (Darlington, 1968; Osborne & Waters, 2002). This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Gelman & Hill, 2006). The assumption is based on the shape of normal distribution and gives the researcher knowledge about what values to expect (Gelman & Hill, 2006). Once the sampling distribution of the mean is known, it is possible to make predictions for a new sample (Gelman & Hill, 2006). To test the assumption of normality, the following measures and tests can be applied: To test the assumption of normal distribution Kolmogorov-Smirnov and Shapiro-Wilk was used. The value less than 0.035 Kolmogorov-Smirnov is not normal while also value for Shapiro-Wilk less than 0.05 indicate non-normality.

3.11 Ethical Considerations

The researcher obtained an introductory letter from Moi University that was presented to the National Commission for Science Technology and Innovation (NACOSTI) and manufacturing companies in Nairobi city. All the respondents were made fully aware of the need for this research and voluntary participation. Assurance was also 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 comprises of research findings and discussion. It presents the results and discussions of the collected data. The chapter encompasses the response rate, demographic characteristics and descriptive statistics. Results are presented in tables and diagrams. The data is in line with the research objectives.

4.2 Response Rate

The researcher distributed 180 questionnaires out of which 169 were received, 15 questionnaires were rejected due to improper incompleteness. Thus 154 questionnaires were accepted as correctly filled which represent a response rate of 85%. As indicated by Mugenda and Mugenda (2003) in his studies 50 per cent of reaction rate of above 70% rated is very good. This means that a response of 85% was very good for data analysis. Based on these assertions, this implies that the response rate for this study was adequate. Figure 4.1 illustrates the level of response rate.

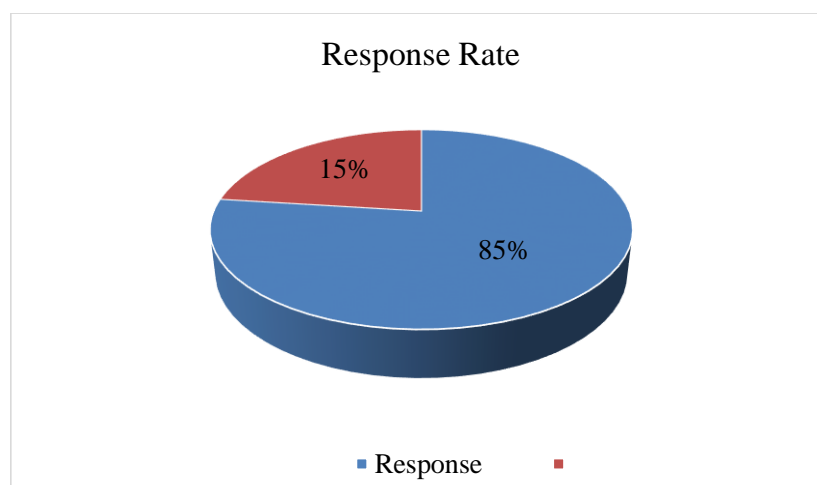


Figure 4.1: Response Rate

4.3 Demographic Characteristics

This section provides information that posits the basic characteristics such as gender, age and level of education of respondents.

4.3.1 Firm Profile

Table 4.1 shows that 32% were male respondents and 68% were female respondents. On the age distribution, 4.8% were below 30 years, 12% were between 31-40 years, 14.1% were between 41-50 years and 69.1% were above 51 years. While, 11.6% had education up to diploma level, 39.1% had a degree, 45.3% had masters and 4% had PhD. Lastly, on experience 15.4% had below 5 years of experience, 73% had between 6-10 years of experience and finally 11.6% had above 11 years of experience

Table 4.1: Profile

Characteristics	Percent (%)
Gender	
Male	32
Female	68
Total	100
Age	
Below 30	4.8
31-40	12.0
41-50	14.1
Above 51	69.1
Total	100
Education	
Diploma	11.6
Degree	39.1
Masters	45.3
PhD	4.0
Total	100
Experience	
Below 5 years	15.4
6-10 years	73.0
Above 11 years	11.6
Total	100

Survey Data (2021)

4.4 Descriptive Statistics

This section represents the descriptive statistics in relation to the study namely; Recruiting, Training, Reward, Employee Retention and the dependent variable Employee Performance. To achieve this, a five point likert scale was used where; 1=Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree.

4.4.1 Recruitment

This section represents the descriptive statistics in relation to the study namely; Recruiting, Training, Reward, Employee Retention and the dependent variable Employee Performance. To achieve this, a five point likert scale was used where; 1=Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree.

Table 4.2 illustrate the response of We do placement of right staff into the right department for the achievement of company general goals with a (mean=3.37, standard deviation= 0. 826). We utilizes psychometric testing when recruiting employees (mean=3.43, standard deviation= 1. 270). We employs head-hunting strategies to select Potential candidates (mean=2.81, standard deviation= 1. 401). We utilizes testing/ examination to evaluate the potential of the target employees (mean=4.41, standard deviation= 0.684). We undertake ranking of potential candidates according to job related requirements (mean=3.88, standard deviation= 0. 766). We undertake selection of staff based on quality and skill rather than academic qualification (mean=4.02, standard deviation= 0. 658). Staff with high reputation are attracted with high salary from other companies (mean=3.81, standard deviation= 0. 888). We have a policy which guides in recruitment activities (mean=3.74, standard deviation= 0. 748). We do not encourage the influence of external forces during the selection process (mean=4.21, standard deviation= 0. 649)

Table 4.2: Recruitment practices

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

	Mean	Std. Dev.	Skewness	Kurtosis
We do placement of right staff into the right department for the achievement of company general goals	3.37	0.826	-0.057	0.192
We utilizes psychometric testing when recruiting employees	3.43	1.270	-0.524	-0.929
We employs head-hunting strategies to select Potential candidates	2.81	1.401	0.011	-1.442
We utilizes testing/ examination to evaluate the potential of the target employees	4.41	0.684	-1.221	2.026
We undertake ranking of potential candidates according to job related requirements	3.88	0.766	-0.270	-0.296
We undertake selection of staff based on quality and skill rather than academic qualification	4.02	0.658	-0.016	-0.668
Staff with high reputation are attracted with high salary from other companies	3.81	0.888	-0.670	0.678
We have a policy which guides in recruitment activities	3.74	0.748	0.316	-0.891
We do not encourage the influence of external forces during the selection process	4.21	0.649	-0.232	-0.687
	3.74			

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4.4.2 Training

Table 4.3 illustrates the new staff in the firm are taking through company induction and training with a (mean=3.60, standard deviation= 1.487). We do efficient orientation and training of newly recruited employees with a (mean=3.44, standard deviation =1.118). We undertake continuous training of staff on applicable software's and tools for achievement of company goals with a (mean=3.64, standard deviation=1.338). Our staff in the firm are assigned on project based on skill and expertise with a (mean=3.25, standard deviation= 1.222). We do continuous training and skill development of managers through a leadership training program with a (mean=3.79, standard deviation=1.349). We do continuously organize workshops, seminars and trainings to enhance employee skills with a (mean=3.67, standard deviation= 0.713). We have

Career/professional advancement is encouraged among staff and necessary support is given with a (mean=4.10, standard deviation= 0. 920). We have an elaborate policy to guide on training activities with a (mean=3.38, standard deviation= 1. 036). My firm has career development activities that help an employee identify /improve abilities, goals, strengths and weaknesses with a (mean=3.93, standard deviation=1. 161). We have set up a committee that reviews and evaluates training needs assessment with a (mean=3.70, standard deviation= 0. 931).

Table 4.3: Training

5 = Strongly Agree **4** = Agree **3** = Neutral **2** = Disagree **1**= Strongly Disagree

	Mean	Std. Dev.	Skewness	Kurtosis
New staff in the are taking through company induction and training	3.60	1.487	-0.726	-0.998
We do efficient orientation and training of newly recruited employees	3.44	1.188	-0.180	-0.992
We undertake continuous training of staff on applicable software's and tools for achievement of company goals	3.64	1.338	-0.114	-1.795
Our staff in the firm are assigned on project based on skill and expertise	3.25	1.222	-0.114	-0.963
We do continuous training and skill development of managers through a leadership training program	3.79	1.349	-0.976	-0.366
We does continuously organize workshops, seminars and trainings to enhance employee skills	3.67	0.713	0.578	-0.860
We have Career/professional advancement is encouraged among staff and necessary support is given	4.10	0.920	-0.997	0.321
We have an elaborate policy to guide on training activities	3.38	1.036	-0.108	-0.599
My firm has career development activities that help an employee identify /improve abilities, goals, strengths and weaknesses.	3.93	1.161	-1.215	0.687
We have set up a committee that reviews and evaluates training needs assessment	3.70	0.931	-0.277	-0.584
	3.65			

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4.4.3 Reward

Table 4.4 illustrates that we are more committed to a merit pay system than other manufacturing firms (mean=3.70, standard deviation= 0. 762). Incentives given to the employees motivates employees and enhances performance (mean=3.52, standard deviation= 0. 855). We sets realistic competitive reward system (mean=4.08, standard deviation= 0. 654). Compensation pay rise for employees is directly linked to his/her performance (mean=3.41, standard deviation= 0. 902). We pays bonuses to employees with outstanding performance annual (mean=3.55, standard deviation= 1. 071). We have implement high medical cover scheme to all employees (mean=3.09, standard deviation= 0. 938). We undertake promotion of employees in the firm is based primarily on merit (mean=3.82, standard deviation= 0. 712).

Table 4.4: Reward Practices

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

	Mean	Std. Dev.	Skewness	Kurtosis
We are more committed to a merit pay system than other manufacturing firms	3.70	0.762	0.437	-0.991
Incentives given to the employees motivates employees and enhances performance	3.52	0.855	-0.146	-0.596
We sets realistic competitive reward system	4.08	0. 654	-0. 078	-0.651
Compensation pay rise for employees is directly linked to his/her performance	3.41	0.902	0.074	-0.570
We pays bonuses to employees with outstanding performance annual	3.55	1.071	-0.529	-0.193
We have implement high medical cover scheme to all employees	3.09	0.938	-0.034	-0.602
We undertake promotion of employees in the firm is based primarily on merit.	3.82	0.712	0.110	-0.685
	3.56			

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4.4.4 Employee Retention

Table 4.5 illustrates we have a good job retention policy for its employees with a (mean=3.99, standard deviation= 0. 863). Employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project (mean=3.47, standard deviation= 1. 315). Our employees are more loyal to their current working conditions (mean=3.21, standard deviation= 0. 949). We provides employees with competitive salaries, comprehensive benefits and incentive programs (mean=3.66, standard deviation= 0. 847. We have implemented a staff redundancy in our department (mean=3.98, standard deviation= 0. 974). We undertake staff retrenchment every year (mean=3.36, standard deviation= 1. 150).

Table 4.5: Employee Retention

5 = Very High 4 = High 3 = Moderate 2 = Low 1= Very Low

	Mean	Std. Dev.	Skewness	Kurtosis
We have a good job retention policy for its employees	3.99	0.863	-0.510	0.020
Employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project	3.47	1.315	-0.448	-0.991
Our employees are more loyal to their current working conditions	3.21	0.949	-0.139	-0.153
We provides employees with competitive salaries, comprehensive benefits and incentive programs,	3.66	0.847	-0.215	-0.176
We have implemented a staff redundancy in our department	3.98	0.974	-0.528	-0.674
We undertake staff retrenchment every year	3.36	1.150	-0.180	-0.940
	3.61			

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4.4.5 Employee Performance

Table 4.6 illustrate the Increase of sales turnover (mean=4.00, standard deviation= 0.686). Improvement of employee productivity (mean=3.97, standard deviation= 0.864). Improvement of employee satisfaction (mean=4.09, standard deviation= 0.691).

Table 4.6: Employee Performance

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

	Mean	Std. Dev.	Skewness	Kurtosis
Increase of sales turnover	4.00	0.686	-0.176	-0.322
Improvement of employee productivity	3.97	0.864	-0.445	-0.118
Improvement of employee satisfaction	4.09	0.691	-0.205	-0.585
	4.02			

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4.5 Reliability and Validity Result

The study presented the results of reliability and validity result as follows. The reliability results from the pilot study are presented in Table 4.7.

Table 4.7 Reliability Test Results

Constructs	Test Items	Cronbach's Alpha
Recruitment practices	9	.901
Training practices	10	.861
Reward practices	7	.839
Employee Retention	6	.794
Employee Performance	3	.976

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As shown in Table 4.7, recruitment had a Cronbach's alpha of 0.901, training had a Cronbach's of 0.861, reward had Cronbach's of 0.839, employee retention had a Cronbach's of 0.794 and employee performance had a Cronbach's of 0.976. This thus shows that all the variables had a Cronbach alpha greater than 0.7 and hence the research instrument was reliable.

4.6 Multiple Regression Model Assumption

The study tested for normality and multicollinearity before undertaking regression analysis.

4.6.1 Test of Normality

According to Razali and Wah (2011) Shapiro-Wilk is the most powerful normality test. This study adopted it. The findings of the tests are presented in Table 4.8. The test was used in testing the data in this study. Shapiro-Wilk test of less than 0.05 implies that there is significant deviation of data from a normal distribution. The study's data set was subjected to a normality test and the results are shown in Table 4.8. The data presented was normally distributed as shown below and the results for Shapiro-Wilk had p values greater than 0.05, which means the assumption of normality was not violated.

Table 4.8: Tests of Normality

	Kolmogorov-Smirnov ^a		Shapiro-Wilk	
	Statistic	Sig.	Statistic	Sig.
Recruitment practices	0.036	.005	0.946	0.32
Training practices	0.077	.007	0.867	0.58
Reward practices	0.041	.001	0.985	0.64
Employee retention	0.074	.001	0.906	0.87
Employee performance	0.091	.008	0.850	0.21

a. Lilliefors Significance Correction

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4.6.2 Multicollinearity Test Assumption

Multicollinearity is the undesirable situation where the correlation among the independent are strong. It increases the standard errors of the coefficients using collinearity statistics to get tolerance and variance inflation factor (VIF). In order to test for multicollinearity, VIF was computed using statistical packages for social science

(SPSS). Multicollinearity increases the standard errors of the coefficients and thus makes some variables statistically not significant while they should otherwise be significant (Osborne and Waters, 2014).

Tolerance is the amount of variance in independent variable that that is not explained by the other independent variable. Bowerman and Connell (2006) stated that lower levels of VIF are more better while higher levels of VIF are known to affect adversely the result associated with a multiple regression analyses. The authors argued that VIF above 2.50 start to indicate relatively high levels of multicollinearity. The Variance Inflation Factor test in the study regression model ranged between 1.091 and 1.768. These values were lower than the 2.5 level therefore; multicollinearity was not a problem on this analysis. Thus the study findings were able to fulfill the threshold as shown in the table 4.9.

Table 4.9: Multicollinearity Test

Model	Coefficients ^a Collinearity Statistics	
	Tolerance	VIF
1 Recruitment practice	.832	1.308
Training practices	.919	1.768
Reward practices	.732	1.314
Employee retention	.992	1.091

a. Dependent Variable: employee performance

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4.7 Correlation Analysis

Correlation analysis was done to achieve the study specific objectives. The findings are presented in Table 4.10. Correlation refers to the strength of an association between two variables. A strong or high correlation means that two or more variables have a strong relationship with each other while a weak or low, correlation means that the variables

are hardly related. Correlation coefficient can range from -1.00 to +1.00. The value of -1.00 represents a perfect negative correlation while a value of +1.00 represents a perfect positive correlation. A value of 0.00 means that there is no relationship between variables being tested (Orodho, 2003).

The findings revealed that Recruitment was strongly positively and statistically significant correlated to employee performance ($r=0.259$ $p<0.05$). Further, training was strongly positively and statistically significant correlated to employee performance ($r=0.392$ $p<0.05$). Reward was strongly positively and statistically significant correlated to employee performance ($r=0.242$ $p<0.05$). Finally, employee retention was strongly positively and statistically significant correlated to employee performance ($r=0.310$ $p<0.05$). This gave an implication that all the study variables were positively correlated to employee performance. Recruitment contributes 25.9% to employee performance, training contribute 39.2% to employee performance, reward contributes 24.2% to employee performance and employee retention contributes 31% to employee performance.

Table 4.10: Correlations Analysis Results

	EP	RP	TP	RP	ER
Employee performance	1				
Recruitment practice	0.259**	1			
Training practices	0.392**	0.486**	1		
Reward practices	0.242**	0.606**	0.521**	1	
Employee retention	0.310**	0.370**	0.195**	0.291**	1

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

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4.8 Multiple Regression Analysis

Regression analysis is a statistical tool for the investigation of the relationship between variables. Usually, researcher seeks to maintain the causal effect of one variable upon

another. Regression analysis allows you to model, examine and explore spatial relationship, and can help explain the factors behind observed spatial patterns. Regression analysis is also used for prediction.

4.8.1 Model Summary

Model summary provides the coefficient of determination (R^2) which shows proportion of the variance in the dependent variable that is predictable from the independent variable and correlation coefficient (R) shows the degree of association between the dependent and independent variables.

The results in Table 4.11 indicated that recruitment practices, training practices, reward practices and employee retention had a positive correlation with employee performance up to 65% or ($R = 0.650$). The results reveals that recruitment practices, training practices, reward practices and employee retention caused a variation of 42.3% or ($R^2 = 0.423$ and adjusted $R^2 = 0.417$) on employee performance. This implies that the remaining 57.7% of the change was caused by other factors not included in the model.

The results present the fitness of model used of the regression model in explaining the study phenomena. Recruiting, Training, Reward and Employee Retention were found to be satisfactory variables in influencing employee performance.

Table 4.11: Effect of Recruitment Practices, Training Practices, Reward Practices and Employee Retention on Employee Performance

Model Summary					
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.650 ^a	.423	.417		1.20214

Predictors: (Constant), recruitment practices, training practices, reward practices and employee retention

Dependent; Employee performance

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4.9 Regression Coefficient

Regression of coefficients results in Table 4.12 shows that recruitment has a positive and significant influence on employee performance ($\beta_1=0.431$, $p=0.000$). It was further established that training had a positive and significant influence on employee performance ($\beta_2=0.378$, $p=0.006$). Reward was found to have a positive and significant influence on employee performance ($\beta_3=0.359$, $p=0.000$). Finally, employee retention was found to have a positive and significant influence on employee performance ($\beta_4=0.218$, $p=0.002$). Therefore, the overall regression results imply that there is a positive and significant relationship between human resource practices on employee performance of manufacturing firms.

Table 4.12: Regression Analysis Coefficient Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.212	.481		2.519	0.000
Recruitment practices	.431	.054	.648	7.981	0.000
Training practices	.378	.068	.567	5.558	0.006
Reward practices	.359	.071	.411	5.056	0.000
Employee retention	.218	.032	.346	6.812	0.002

a. Dependent Variable: Employee Performance
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Regression Equation

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where;

Y= Employee performance

X₁ = Recruitment practice

X₂ = Training practices

X₃=Reward practices

X₄=Employee retention

α = constants term

Régression Equation

$$Y = 1.212 + .431X_1 + .378X_2 + .359X_3 + .218X_4$$

The Regression equation shows that the independent variables and dependent variable were statistically significant. A unit change in recruitment practices increase employee performance by 0.431. A unit change in training practices increase employee performance by 0.378. A unit change in reward practices increase employee practices by 0.359. A unit change in employee retention increase employee practices by 0.218.

4.10 Test of Hypotheses

From the regression model computed in Table 4.13, the research hypotheses were tested using the significance level of the coefficients. The research aimed to test the hypothesis with an aim of failing to reject or rejecting the relationship between independent and the dependent variables. The research hypothesis for the study included;

The first hypothesis H_{o1} stated that Recruitment practice has no significant effect on employee performance. Recruitment practices has a positive relationship effect on the employee performance of manufacturing firms in Nairobi Industrial Area. The results on Table 4.13 revealed that p value was less than 0.05, $\rho=0.000$ which implies that relationship was statistically significant therefore hypotheses was rejected.

The second hypothesis H_{o2} stated that training practices has no significant effect on employee performance. Training practices has a positive relationship effect on the employee performance of manufacturing firms in Nairobi Industrial Area. The results on Table 4.13 revealed that p value was less than 0.05, $\rho=0.006$ which implies that relationship was statistically significant therefore hypotheses was rejected.

The third hypothesis H_{03} stated that reward practices have no significant effect on employee performance. Reward practices have a positive relationship effect on the employee performance of manufacturing firms in Nairobi Industrial Area. The results on Table 4.13 revealed that p value was less than 0.05, $\rho=0.000$ which implies that relationship was statistically significant therefore hypotheses was rejected.

The four hypotheses H_{04} stated that employee retention have no significant effect on employee performance. Employee retention has a positive relationship effect on the employee performance of manufacturing firms in Nairobi Industrial Area. The results on Table 4.13 revealed that p value was less than 0.05, $\rho=0.002$ which implies that relationship was statistically significant therefore hypotheses was rejected.

Table 4.13: Summary of hypotheses Test Results

No.	Hypotheses	β	P-value	Decision
H₀₁	Recruitment practice has no significant effect on employee performance in manufacturing firms in Nairobi.	0.431	0.000	Rejected Null Hypothesis
H₀₂	Training practice has no significant effect on employee performance in manufacturing firms in Nairobi.	0.378	0.006	Rejected Null Hypothesis
H₀₃	Reward practice has no significant effect on employee performance in manufacturing firms in Nairobi.	0.359	0.000	Rejected Null Hypothesis
H₀₄	Employee retention has no significant effect on employee performance in manufacturing firms in Nairobi.	0.218	0.002	Rejected Null Hypothesis

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4.11 Discussion of the Findings

This part presents discussion of the results of various tests carried out on the study. The results of each of the questions in this study is discussed.

4.11.1 Effect of Recruitment Practices on Employee performance

The first objective of the study to establish the effect of recruitment practice on employee performance. The findings of the study pointed out that recruitment practice was statistically significant at a p value of 0.000, which is less than 0.05 the convectional probability significance level. The findings were in agreement with Maimuna, Nda and Yazdani (2017) undertook a study on the impact of employee recruitment on employee productivity in his research target population was 60 public organizations in India with a sample size of 180 human resources managers. The findings of the study shows that selecting employee with the right qualifications enhanced organization performance by 43%. The study recommended that in-depth research applied to the study of recruitment practices in its relationship with performance in other sectors as well as in conducting field research to figure out the relationship practices of human resource management and employee performance

4.11.2 Effect of Training Practices on Employee performance

The first objective of the study to determine the effect training practice on employee performance. The findings of the study pointed out that training practices was statistically significant at a p value of 0.006, which is less than 0.05 the convectional probability significance level. The findings concurred with Ogbu and Idowu (2017) did a study on the impact of employee training on performance a study of selected insurance firms in Abuja-Nigeria. The study dependent variables were; off job training and job rotation. Questionnaire were administered to population sample of 120 employees with a response rate of 56%. The study observed that induction and orientation have significant impact on employee job effectives. It was also discovered that on-the-job training has significant relationship with employee productivities while off-the-job training has significant relationship with employees' innovativeness in insurance

industry. The study recommends that insurance organizations should set up regular training programs that are capable of improving the skills, morale and productivity of employees

4.11.3 Effect of Reward Practices on Employee performance

The first objective of the study to establish the effect of reward practices on employee performance. The findings of the study pointed out that reward practices was statistically significant at a p value of 0.000, which is less than 0.05 the convectional probability significance level. The findings were in agreement with Chin (2017) who did a study on the impact reward and incentive compensation on performance among textile manufacturing firms in China. The study had used a sample size of 57 human resources managers. The study affirm that reward is the center pieces of the employment contract-after all it is the main reason why people work. The author advocated that manufacturing firms should offer extrinsic rewards which are tangible rewards such as pay bonuses and fringe benefits. The study findings indicated that salary is an important determinant factor for employee increased performance and have been shown to influence an employee decision to leave or to stay in the organization.

4.11.4 Effect of Employee Retention on Employee performance

The first objective of the study to establish the effect of employee retention on employee performance. The findings of the study pointed out that employee retention was statistically significant at a p value of 0.000, which is less than 0.05 the convectional probability significance level. The findings were in agreement with Nwokocha and Iheriohanma (2016) who undertook research on the emerging trends in employee retention strategies in a globalizing economy in Nigeria. The study dependent variables included; strategic retention plan, involvement of employees in decision-making process, personalized compensation plan, career planning, training and

creation of work flexibility and outsourcing. Out of the 660 questionnaire distributed only 152 were successful returned, thus a response rate of 23%. This study revealed the need for sustainable retention strategies in public organizations in Nigeria. It took into consideration the competitive business environment that is occasioned by globalization. The study findings indicated that employee turnover in public organizations, had utilized traditional retention strategies

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study reported in chapter four upon the data analysis. More specifically, the chapter covers summary of the findings, conclusion, recommendations and suggestions for further study.

5.2 Summary of the Findings

The aim of this study was to establish the effect of effect of human resources management practices on employee performance of manufacturing firms in Nairobi Industrial Area. This was founded on three specific objectives in particular, to establish the effect of recruitment practice on employee performance. To determine the effect of training practice on employee performance. To explore the effect of reward practice on employee performance. To determine the effect of employee retention practice on employee performance.

5.2.1 Recruitment practices on Employee Performance

The first objective was to establish the effect of recruitment practice on employee performance. From the correlation results, the study established that recruitment practices have positive and significant relationship with employee performance. The findings from regression analysis indicated that recruitment practices has a positive and significant effect on employee performance.

5.2.2 Training Practices on Employee Performance

The second objective was to determine the effect of training practice on employee performance. From the correlation results, the study established that training practices have positive and significant relationship with employee performance. The findings

from regression analysis indicated that training has a positive and significant effect on employee performance.

5.2.3 Reward Practices on Employee Performance

The third objective was to determine the effect of reward practices on employee performance. From the correlation results, the study established that reward practices have positive and significant relationship with reward practices. The findings from regression analysis indicated that reward practices has a positive and significant effect on employee performance.

5.2.4 Employee Retention on Employee Performance

The four objectives was to determine the effect of employee retention practice on employee performance. From the correlation results, the study established that employee have positive and significant relationship with employee retention. The findings from regression analysis indicated that employee retention has a positive and significant effect on employee performance.

5.3 Conclusions

Specific Objective 1: Recruitment Practices on Employee performance

The study aimed at to establish the effect of effect of human resources management practices on employee performance of manufacturing firms in Nairobi Industrial Area. Based on the findings, the study made the following conclusion: the results indicated that recruitment practices had an influence on employee's performance. These findings show that respondents utilizes testing/examination to evaluate the potential of the target employees.

Specific Objective 2: Training Practices on Employee performance

On training practices, the study concludes that training practices had an influence on employee's performance. The findings show respondents have Career/professional advancement is encouraged among staff and necessary support is given. Respondents also agreed on they do continuous training and skill development of managers through a leadership training program

Specific Objective 3: Reward Practices on Employee performance

Regarding reward practices, the study concludes that reward practices influence on employee's performance. The study findings show that Incentives given to the employees motivates employees and enhances performance and sets realistic competitive reward system. The study also concluded that Compensation pay rise for employees is directly linked to his/her performance

Specific Objective 4: Employee Retention on Employee performance

Based on the findings, the results indicated that employee retention had an influence on employee's performance. These findings show that respondents they have a good job retention policy for its employees and Employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project.

The study concludes that recruitment, training, reward and employee retention had a positive relationship on employee performance of manufacturing companies in Nairobi Industrial Area, Kenya. The HRM practices have been adopted by the firms in order to achieve positive employee performance. Founded on the research study results, the overall effects of HRM practices (recruitment, training, reward and employee retention) towards positive employee performance in the manufacturing firms is significant. The research questions of the research study are affirmed positively. Since the HRM practices become one of most popular ways to improve employee 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 employee performance as revealed by the research study. Research results also displayed that employee performance relates positively with training, hence manufacturing companies should increase training to the employees so as to rip benefits of a well trained staff .Research study recommends that recruitment should be enhanced as it showed influence to employee performance. Employee retention is also beneficial in employee performance delivery.

5.5 Limitations of the Study

The study was limited by the availability of the managers of the manufacturing firms who were not more available during office hours to reply to the study research questionnaires due to the ongoing pandemic Corona virus. To mitigate this problem, the researcher gave a lengthy period of data collection further the researcher made numerous phone calls to increase the response rate. Due to the sensitivity of the information the respondent may have had an imaginary fear of giving the information to competitors. This limitation was countered by assuring the respondents that information is purely for academic purposes and would be treated with a lot of confidentiality. An introduction letter from the Moi University, Post Graduate School of Economics and Business was attached to the questionnaires to affirm confidentiality

5.6 Suggestion for Further Studies

The current study focused on the effect of human resources management practices on employee performance of manufacturing firms in Nairobi Industrial Area. From regression analysis results, the study established that recruitment practices, training practices, Reward practices and employee retention jointly explain a 42.3% change in employee's performance with a remaining 57.7% this implies the change was caused by other factors not included in the model. Thus, apart from the above mentioned factors, there are other variables which the current study did not focus on. Therefore, 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 in 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.

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APPENDICES**Appendix I: Introduction Letter**

1th Nov 2021

Benta Mweu
P.O. Box 7734 00200
Nairobi

TO WHOM IT MAY CONCERN

Dear (Respondent)

RE: ASSISTANCE TO FILL ACADEMIC SURVEY QUESTIONNAIRE

I am a post graduate student at the Moi University studying Master of Business Administration in Human Resource Management. In partial fulfillment of the requirements for the awards of the Masters degree, I am required to carry out a research study. The research title of the study is the *Effect of Human Resources Management practices on employee performance of manufacturing firms in Nairobi Industrial Area*.

The purpose of this letter is to request for your cooperation in responding to the attached questionnaires. All the information you present will be treated with strict confidence and at not one time will your name be referred to directly. Additional information is also encouraged to make this study more meaningful. The information gathered will be used for academic purposes only. Upon request you will be furnished with a copy of the final report.

Your Cooperation will be highly appreciated.

Yours Sincerely,

Benta Kalunde Mweu
SBE/MBA/2008-17
Mobile: 0723393330
Email: bentakalunde@gmail.com

Appendix II: Questionnaire

Section A: Respondent Bio Data

Please tick as appropriate in the boxes using a tick (v) or cross mark (x)

1. Gender of respondent

Male []

Female []

2. Age bracket of respondent

Below 30 []

31-40 []

41-50 []

Above 51 []

3. Highest level of education

PhD []

Masters []

Degree []

Diploma []

4. Years of experience in human resources management

Below 5 []

6-10 []

Above 11 []

Section B: Recruitment

Please respond to the statements below by ticking the alternative that best describes your opinion and experience. The 5-point scale questions will be used to how you agree or disagree with the statements in the tables as; **5** Strongly agree **4** Agree **3** Neutral **2** Disagree **1** Strongly disagree.

S/No	Measurement Statements	Scale				
		1	2	3	4	5
1	We do placement of right staff into the right department for the achievement of company general goals					
2	We utilizes psychometric testing when recruiting employees					
3	We employs head-hunting strategies to select potential candidates					
4	We utilizes testing/ examination to evaluate the potential of the target employees					
5	We undertake ranking of potential candidates according to job related requirements					
6	We undertake selection of staff based on quality and skill rather than academic qualification					
7	Staff with high reputation are attracted with high salary from other companies					
8	We have a policy which guides in recruitment activities.					
9	We do not encourage the influence of external forces during the selection process.					

Section C: Training

Please respond to the statements below by ticking the alternative that best describes your opinion and experience. The 5-point scale questions will be used to how you agree or disagree with the statements in the tables as; **5** Strongly agree **4** Agree **3** Neutral **2** Disagree **1** Strongly disagree.

S/No	Measurement Statements	Scale				
		1	2	3	4	5
1	New staff in the are taking through company induction and training					
2	We do efficient orientation and training of newly recruited employees					
3	We undertake continuous training of staff on applicable software's and tools for achievement of company goals					
4	Our staff in the firm are assigned on project based on skill and expertise					
5	We does continuous training and skill development of managers through a leadership training program					
6	We does continuously organize workshops, seminars and trainings to enhance employee skills					
7	We have Career/professional advancement is encouraged among staff and necessary support is given					
8	We have an elaborate policy to guide on training activities					

9	My firm has career development activities that help an employee identify /improve abilities, goals, strengths and weaknesses.					
10	We have set up a committee that reviews and evaluates training needs assessment					

Section D: Reward

Please respond to the statements below by ticking the alternative that best describes your opinion and experience. The 5-point scale questions will be used to how you agree or disagree with the statements in the tables as; **5** Strongly agree **4** Agree **3** Neutral **2** Disagree **1** Strongly disagree.

S/No	Measurement Statements	Scale				
		1	2	3	4	5
1	We are more committed to a merit pay system than other manufacturing firms					
2	Incentives given to the employees motivates employees and enhances performance					
3	We sets realistic competitive reward system					
4	Compensation pay rise for employees is directly linked to his/her performance					
5	We pays bonuses to employees with outstanding performance annual					
6	We have implement high medical cover scheme to all employees					
7	We undertake promotion of employees in the firm is based primarily on merit.					

Section E: Employee Retention

Please respond to the statements below by ticking the alternative that best describes your opinion and experience. The 5-point scale questions will be used to how you agree or disagree with the statements in the tables as; **5** Strongly agree **4** Agree **3** Neutral **2** Disagree **1** Strongly disagree.

S/No	Measurement Statements	Scale				
		1	2	3	4	5
1	We have a good job retention policy for its employees					
2	Employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project					
3	Our employees are more loyal to their current working conditions					
4	We provides employees with competitive salaries, comprehensive benefits and incentive programs,					
5	We have implemented a staff redundancy in our department					
6	We undertake staff retrenchment every year					

Section F: Employee Performance

Please respond to the statements below by ticking the alternative that best describes your opinion and experience. The 5-point scale questions will be used to how you agree or disagree with the statements in the tables as; **5** Very High **4** High **3** Moderate **2** Low **1** Very Low.

S/No	Measurement Statements	Scale				
		1	2	3	4	5
1	Increase of sales turnover					
2	Improvement of employee productivity					
3	Improvement of employee satisfaction					

THANK YOU FOR YOUR TIME

Appendix III: List of Manufacturing firms in Nairobi Industrial Area

1. Acme Container Ltd
2. Adhesive Solutions Africa Ltd
3. Africa Gas Ltd
4. Africa Oil Kenya B.V
5. Ajit Clothing Factory Ltd
6. Alfa gas
7. Ali Glaziers Ltd
8. Allwin Packaging Intl. Ltd
9. Alpha Dairy Products Ltd
10. Alpha Fine Foods Ltd
11. Apex Steel Ltd
12. AquaSanTec
13. Aquva Agencies Ltd -Nairobi
14. Arrow Rubber Stamp Company Ltd.
15. Ashut Engineers Ltd
16. ASL Ltd
17. Associated Papers and Stationery Ltd
18. Atlas Copco Eastern Africa Ltd
19. Autolitho Ltd
20. Avtech Systems Limited
21. Bag and Envelope Converters Ltd
22. Bags and Balers Manufacturers
23. Bayer EA Ltd
24. Bencon agencies
25. Beta HealthCare
26. Bhachu Engineering
27. Blowplast Limited
28. Bosky Industries Ltd
29. Brand Printers
30. Braulic equipment and services
31. Business Forms and Systems Ltd
32. Cadbury Kenya Ltd Kenya
33. Carton Manufacturers Ltd
34. Cempack Ltd
35. Centrofood Industries Ltd
36. Chafa enterprises
37. Chandaria Industries Limited
38. Chemplus Holdings Ltd
39. Coca cola East Africa Ltd
40. Collis chemicals Ltd
41. Colour Labels Ltd
42. Colour Packaging Ltd
43. Colour Print Ltd
44. Comet paints
45. Commrecial Motor Spares Ltd
46. Complast Industries Ltd
47. Creative Print House
48. Cresecent chemicals
49. Cuma Refrigeration EA Limited
50. D.L. Patel Press (Kenya)
51. Dalco Kenya
52. Davis and Shirliff
53. Dawa Ltd
54. Deepa Industries Limited
55. Deluxe Fruits Limited
56. Devsons Industries Ltd
57. East Africa Glassware Mart Ltd
58. East Africa Packaging Industries
59. East African Canvas
60. Eastern Chemical Industries Ltd
61. Ellams Products Ltd
62. Elson Plastics
63. Ely Chemicals
64. Energy Pak (K) Ltd
65. English Press Limited
66. Equatorial Tea Ltd
67. Eurochem
68. Excel Chemical Ltd.
69. Fairdeal Upvc, Aluminium and Glass Ltd
70. Famiar Generating Systems Ltd
71. Flamigo Tiles
72. Flexoworld Ltd
73. Furnmart Furnishers
74. General Printers Limited
75. Goldrock International Enterprises
76. Graphics and Allied Ltd
77. Guaca Stationers Ltd
78. Halar Industries Ltd

79. Henkel Kenya Ltd
80. Holman Brothers
81. Hydraulic Hose & Pipe Manufacturers Ltd
82. Hydro Water Well (K) Ltd
83. Icons Printers Ltd
84. Ideal Manufacturing Co. Ltd
85. Imani Workshops
86. Impala Ltd
87. Insteel Ltd
88. Interconsumer Products Ltd
89. Interlabels Africa Ltd
90. Izmir Enterprises Ltd
91. JET Chemicals (Kenya) Ltd
92. Kandia Fresh Limited
93. Kenbro Ltd
94. Kenwest Cables
95. Kenya Grange Vehicle Industries Ltd
96. Kenya Sweets Ltd
97. Kiesta Industrial Ltd
98. Kim-Fay E.A Limited
99. KingSource Plastic Ltd.
100. Dodhia Packaging Limited
101. Magic juice
102. Makiga Engineering Service
103. Manzil Glass Ltd
104. Mather & Platt Kenya Ltd
105. Maweni Limestone Ltd
106. Mellech Engineering & Construction Ltd.
107. Metsec Ltd.
108. MGS International (K) Ltd
109. Mjengo Limited
110. Modern Lithographic Ltd
111. Molor paints & chemical
112. Mombasa Canvas Ltd
113. Murphy Chemicals
114. Mutsimoto Chemicals
115. Nails & Steel Products Ltd
116. Nairobi Bottlers Ltd
117. Nairobi Flour Mills Ltd
118. Napro Industries
119. NAS Servair
120. Nestle
121. Nestle Kenya Ltd
122. New KCC Ltd
123. NewWorld Stainless Steel
124. North Star Cooling Systems
125. Nut Company Ltd
126. Ombi Rubber Products
127. Orbit Engeering Ltd
128. Orchid Juice Limited
129. Osho Chemicals
130. Wrigley EA Ltd
131. Palmhouse Dairies Ltd
132. Pan African Paper Mills
133. Petmix Feed
134. Pharmaken Limited
135. Polythene Industries Ltd
136. Print Fast Kenya Ltd.
137. Quad cypher systems
138. Raghad Enterprises
139. Ramco Printing Works Ltd
140. Reliable Concrete Works
141. Renscope Scientific Kenya
142. Rhino Special Products Ltd
143. Rock Plant Kenya Ltd.
144. Rotam Sub-Saharan Africa
145. Rupa Cotton Mills EPZ Ltd
146. Sanpac Africa Ltd
147. Shade Systems(E.A)Ltd
148. Shamas Motor Spares
149. Soko sweets ltd
150. Stainless Steel Products Ltd
151. Stamet Products (K) Ltd
152. Statpack Industries Limited
153. Steel Structures Limited
154. Stitch Masters Limited
155. Sunchet paint
156. Super Foam Ltd
157. Superfit Steelcon Ltd
158. Sweety and spicy food
159. Synermed Pharmaceuticals
160. Tenacity Locks Ltd
161. Timsales ltd
162. Warren Concrete Ltd
163. Tripac Chemical Industries
164. Twiga Chemical Industries
165. Vita foam ltd
166. Vitafoam Products Limited
167. Weetabix EA Ltd
168. Welfast Kenya Ltd
169. Welrods Limited
170. Wigglesworth Exporters Ltd
171. Wines Of The World Limited
172. Wire Products Ltd
173. Wood Manufacturers Ltd
174. Kenya Sweets Ltd
175. Dodhia packaging ltd

176. BoC gas
177. Budget shoes ltd
178. Beta Healthcare Ltd

179. East Africa Packaging
180. DPL Festive Ltd

Source: (KAM, 2021)

Appendix IV: Introduction Letter from School of Business, Moi University

**MOI UNIVERSITY
POSTGRADUATE OFFICE
SCHOOL OF BUSINESS AND ECONOMICS**

**Tel: 0790940508
0771336914
0736138770
Fax No: (053) 43047
Telex No. MOIVARSITY 35047**

**P.O. Box 3900
Eldoret.
Kenya**

RE: SBE/PGE/2014/16

DATE: 25th February, 2021

TO WHOM IT MAY CONCERN

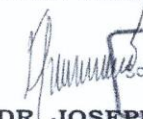

Dear Sir / Madam,

RE: BENTA KALUNDE MWEU






The above named is a bonafide student of Moi University School of Business and Economics, undertaking a Master of Business Administration in Human Resource Management Degree. He has completed coursework, defended her proposal, and is currently proceeding to the field to collect data for his research topic titled: **“Effect of Human Resources Management Practices on Employee Performance of Manufacturing Firms in Nairobi Industrial Area”**.

Any assistance accorded to her will be highly appreciated.

Yours faithfully,



**DR. JOSEPHAT CHEBOI
AG. DEAN, SCHOOL OF BUSINESS AND ECONOMICS**

Appendix V: Research License – NACOSTI

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 146456	Date of Issue: 18/May/2021
RESEARCH LICENSE	
	
This is to Certify that Mrs. Benta Kalunde Mweu of Moi University, has been licensed to conduct research in Nairobi on the topic: EFFECTS OF HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEE PERFORMANCE OF MANUFACTURING FIRMS IN NAIROBI INDUSTRIAL AREA for the period ending : 18/May/2022.	
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