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

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ABSTRACT

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

Key Words: *human resource management practices, performance, manufacturing companies, Nairobi City County, Kenya*

INTRODUCTION

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

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

Organizations are focused on achieving superior Performance through the best use of talented human resources as a strategic asset. HRM policies or strategies must now be aligned to business strategies for organizational success. No matter the amount of technology and mechanization developed, human resource remains the singular most important resource of any success-oriented organization. After all, successful businesses are built on the strengths of exceptional people. HRM has now gained significance academically and business wise and can therefore not be relegated to the background or left in the hands of non-experts (Lawler, 2012). Human resource management practices can be defined as a set of organizational activities that aims at managing a pool of human capital and ensuring that this capital is employed towards the achievement of organizational objectives (Snape et al., 2010).

The adoption of certain bundles of human resource management practices has the ability to positively influence organization Performance by creating powerful connections or to detract from Performance when certain combinations of practices are inadvertently placed in the mix (Thompson, 2012). So if we think human resource management as just the services any manager may provide in recruiting and selecting, appraising, training and compensating employees, then we rather would have to take the backseat for those who understand the influence HRM has on corporate performance to take the centre stage. Research has recorded a positive relationship between human resource management practices and corporate Performance. Thus in order to stimulate corporate Performance, management is required to develop skilled and talented employees who are capable of performing their jobs successfully (Thompson, 2012).

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

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

Human Resource Management Practices

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

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

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

There has been much research that attempts to establish a positive link between HRM practices and firm Performance. According to Ulrich (2003) HR practices seem to matter and survey findings confirm it, though direct relationships between investments and attention to HR practices are often fuzzy, and tend to vary according to the population sampled and the measures used. Other scholars like (Purcell et al.., 2003) have cast doubts on the validity of some of the attempts through research to make the connection. In the current study, employment security, recruitment, self-managed teams, Performance related pay, workforce training, status differentials and sharing information were used as indicators of human resource management practices.

According to Ahmad and Schroeder (2003) sophisticated technologies and innovative manufacturing practices alone can do very little to enhance operational Performance unless there are requisite human resource management practices that can be used to form a consistent socio-technical system in a workplace.

Organizational Performance

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

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

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

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

Manufacturing firms in Kenya

The manufacturing sector in Kenya grew at 3.5% in 2015 and 3.2% in 2014, contributing 10.3% to gross domestic product (GDP) (KNBS, 2016). On average, however, manufacturing has been growing at a slower rate than the economy, which expanded by 5.6% in 2015. This infers that the share of manufacturing in GDP has been reducing over time. As a result, it can be argued that Kenya is going through premature deindustrialisation in a context where manufacturing and industry are still relatively under-developed. Kenya seems to have 'peaked' at a point much lower than in much of Asia. Manufacturing sector in Kenya is growing far slower than those in Ethiopia, Rwanda, Tanzania and Uganda. If this trend continues, other East African countries wasgin to dominate manufacturing in the region. Further, governments in East Africa seem to be putting more pronounced effort into building manufacturing through the creation of industrial parks (Ethiopia) and making land available for manufacturing, particularly labour-intensive manufacturing. Uganda and Tanzania are also determinedly positioning themselves as investment destinations for manufacturing in the region. Kenya does not seem to be echoing this impetus (GOK,2016).

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

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

STATEMENT OF THE PROBLEM

Despite the effort put on human resource practices by manufacturing firms in Kenya to enhance performance, the performance of most manufacturing firms has remained low (KNBS,2016). Manufacturing sector in Kenya is growing far slower than those in Ethiopia, Rwanda, Tanzania and Uganda. If this trend continues, other East African countries wasgin to dominate manufacturing in the region (GOK,2016). Manufacturing firms in Kenya have encountered challenges (KNBS, 2016) in regard to their performance contrary to the expectations of the stakeholders who span across shareholders, employees, consumers, and government among others. On average, however, manufacturing has been growing at 3.6% from 2008-2015 which is a slower rate than the overall Kenyan economy, which expanded by 5.6% in 2015 (KNBS, 2016). As a result, it can be argued that Kenya is going through premature deindustrialisation due to poor performance Furthermore, the relationship of compensation, training, recruitment and information sharing and performance remain unclear (Were,2016; Wimbush,2005, 2010; Khatri,2000). Empirical studies have pointed to the increasing link of HRMP and Performance of firms. HRMP-firm Performance relationship has been the subject of significant empirical examination (Khatri, 2000; K'Obonyo, Busienei, & Ogutu, 2013; Dimba &K'Obonyo, 2009).However,this studies have been done in other sectors of the economy but none reviewed focused on manufacturing firms in Kenyan context. Studies indicate that those firms that adopt certain HRMP in the implementation of the human resource practices, policies and practices tend to achieve superior results compared to their competitors (Kidombo, 2007). Some scholars have argued that more effective bundles of HRMP can transform a firm's human resources into a strategic asset, as a result of the potential for complementarities between human resource management practices and firm resources (Ulrich & Lake, 2000).The past studies reviewed have focused on individual HR practices on performance. (Storey,2002; Barringer et al..,2005; Benson et al..,2004; Brewster 2004; Cho et al.. ,2005; Collings and Clark ,2003; Morishima ,2001; Paul and Anantharaman, 2003; Roberts,2005; Widener,2005; Zhu ,2004). The effect of compensation, training,recruitment and information sharing on performance has received less attention.Founded on this,the study focused to shade some light on grey areas and perspectives that had not been included in previous firm Performance empirical studies.

GENERAL OBJECTIVE

To investigate the effects of Human resource practices on the Performance of Manufacturing Companies in Nairobi City county, Kenya.

SPECIFIC OBJECTIVES

1. To establish the effect of compensation on Performance of Manufacturing Companies in Nairobi City county,Kenya.
2. To determine the effect of training on Performance of Manufacturing Companies in Nairobi City county, Kenya.
3. To assess the influence of recruitment on Performance of Manufacturing Companies in Nairobi City county, Kenya.
4. To determine the effect of information sharing on Performance of Manufacturing Companies in Nairobi City county, Kenya.

THEORETICAL REVIEW

Human Capital Theory

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

The assumptions of human capital theory revolve around the immeasurable nature of its many forms. Economic capital can be measured by its ability to produce wages, however, an intrinsic value of human capital exists although it is not always measurable. Secondly, human capital may be stored but not fully utilized at all times therefore making it difficult to observe and study consistently (Boxall, 1996). Human capital is often subdivided into categories such as cultural capital, social capital, economic capital, and symbolic capital. Human capital is developed in many ways. Economic capital is typically measured by the ability to perform labor which results in economic value. Education, job training, and marketable talents are all ways in which humans increase their ability to acquire knowledge and generate higher wages. Social capital and cultural capital refer to the relationships and influence individuals contribute to society. Although social, cultural, and symbolic capital are very difficult to measure, understanding their existence and value is still vital. Each type of human capital is important and the combination of all types generate total human capital (Boxall, 1996).

Resource Based View Theory

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

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

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

Organizational Learning Theory

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

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

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

Organizational Learning theory proposes that an organization should change its activities to match the changing environment for it to remain competitive in a dynamic and unpredictable environment (Crossan, Zane & White, 1999; Hoffman, 2000; Murray & Donegan, 2003). In organizational learning, sharing and transferring of knowledge and information takes place at the individual or employees level specifically when it is being done by more to less experienced employees. According to Goh (2003) and Lopez (2005), Organizational theory is said to be the summation of individuals and combined learning through hr practices, experience all the way to working interactions in the organization, knowledge and skills acquisition. One limitation of organizational learning is that it concentrates on the process of coordinated system alteration through individuals or employees as the only resources.

Stewatt (1996) and Lopez (2005) noted that for high performance to be attained, the tactic of uninterrupted learning should be emphasized by cheering the employees to learn fresh skills, get fresh knowledge and learn more from those with experience. Unique human capital in terms of skills and knowledge that is complex to duplicate can be developed through organizational learning. An organization that applies organizational learning ends up with complex capabilities which are complicated to copy, replicate and transfer, thus being specific to the firm to enable it generate above average performance.

EMPIRICAL REVIEW

Compensation and Performance

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

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

Widener (2005) developed a binary logit model of the relationship between two human resource practices (reliance on human capital and the firm's pay structure) with the use of non-financial measures in top managers' bonus compensation contracts. Results displayed that this relationship is moderated by the firm's pay structure. In particular, the relationship was stronger in firms that had employed a hierarchical pay structure. These firms also have had a higher probability of relying on human resource measures. In a study of multiple hospitals, Brown, et al.. (2003) examined pay at different levels and structures and its impact on resource efficiency, patient care outcomes, and financial Performance. Findings displayed that higher pay was associated with greater Performance; however, the effects appeared to be curvilinear. The researchers emphasized the importance of an integrative approach to making decisions regarding compensation.

Tosi et al.. (2004) examined the relationships among CEO perceived charisma, CEO compensation packages, and firm Performance in a sample of Fortune 500 companies over a 10-year period. Findings indicated that charismatic CEOs seem able to influence their own compensation packages and stock prices but no other indicators of firm Performance. Barringer et al.. (2005) conducted a quantitative content analysis of the narrative descriptions of 50 rapid-growth firms and a comparison group of 50 slow-growth companies. Results demonstrated that employee incentives differentiated the rapid growth from the slow-growth firms. Firms that were eager to achieve rapid-growth provided their employees financial incentives and stock options as part of their compensation packages. In doing so, firms managed to elicit high levels of Performance from employees, provide employees the feeling that they have an ownership interest in the firm, attract and retain high-quality employees, and shift a portion of a firm's business risk to the employees.

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

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

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

Training and Performance

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

Cardon and Stevens (2004) in a study on on influence of employee training on small firms. They suggested that Unstructured training, informal job instruction, and socialization are the main components of the training process in SMEs. Accenture's, in their 'The High Performance Workforce Study 2004', reported that, despite a wide range of human resource and training programs and increased training budgets; only 16% of executives said are very satisfied with the training function. Brewster (2004) on another study on training in US and European countries mangement found that training increase significantly from one side of the Atlantic to the other. Husiled (2005) found that the education and development of employees have a significant effect both upon the personnel productivity and the sort-term and long-term indicators of organizational Performance. Shah et al.. (2003) study on influence of training on organizational performance.Examined the role of organizational associations and found that they influence negatively the application of these policies, as their application requires often unpleasant changes in the structure and management of personnel, something that does not always find accordingly the associations. At the same time, it was strongly suggested the negative role of the age of the organization in the application of these practices, as older an organization might be would be much more difficult to adopt innovative practices, provided that other older and more tried practices will have a more powerful place even if the new can promise better results.

Ngo et al.. (2008) study on the effects of country origins on HR (human resource) practices of firms from the United States, Great Britain, Japan and Hong Kong operating in Hong Kong. Study results displayed that structural training and retention-oriented compensation were related to various measures of firm Performance. Paul and Anantharaman (2003) on another study on human resource practices and organizational Performance.The findings proposed that career development programmes demonstrate a true interest of the organization for the growth of its personnel, which, in turn, stimulates commitment and devotion, which, subsequently, raises personnel productivity and consequently economic output. Barringer et al.. (2005) study on training on rapid-growth and slow-growth firms.Finding that rapid-growth firms depend heavily on the abilities and efforts of their employees to maintain their growth-oriented strategies. The fast-growth firms used training programs to achieve their objectives and emphasized employee development to a significantly greater extent than their slow-growth counterparts. Therefore, training and employee development practices are more common in rapid-growth firms than slow-growth ones.

Zhu (2004) study on changes of human resource development in Japan. Observed that some companies and companies have shifted towards a more strategic approach that emphasizes the impact of effective learning at both individual and organizational levels on long-term organizational competitiveness.Storey (2002) examined the relationship between training and firm Performance in middle-sized UK companies and proposed that, in the context of smaller firms, it is necessary to widen the concept of training to include education, training. Storey (2002) found an association between the concept of education, training and middle-sized Performance. Benson et al.. (2004) examined the effect of corporate investment in tuition reimbursement programs on employee turnover in a large manufacturing company. Study results demonstrated that tuition reimbursement programs as well as reimbursement for employees to earn certificates and other credentials had an overall positive effect on turnover. Cerio (2003) examined the manufacturing industry in Spain and found that quality management practices related to product design and development, together with human resource practices, are the most significant predictors of operational Performance.

Recruitment and Performance

This practice can ensure that the right people, with the desirable characteristics and knowledge, are in the right place, so that they fit in the culture and the climate of the organization. Moreover, pinpointing the rights employees would decrease the cost of employees' education and development. Schuster (1986) argued that recruitment is a key practice that creates profits. Huselid (2005) examined HR practices of high Performance companies and found that attracting and selecting the right employees increase the employee productivity, boost organizational Performance, and moreover to contribute in reducing turnover.

Michie et al.. (2001) argued that a possible indirect link between recruitment and organisational Performance can be the forging of internal bonds between managers and employees that creates the write culture for productivity growth. Collins (2003) argued that the practice of recruitment results at sales growth. Paul and Anantharaman (2003) pointed out that an effective hiring process ensures the presence of employees with the right qualifications, leading to production of quality products and consequently in increase of economic Performance.

Cho et al.. (2005) on another study on pre-employment tests as a key component of recruitmen.Fing found that when employed, these tests can select employees that stay with a company longer. Passing pre-employment tests may give an applicant a stronger sense of belonging to the company, resulting in higher degrees of commitment if employed. Cardon and Stevens (2004) pointed out that for small companies recruiting is often quite problematic. This can be due to several reasons such as limited financial and material resources and jobs with unclear boundaries responsibilities, which decreases their potential to hire qualified candidates.

Information Sharing and Performance

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

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

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

RESEARCH METHODOLOGY

Research Design

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

Target Population

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

Sampling Design and Procedure

The research population is small hence census was conducted. Census is the collection and analysis of data from every possible case or group member in a population (Saunders,2007). Respondents for each of the 95 organizations was identified using purposive sampling in selecting human resource departments in all the compamies. Use of stratified random sampling to create two strata consisting of the heads of human resource departments to represent senior management and another consisting of other employees in the human resource department to represent middle level management. Finally simple random sampling was used to pick one employee from each of the human resource departments to represent middle level management. (Shapiro, 2006) The HR managers are subject matter experts and are believed to be in a good position to provide the required information that and likely to be involved in policy formulation and implementation and hence knowledgeable in the areas under study. This was consistent with the view of Gerhart (2000) that single respondents are significantly undermined by the presence of measurement error, hence the choice of two respondent senior level and middle management.

Data Collection Instruments

Data was collected using self administered questionnaires. Gay and Airasian (2003) explains that descriptive data is usually collected using questionnaires. Questionnaires was used because of the ease in reaching a large group of respondents within a short time at minimal cost. The semi structured and open ended questions guided the response to the study area and also help the respondent make quick decisions. The semi structured questions was mainly on a five point Likert scale of strongly agree, agree, neutral, disagree, and strongly agree. Gall et al.. (1996) observe that questionnaires have the added advantage of being less costly and using less time as instruments of data collection.

Data Collection Procedure

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

Data Analysis and Presentation

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

$$\mathbf{Y = \beta_0+\beta_1 C+\beta_2 T+\beta_3 R+ \beta_4 I+\varepsilon}$$

Where: Y = Performance; C = Compensation; T = Training; R = Recruitment; I = Information Sharing; ε= Error Term; α = regression constant; β= regression co-efficient.

RESEARCH RESULTS

This research sought to find the influence of human resource management practices on performance of Manufacturing Companies in Nairobi City county,Kenya. This sector gives a summary of the results. The general objective investigate the effects of Human resource practices on the Performance of Manufacturing Companies in Nairobi City county, Kenya.

Founded on results findings, it established that there is significant positive relationship between HRMP and performance. The first specific objective was to establish the effect of compensation on Performance of Manufacturing Companies in Nairobi City county,Kenya. The results displayed significant positive relationship between compensation and performance. The second objective was to determine the effect of training on performance of manufacturing companies in Nairobi City county, Kenya. The result in this study displayed that training was positively correlated with performance of Manufacturing Companies in Nairobi City county, Kenya. The third objective was to assess the influence of recruitment on performance of manufacturing companies in Nairobi City county, Kenya.. The result in this research displayed that recruitment and performance is positively related. The forth objective was to determine the effect of information sharing on performance of manufacturing companies in Nairobi City county, Kenya. The finding of this research displayed that information sharing and performance is positively associated. The study also established that most of the respondents had worked in the manufacturing companies for a long time. The companies preffered experienced employees because of diverse knowledge gained over time as shown by the demographic results of the research study. Majority of employees had high education qualification. The manufacturing companies employee responses indicated need to have educated employees in order to grasp company objectives. From the research study results, training variable of HRMP had the highest positive effect on performance among other studied HRMP variables and information sharing had the least effect.

REGRESSION ANALYSIS

Multiple regression analysis was used to test the research questions. This was performed using research data collected and the results interpreted according to the R2 values and P values $P<0.001$ and $P<0.005$ significance level. The variables under study were regressed on performance.Linear regression test was used to determine the effects of human resources management practices on performance. If the value of R Square is equal or more than 0.5, then there is strong correlation between respective variables and performance. Findings of multiple regression testing the relationship of compendation, training, recruitment and infornation sharing and performance are summarized in table 1 below.

Table 1: Influence of HRM Practices on performance

Goodness of fit	Test Statistic	P-Value	
Adjusted R^2	0.661		
R^2	0.6774		
F-Statistic (4,168)	108.63	0.000**	
Dependent Variable (performance)	Linear Regression Results		
	Coefficient	t-statistic	P-Value
Compensarion	0.588	6.51	0.000**
Training	0.697	7.97	0.000**
Recruitment	0.484	2.91	0.122
Information Sharing	0.214	1.83	0.000**
Constant	6.341	1.68	0.078

Key ** significant at 1%

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

Y= 6.341 + 0.588 Compensation+0.697 Training +0.484 Recruitment + 0.214 Information sharing +ε

The regression equation attained from this output is:-

Performance = 6.341 constant + 0.588 compensation + 0.697 training + 0.484 recruitment + 0.214 information sharing

Table 1 above illustrates that coefficient of compensation is 0.588.The beta coefficient for compenation is 0.588.This infers that a unit increase in compensation will result in 58.8% increase in performance of Manufacturing Companies in Nairobi City county,Kenya. A direct relationship between compensation and performance. The t-statistic and corresponding P-value is 6.51 and 0.00 respectively. On the basis of this statistics, the study therefore concludes that there is significant positive relationship between compensation and performance of Manufacturing Companies in Nairobi City county,Kenya.

The coefficient of training is 0.697. The beta coefficient for training is 0.697.This infers that a unit increase in training design will result in 69.7% upsurge in performance of Manufacturing Companies in Nairobi City county,Kenya. A direct relationship between training and performance. The t-statistic and corresponding P- value is 7.97 and 0.000 respectively. On the basis of these statistic, the study concludes that there is significant positive relationship between training and performance of Manufacturing Companies in Nairobi City county,Kenya.

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

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

CONCLUSIONS

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

RECOMMENDATIONS

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

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