

# Human Resource Management Practices and Performance of Firms Listed on the Nairobi Securities Exchange.

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## Abstract

### Purpose:

The purpose of this study was to investigate the influence of human resource management practices and performance of firms listed on the Nairobi securities exchange.

Methodology: The proposed study was predicated on the positivist philosophy of science. It endeavored to be objective and test hypotheses by describing real and observable phenomenon

Cross sectional survey design was used to obtain the relevant data which was used to determine the relationship between the variables of the study?

The target population comprised of all the 60 firms that were listed on the NSE.

Quantitative and qualitative data was collected to enable the researcher to conduct an in-depth study. There searcher used descriptive statistics to explore the characteristics of the firms. Descriptive statistics analysis will be utilized to illustrate frequencies, mean values and standard deviation of every variable. A Pearson's product moment correlation coefficient analysis will be performed to establish the direction and magnitude of the relationship between the variables.

The Statistical Package for Social Scientists (SPSS) will be used to analyze the collected data. To test the pattern of relationships between the independent variables and dependent variable, simple linear regression, stepwise regression and multiple linear regression analyses were conducted. Results: The findings revealed there was relationship between human resource management practices and firm performance. Descriptive results indicated that the majority of the listed firms had put in place practices to safeguard employee security. Majority of the firms practiced selective hiring. Results revealed that majority of the firms had put in place self-managed teams.

Majority of the firms had put in place policies and procedure to ensure performance related pay. Results revealed that workforce training was one of the human resource management practices undertaken by listed firms. On status differential, majority of listed firms did not emphasize on wearing ties, uniforms and individualized offices. Results indicated that majority of listed firms had put in place information sharing systems. Overall, majority of listed firms had put in place effective human resource management practices. This was supported by mean scores of above 3.5 for the statements representing human resource management practices.

Correlation and regression results indicate that human resource management practices have a positive and significant relationship with firm performance. This was supported by correlation coefficient of 0.346; (p value 0.039) and a regression coefficient of 0.32 ;( p value 0.039).The results led to the acceptance of hypothesis that human resource management practices have a positive effect on firm performance.

Unique contribution to theory, practice and policy:

The study recommended that firms should emphasize on proper human resource practices as this will contribute positively to firm performance. Specifically, the following practices should be emphasized such as employment security practices, selective hiring practices, self-managed teams, performance related pay, workforce training, status differentials and sharing information.

The study intends to establish the link between HRMP and firm performance, namely sales growth rate, market share, productivity and profitability. This will not only ensure that the investors who put their capital in listed firms continue to reap the benefits of their investment, but also boost the confidence of other investors to commit their capital in the Nairobi Securities Exchange listed firms.

Keywords: Competitive Strategy, Employee Outcome, Firm Performance, Human Capital Theory, Human Resource Management Human Resource Management Practices, Nairobi Securities Exchange

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