

**CONFIGURATION OF HUMAN RESOURCE MANAGEMENT PRACTICES,  
ORGANIZATIONAL CHARACTERISTICS, SOCIAL CAPITAL AND  
PERFORMANCE OF FIRMS LISTED IN THE NAIROBI SECURITIES  
EXCHANGE**

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UNIVERSITY OF NAIROBI**

**August 2023**

## DECLARATION

I declare this thesis is my original work and has not been presented for examination in any university

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## **DEDICATION**

To my parents, the Late Sheikh Mohamed Diriye and Rukia Hassan, in recognition of their dedication to education, I dedicate my thesis. They felt that education comes first, and they proved this by ready to give up limited resources for our education. I'll never forget the countless life lessons imparted in me, such as the value of hard effort, honesty, and devotion.

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## **ABBREVIATIONS AND ACRONYMS**

<b>AMO</b>	Ability-Motivation-Opportunity
<b>BSC</b>	Balanced Scorecard
<b>CMA</b>	Capital Markets Authority
<b>HRM</b>	Human Resource Management
<b>NSE</b>	Nairobi Securities Exchange
<b>ROA</b>	Return on Assets
<b>ROI</b>	Return on Investment
<b>ROE</b>	Return on Equity
<b>ROS</b>	Return on Sales
<b>SET</b>	Social Exchange Theory

## ABSTRACT

The human resource function may play a significant role in helping organisations and individual employees acquire the core qualities that drive high performance. Over time however, institutions including Nairobi Securities Exchange (NSE) with their administrative and proficient uniqueness have indicated poor performance. Thus, the aim of the study was to determine how configurations of HRM practices, organizational characteristics, and social capital influenced the performance of firms listed in the NSE. The research was anchored on the Ability-Motivation-Opportunity (AMO) theory, Social Exchange Theory (SET), and Social Capital Theory (SCT). This research applied the positivist approach as well as a descriptive cross sectional research design. The target population included 65 firms listed at the Nairobi security Exchange. Both primary and secondary data were employed. Questionnaires were used to gather primary data whereas secondary data collected information relating to return on Assets (ROA). Descriptive and inferential statistics were utilized to analyse the data. The method utilized was simple linear regression and multiple linear regression analyses. Both stepwise and hierarchical approaches as suggested by Baroni and Kenny (1986) were followed. From the findings, configurations of human resource management practices had a significant influence on the performance of firms listed in the NSE. Social capital was also found to have a moderating influence on the relationship between HRM practices configurations and listed firms' success at the NSE. In addition, the study revealed that organizational characteristics had a significant intervening effect on the relationship between HRM practices configurations and firm performance on the NSE. Furthermore, there was a confirmed joint effect of configurations of human resource management practices, social capital and organizational characteristics on performance of firms listed at NSE. The findings imply that organizations with HRM practices that suit the professional package score much higher on metrics of firm performance, workers' stepping above commitment, and company innovation. Also, organizations considering aspects of social capital identify the value in relationships among people, and often this relational type of capital is missing in HRM. Results imply that organizational characteristics including size, unionization, industry or business conditions are not significant and thus may not offer the foundation for aligning resources with corporate strategy goals and ultimate performance. Based on the findings, the study recommends that configurations of human resource management practices should be linked with business strategy to improve employee satisfaction and performance, ensuring that teams are working together to assist the company accomplish its strategic goals, and raise their influence and decision-making authority across the organizations. Configurations of HRM practices, organizations ought to understand that social capital is just as essential as conventional human capital, and merging the two may assist HRM better manage employee career advancement, task staffing, and team building hence record positive performance. This study focused solely on listed trading firms at NSE. Thus a similar study could be done on non-listed trading firms on the NSE, Kenya.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Previous research has shown that on their own, individual human resource management practices generally have limited influence on firm performance and cannot entirely achieve better human resource management results, but it is a group of complementary human resource practices that have been found to have a significant effect on specific outcomes (Hatch & Dyer, 2004; Kaufman, 2015). Lee (2012) noted that organizational effectiveness is essential for organizations to achieve their operational goals. Most organizations cannot operate fully without having the right people at various levels of management. According to El-Ghalayini (2017), employees are the backbone of the organization's operation. For the employees to deliver on their full mandate they have to be provided with the right knowledge and skills as well as be motivated to achieve results (Aguinis, 2019).

Configuration of human resource management practices has been seen as one of the areas that are very key concerning the performance of an organization. The effectiveness of individual configuration of human resource management practices is well analysed using the universalistic theory and contingency approach that predicts that configuration of HRM policies must be in agreement with the context they operate in to have valuable effects (Kaufman, 2015; Iqbal, 2018). The configurational approach focuses on patterns of the configuration of HRM practices and how they are linked to better organizational outcomes. Configuration of HRM practices is therefore deemed to be a coherent system, focusing on various practices such as skill configuration, motivation configuration, and

empowerment configuration (Barrena-Martínez, López-Fernández & Romero-Fernández, 2019). In this regard, unique combinations of configurations of HRM practices seem to make the organization realize its objectives by enhancing organizational performance. Kaufman (2015), suggested that such kind of combinations of HRM practices have a significant influence on productivity as compared to individual practices. Multiple unique human resource configurations may also lead to maximum performance (Doty & Glick, 1994).

Social capital refers to networks and norms that facilitate collective action for the benefit of both the organization and the employees (Ganguly, Talukdar & Chatterjee, 2019). According to Mahamadaminovich (2020), social capital has been shown to have a positive influence in the relationship between human resource configuration and firm performance. Social capital is manifested in features such as; organizational culture, organizational structure, and communication strategies (Chuang Chen & Chuang, 2013). These organizational characteristics are described as organizational influences

Wright, Dunford, and Snell (2014) stated that successful organizations are employing knowledge and intellectual capital to enhance their success and promote their operations globally. Studies show that human resource practices may offer straight benefits in the system of higher performance, efficiency, and professional improvement. Organizational characteristics denote the scope of the organization that includes a parent company for business possessing one or more entities, enterprise for a whole organization, and separation or section for a sub-organization within the general organization.



The organizational characteristics are used in reference to the internal or microenvironment under which the company operates and affects all the systems of a firm organization's performance is impacted by configurations of human resources management (HRM) practices adopted, which are depicted from the perspective of the configuration approach of HRM impact (Lee, 2012).

This study was guided by three theories which include the Ability Motivation Opportunity Theory (AMO), Social Exchange Theory (SET) and Social Capital Theory (SCT). This theory was established on the understanding of Psychology, capabilities, and skills influence performance behavior at the hand of employees regarding their motivation in the workplace in line with situational and organizational characteristics (Hughes, 2007). Given that combination of a given level of an individual's ability, motivation, and opportunities can give a given level of performance, this theory applies to this study given that a given combination of some HRM practices can influence performance in one way or the other.

According to Emerson (1976), Social Exchange Theory asserts that social relations are understood through approaches that involve reciprocal exchange. The SET sees trade as a social behavior that outcomes both in financial and social results. The SET has been commonly investigated by contrasting human communications and the commercial centre. The social trade process brings fulfilment when individuals get reasonable returns for their consumption. The critical contrast between social and economic trade is the idea of the exchange between gatherings (Lin, 2002).

In comparison to commercial business, social transactions include an association with someone else; include trust and not legitimate commitments; are increasingly adaptable; infrequently include unequivocal bargaining. Given that social behaviour arises from the exchange process, this exchange aims at maximizing benefits as it minimizes costs. This can be linked to social capital in this study whereby it can influence performance either positively or negatively depending on how it is adopted in the organization. It can also influence the use of various HRM practices which on the other hand can also influence the performance of the organization. This is also attributed to the social capital theory whereby social associations are resources that lead to the accumulation and development of human capital. The development of human capital can enhance the performance of an organization if applied equitably. For instance, a family which is stable can enhance educational realization and support the development of highly skilled employees who produces at minimal costs. As a result, there is development in an organization.

For Kenya to achieve its vision of 2030, the government aims at achieving and sustaining an annual 10 percent growth rate, and in this regard, NSE is expected to play its part in the rigorous securities market (GOK, 2007). Firms listed in Nairobi Securities Exchange (NSE) and various stakeholders are thus expected to employ Configurations HRM practices appropriately to be efficient and satisfactory. Facilitation of the generation of decent profits is the expectation that the shareholders have of the accounting firms. The listed firms in NSE are expected to improve their performance by boosting their efficiency and being competitive meeting shareholders' expectations. The main challenge goes to the managers of the corporations listed in NSE, who have to be competent enough

to meet stakeholders' expectations. This study, therefore, focused on firms listed at NSE since these kinds of firms tend to improve public confidence hence attracting a huge number of investors as compared to those not listed at NSE. These firms will therefore provide enough information concerning the configuration of HRM practices and performance.

The NSE's listed firms operate in a fast-paced business climate that has an impact on their results. Businesses must create and execute effective HRM strategies to make the greatest use of their employees and maintain a strong human resource foundation (Iqbal, 2018). Firms are having issues and are unable to operate effectively as a result of micro and macroeconomic factors that are negatively influencing businesses in Kenya as a result of market liberalization. NSE-listed firms are faced with challenges such as lower sales volumes, lower market share, lower productivity, and lower profitability (Anyanzwa, 2018). These difficulties may be connected back to the HRMPs used by organizations, the speed, and possibilities for organizational learning, employee outcomes, and corporate strategy. These challenges that face firms necessitated the current research.

### **1.1.1 Configuration of Human Resource Management Practices**

An HRM configuration is defined as a combined set of practices of HRM. For the configuration of HRM to enhance performance, it has to be integrated with the overall business strategy of the firm (Bowen & Ostroff, 2004). According to Tadick and Pivac (2014), a set of interrelated, constant human resource procedures used by the company concerning the exchange is a human resource configuration. Barrena-Martínez, López-

Fernández, and Romero-Fernández (2019) explain the configuration of HRM practices as the development of coherent bundles of HR practices that reinforce one another. An appropriate HRM configuration has to show the external fit to be matched to a given business strategy needs. According to Dodokh (2020), shared human resource design enables the organization to shape social systems by placing people and systems into certain interactions. This social structure produces a resource for commerce, creation, and information management. Cross-utilitarian groups and group incentives, which promote a community-oriented human resource setup, ensure more reconciliation and solid relationships with the business (Ghahtarani, Sheikhmohammady & Rostami, 2020).

Human resource management practices are a unique approach to employment management to achieve competitive advantage through strategic improvement (Goklas, Riyanto, Sihombing, AM & Sunarsi, 2021). Additionally, committed and competent employees who utilize a collection of cultural, structural, and human resource techniques integrated into a single system. When human resource management program is effective, employees can contribute effectively and fruitfully. This aids in the achievement of the organization's goals and objectives.

Configuration of HR practices encourages employees to be committed to their jobs and to engage in constructive behaviour that benefits the firm's overall performance. It also discourages employees from engaging in inappropriate behaviour (Ichsan, Santosa, Shara & Liriwati, 2020). Human resource management programs are expected to add value to the organization's strategic workforce utilization, while worker programs are expected to

have a discernible impact on the organization. For decades, the study of human resource practices has dominated the literature (Macke & Genari, 2019), more precisely, the influence of human resource practices on organizational performance (OP), effectiveness, and worker commitment.

Cooke (2018) argues that system closeness and porousness should be used to define job structures in learning-based relationships. A community human resource design provides a long-term space that offers the assistance and comfort that teams need for job performance (Dachner, Ellingson, Noe & Saxton, 2021). Cooperative human resource arrangements create and promote trusting relationships, and these trusting connections enable the transfer of more information. Individuals are more likely to avoid fearful pioneering behavior about their partners and more likely to exchange sensitive facts, creating a field of collaborative effort and commerce that may benefit the two associations and the people who work there (Jebali & Meschitti, 2020).

The distinctions between functional offices, between employees and clients, and between the company and its vendors should all be blurred (penetrability). Additionally, representatives ought to be placed close to one another, and important business documents - arranged in proximity (Adewale, 2020). Perhaps arranging around teams and systems is a standout among the best ways to provide penetration and system closeness life. Cross-practical and collaborative worker-client critical thinkers excel at doing this. The capacity to change between self-governance and decentralization of intensity from

one perspective, for both inspiration and adaptation and integrated control, then again, for co-appointment, is a trait of successful teams (Argote & McGrath, 2001; Adewale, 2020).

Associations may start by re-orienting staffing criteria to focus more on relationship qualities and augment this with group preparation and other cross-useful linkages that support more extended learning systems to increase collaboration and coordinated effort. Creating virtual teams may also be a great approach to encourage the exchange of knowledge. In contrast to responsive and distant employment, the participatory technique of human resource design may be used to build and attract individuals and associations to occupations that are innovative and useful (Stankeviit & Savaneviiien, 2018). Additionally, likely, implementation feedback from friends, clients, co-workers, and even subordinates will promote learning sharing. Each of these actions will probably increase the potential and provide access to studying trade and blending.

Critical changes in factors and culture could call for energizing knowledge sharing (Bacon, Williams & Davies, 2020). Sharing knowledge diminishes a person's ability based on many associations; hence, strong incentives should be set up to encourage common trade. In fact, even under ideal circumstances, there is a learning market, and a person's decision to participate in it comes with financial benefits and drawbacks. Group incentives including rewards, benefit sharing, and extra sharing may ensure that representatives work together and share ideas with others as their income is based on how well they represent one another. The limit of the association between societal learning and interactive activity is higher the more doors are opened for community-oriented

thinking. An alternative kind of social capital, as correctly stated by Nahapiet and Ghoshal (2008), may serve as a suitable means of coordination for individuals or groups to share their knowledge. Similarly to this, Kang, Morris, and Snell (2007) argued that some forms of social capital may improve the ability, opportunity, and motivation for learning allocation across groups.

A configuration may be created by combining the HRM practices (Makhija, 2003). Human resource managers have switched their attention from single human resource practice HRM configurations to an integrated framework encompassing multiple human resource practices that make up a system of HRM configurations (Mayson & Barret, 2006). Settings of techniques have a more favourable impact on a company's performance than a single HRM practice would since the practices in these configurations are interconnected and internally consistent. A crucial component that unifies many human resource approaches is human resource operations (Nickson, 2013).

Subramony (2009) asserts that there are three categories of HRM setups: skill configurations, incentive configurations, and empowerment configurations. In line with Subramony's results, the chosen practices improve business performance by enhancing employees' knowledge and abilities. Therefore, businesses should ensure that managers have the necessary knowledge and skills to carry out their managing responsibilities. Additionally, they need to show them that they are valued and give them a workplace that supports the required resources and employment chances. According to the configurational approach, tangled links between the performance and result practices

driven by human resource practice configurations are what connect the company and HRM's attainment of goals (Maheshwari, Samal & Bhamoriya, 2020).

### **1.1.2 Organizational Characteristics**

Organizational characteristics refer to organizational aspects identified, that are usually related to performance. For instance, the theory of modern management suggests that organizations having organizational climate focus on organizational objectives, and organizational structure clarity but with clear systems of measurement that will enable monitoring progress (Abu-Jarad, 2010). Organizational characteristics, therefore, denote the scope of the organization that includes a parent company for business possessing one or more entities, enterprise for a whole organization, and separation or section for a sub-organization within the general organization.

According to Schuler and Jackson (2005), organizational characteristics are defined as features that originate from the management model being adopted by the firm, through its strategy or structure as well as from the firm culture encompassed like its relationships and membership. In this case, organizational characteristics include organizational culture, organizational structure, and communication strategies. Schuler (2005) defines corporate culture as the behavioural prospects, familiarities, philosophy, as well as standards that guide employees. It is articulated in employee self-image, connections with the external realm, and prospect prospects.



According to O'Sullivan et al. (2009), firm characteristics such as business age, measured by the total number of years the organization has been in operation, size, measured by the total number of employees, and ownership structure, measured by the number of shareholders, have been used to quantify the influence of firm characteristics on firm performance. Performance measurement is critical in converting an organization's strategy into the activities and outcomes that the company wants to achieve (Kaplan & Norton, 2001).

According to Ratanen and Holtari (2000, 2000), performance can be defined as the ability to achieve results while being effective and efficient. Performance can be examined from a variety of perspectives, including the monetary, consumer, procedure, and learning/growth perspectives. Incorporating stakeholder satisfaction, strategies, procedures, competencies, and stakeholder input, the balanced scorecard has four perspectives: financial, consumer, process, and learning/growth (Kaplan and Norton, 2001). Additionally, Lusthaus et al. (1999) established the organizational assessment (OA) framework to analyse performance, and they suggested that performance might be assessed on the grounds of relevance, effectiveness, efficiency, and financial viability.

Culture is founded on collective beliefs, approaches, norms, and inscribed and unrecorded guidelines that have been advanced over time and are deliberated to be valid. The productivity and efficiency of a firm are considerably impacted by the culture of the organization. Strong advantageous culture is a requirement for the competitiveness of a firm and to ensure that it achieves its goals in the current corporate environment. Culture

determines how the firm will meet the objectives that have been strategized. Ndwiga (2012) expounds that the execution of a strategy in the firm is directly affected by the prevailing culture if the culture is the weak organization will not accomplish its goals (Khan, 2013).

Al-Hatmi (2012) states that hierarchical structure includes how exercises in task distribution, management, and observation are synchronized to the achievement of corporate points. Associations need to be effective, adjustable, original, and objects to achieve the economical upper hand (Harper, 2015). An association can be structured from many perspectives, depending on its targets. The structure of a relationship will influence the styles wherein it works and achieves. Authoritative structure licenses the connected assignment of responsibilities concerning various aptitudes and measures to isolate substances, for example, the branch, office, workgroups, and people.

According to David (2011), organizational structure affects an organization's actions in two ways: it facilitates the standard working procedures and schedules for rest, and it also determines who has the opportunity to participate in basic leadership processes and how quickly their viewpoints affect the association's decisions. Communication procedure communicates the purposes and techniques for an association's effort exercises, including what organizations wish to divulge to the people in general and whom the organization is trying to influence (Kawachi & Berkman, 2000). The correspondence system is intended for the association to convey viably and meet organizational objectives.

Communication strategies are a corporate instrument (Lin, 2002) that supports institutions to bring into line their professional aims with a corporate idea that emphasizes the accomplishment of a set of prearranged outcomes. The way an organization is structured, its culture, and set strategies of doing things, in many cases tend to have a mediating effect, in that, in this case, they will intervene between the configuration of HRM practices and performance. This is attributed to the fact that these characteristics can affect the way employees are employed, and the way they work, which in the long run can influence performance either to a positive or negative (Botelho, 2020).

### **1.1.3 Social Capital**

Social capital can be defined in several accepted definitions. As a result, there arises no common definition agreed upon concerning social capital and if there is any specific definition adopted by any study, that depends on the investigation level and the discipline studied (Robison, 2002; Dolfma & Dannreuther, 2003). In connection to many frameworks explaining social capital, there is always one major disagreement as well as a contradiction in social capital definitions (Adler & Kwon, 2002; Botelho, 2020). According to Garrigos-Simon, Botella-Carrubi, and Gonzalez-Cruz (2018) social capital refers to an economic term that does not take into account its multi-dimensional and multi-disciplinary nature. Social capital is a resource that arises via social interactions between individuals, systems, and groups (Reyes, Giovannoni & Thomson, 2019). Social capital was defined by Garrigos Simon et al. (2018) as actual or potential assets inserted in a potent social network of structured interactions. The dynamic contribution of

everything being equal, solidarity, and dedication is seen as the core components of this network in its conceptualization.

According to Yaméogo, Fonta, and Wünscher (2018), social capital is all about social network value whereby similar people bond together hence bridging the gap between different people, with given reciprocity norms. In this case, if it is jobs to be given, people secure jobs depending on whom they know rather than what they know. As a result, Botelho (2020) defines social capital as the available goodwill to persons or groups, whereby its source is in the content and structure of the social relations of the actor. In their conceptualization of social capital, Garrigos-Simon et al. (2018) focused on two elements: the network of social contacts and the capital (social, social, and economic) that members of the network hold. According to the aforementioned, social capital is an asset created through interpersonal connections and other social institutions, such as associations, networks, and social orders.

Yaméogo et al., 2018; Reyes, Giovannoni, & Thomson, (2019), argued that social ties are the fundamental components of social capital and are the principal means through which considerable resources are available and open. They considered social capital as a capital similar to other capitals. They defined social capital as "resources placed in a social system that is obtained via or made ready by intentional activities." Social capital, as defined by Yaméogo et al. (2018), is a type of interest in social contacts created by individuals to access and employ significant resources available in social networks.

Better group communication, increasingly skilled collective action, updated systems and academic capital usage, and greater access to capital are all improved by social capital (Garrigos-Simon et al., 2018). The effects of social capital are more widespread and include the generation of new social capital and the maintenance of social cohesion, both of which indirectly lead to improved economic performance. The market value of a residence and the financial evaluation of client interactions are both equally unnoticeable. Social capital has evolved into a fundamentally empowering force for growth. It refers to the investment that is made when a network of associations develops the ability to collaborate to enhance shared profitable growth.

Social capital, often defined as the actual and potential resources established in associations among performers, is increasingly recognised as a significant predictor of the effectiveness of groups and organizations (Reyes, Giovannoni & Thomson, 2019). Social capital may affect economic implementation and the process of economic development and advancement on a wide scale. A key factor and source of administrative heuristics for increasing the value of illegible resources and including more difficult concepts are social capital. An association with high levels of social capital is one in which internal divisions are closely tied to one another and have a shared mission (Barrena-Martnez et al., 2019). The corporation would also exhibit comparable traits remotely, structuring successful alliances and organisation to improve its overall market performance.

Social capital is mostly built on human connection. According to O'Donnell et al. (2006), human measures account for at least half of all intellectual capital incentives to an

association. It is suggested that social and behavioural metrics are important for effective correspondence, which in turn affects organisational performance (Botelho, 2020). Social capital promotes unique knowledge through data exchange and organised learning upgrading activities. Data sharing, trade upgrading collaboration, and shared accountability are what drive association execution, especially in knowledge-serious associations (O'Donnell et al., 2006).

Similar to how social capital reduces costs significantly, social capital may also reduce organisational costs (Chadwick, 2010). Human resource practises may promote the development of familiarity inside the company, which ultimately results in an advantage, by identifying and managing a variety of social capital across representative groups in the design. The flow of information inside and between organisations is crucial for growth and continual acceptance, encouraging an increasingly potentially aggressive attitude (Alvesson, 2012).

Social capital is therefore deemed to have a moderating effect on the relationship between the configuration of HRM practices and organizational performance, given that it affects in one way or the other how organizational staffing is carried out.

#### **1.1.4 Organizational Performance**

Organizational performance is defined by Delmas (2012) as a comparison of a company's performance to its plans. Performance measures how effectively a company has used its resources to generate profit for its owners. Firm performance, according to Wheleen and

Hunger (2001), is the end result of a company's operations during a given period (Delaney & Huselid, 1996). To evaluate organizational performance, several indicators are used. These indicators include the quality of service provided, the quantity of output produced, research and development, absenteeism, and the amount of annual turnover (Hamon, 2003).

According to Hamann and Schiemann (2021) organizational performance refers to the actual results or output an organization realizes as measured against the intended outputs in realignment to certain goals and objectives. In this case, it measures the fulfilment or success of an organization at the end of a project or program as planned. On the other hand Pang (2018), performance is perceived as an understanding of the realized results. It puts emphasis on the particular nature of the definition and the impossibility of outlining a general definition. According to Al-Habib (2020), organizational performance is the degree to which a firm, with some financial, informational, and human resources, positions itself effectively in the business market. From these definitions, it is clear that performance is associated with the output realized in an organization. It implies that performance is realized when there is an increase in output, both quantitatively and qualitatively.

Organizational performance measures the effectiveness of management in utilizing resources entrusted to them by shareholders to generate wealth within a specified period (Berger & Patti, 2002). At various points in time, it is calculated by comparing various ratios to determine how effectively the firm's resources have been put to work in the

creation of wealth. Various ratios have been used based on the measurement's purpose. Ratios, according to Berger and Patti (2002), reflect whether a firm is effectively employing the resources at its disposal to achieve the goal of increasing the wealth of its owners. The ratios are used to standardize measurement so that it may be compared between industries, within the same firm over time, or between firms in different industries. The primary goal of examining an organization's financial performance is to determine how effectively its resources have been used to generate profits and wealth for its owners.

Richard (2009) postulates that institutional output involves three correct parts of business performance: organizational financial operations, product market performance, and shareholder return. The extent of firm goal achievement describes organizational performance, which is either financial or non-financial (David, 2011). Organizational performance has been measured using ROI, and return on asset (ROA).

The idea that an organisation is a voluntary collection of productive assets including human people, physical assets, and financial resources that join together to achieve a shared objective is the basis for the majority of the concept of organisational performance (Alchian & Demsetz, 1972; Barney, 2001; Jensen & Meckling, 1976; Simon, 1976). When compared to other uses for those assets, those who donate assets to an organisation will only do so if they are satisfied with the value they receive in exchange for those assets. As a result, the foundation of every effective performance is the production of value. The assets will continue to be made available to organisations, and the



organisations will continue to exist, to the extent that it is practicable to produce value via the use of donated assets that is equal to or higher than that expected by the people who provided the resources. As a result, the creation of value according to the resource provider's definition is the most crucial performance standard that each company must satisfy.

There are different organizational performance measures but this study used return assets as a measure of performance. Return on assets indicates the profitability of a company to its total assets (Fauzan, Ayu & Nurharjanti, 2019). It is usually employed by investors and management as well as analysts to determine whether an organization efficiently utilizes its assets to realize profit. ROA was used to measure performance in this study since it provides investors with an idea of how the company can effectively convert the money it invests into income. When the ROA is higher for the company, then the company is said to be better off since the company is said to be earning more money even though the investment is small. On the other hand, when ROA is higher, this implies that there is more asset efficiency (Choiriyah, Fatimah, Agustina & Ulfa, 2020).

In this study, organizational performance was selected as the dependent variable. This is attributed to the fact that the success of any formed business is evident in its performance. On the same note, given that the study considered the configuration of HRM practices as the independent variable, among the key variables usually affected by the configuration of HRM practices is performance. Organizational performance as the dependent variable was therefore in line with the independent variable which was settled on.

### **1.1.5 Firms listed in the Nairobi Securities Exchange**

The Nairobi security exchange (NSE) was recognized as London Stock Exchange in 1954. It takes today the fourth major exchange capacity, crossways the African landform, and dramas a dynamic character in the development of the country's budget (Olweny & Kimani, 2011). There were 65 firms listed in the NSE as of 31 December 2017 (NSE, 2017). These firms are divided into several categories, including banking, commercial and services, construction and allied, energy and petroleum, insurance, and investment. Moreover, they characterize the main segments of the budget, which comprise farming, businesses, and services segments, economic, and venture segments, and expansion business and similar subdivisions, NSE is the focus aimed at the training.

A firm should circulate inspected financial reports repeatedly in acquiescence with global commercial broadcasting values in every bookkeeping time (The Companies Act, 2015). For the resolution of the agreement, the registered businesses are subject to their inspected financial reports, which this research will use to mount their monetary outcome (Santos & Brito, 2012). The phrase moderate denotes the equilibrium between fiscal and non-fiscal outcome assessment, between covering and foremost pointers and amongst inside and outside viewpoints of performance assessment (Abu-Jarad, Yusof & Nikbin, 2010). The choice of firms listed in NSE was arrived at because these firms listed are the pivot to the county's economic growth and the configuration of human resource management practices and their performance is in the interest of every stakeholder in the sector. Thus, there is a special interest in the firms to establish how well they manage the configurations of human resource management practices to enhance performance.

## **1.2 Research Problem**

Previous studies involving the relationship between configuration of human resource management practices and firm performance have produced mixed findings that require further examination for generalization of findings (Tadic & Pivac, 2014; Trehan & Setia, 2014). Past evidence of the influence of human resource management practices on organizational performance has ranged from positive (El-Ghalayini, 2017; Jashari & Kutllovci, 2020) to negative (Guest, 2011; Fonti & Maoret, 2016) to mixed (Osemeke, 2012; Tana et al., 2017). Other factors, including social capital (Pratono et al., 2016; Tana et al., 2017; Sözbilir, 2018) and organizational characteristics (Toh, Morgeson & Campion, 2008; (Katou & Budhwar, 2010; Albrecht et al., 2015), can play a role in the relationship, as evidenced by the contradictory research findings on corporate HRM practices and performance. This indicates a conceptual chasm that requires further investigation.

Studies done in the Kenyan security exchange have not involved the influence of configuration of human resource management practices. Failure to adopt configuration of human resource management practices is thought to have contributed to the failure and delisting from NSE of major companies in Kenya such as Uchumi stores, Chase Bank (2016), Nakumatt (2018), ARM cement (2018), and Tuskys (2020) among others. Other studies by Kipkebut (2010) and Mwaniki (2016) opined that human resource practices are the key cause of these organizations' failure. They came to the conclusion that neglecting to implement good human resource management methods to strengthen the solid and

sound management of publicly traded companies and align the interests of all stakeholders has a substantial influence on performance.

Numerous studies of human resource configurations have been conducted using different methodologies. Lee (2012) investigated the relationship between human resource management and intellectual capital using descriptive research design. The study focused on 777 biotechnology companies in Australia. The findings indicated that all configurations of human capital were significantly associated with intellectual and social capital. This study concentrated on the biotechnology industry, resulting in a void that the current study seeks to fill by focusing on firms listed on the Nairobi Security Exchange. To close the gap further, the current study will examine the relationship between configurations of human resources, organizational characteristics, and social capital to performance. The present study will cover a total of 61 companies listed on the NSE.

Sarwarietal (2016) conducted a study on human resource management practices and organizational performance in Pakistan. The target population were employees of construction firms in Pakistan. The study sample size was estimated using simple random sampling to from a sample of 315. The result revealed that HRM practices initiates an intelligent and aggregate culture within the organizations which promotes organizational sanity and empathically and fundamentally associated with organization's social capital dimensions which has an effect on organizational performance improvement. Choudhury's (2014) on the other hand studied developed economy, and as a result this may not applicable in Kenyan context. Resulting to a contextual gap. The current study

used census and concentrates on the firms listed in the NSE. Also, Sagwai et al. (2015) focused on two predictors that is Human resource management practices and overall employee performance, and thus their findings cannot be used comprehensively, with those of the current study resulting to a knowledge gap that must be filled. This gap will be filled by the current study by incorporating the additional variables such as organizational characteristics and social capital. In addition, Sagwai et al. (2015) focused on 60 firms whereas the current study will focus on 61 firms' effectively addressing the population gap.

Sabine (2010) examined the human resource configurations, job performance, and incentive to continue working of senior employees in a variety of job types. It was discovered that development configurations and job performance were significantly associated with motivation to continue working. The study did not, however, focus on the contexts of human resource management practices, organizational characteristics, and social capital, as this study does. Additionally, because the variables in the study were not related to the aspect of performance, the findings cannot be applicable to the current study, resulting in a knowledge gap

In Kenya, empirical literature research has been restricted to a few studies at the Nairobi Securities Exchange focusing on financial growth. Several studies have also investigated the moderating effect on the predicted interrelationships between organizational characteristics and social capital, with an emphasis on intervening and joint effects. Furthermore, most studies on the relationship between human resource management

practices and business success have yielded ambiguous results, ranging from a positive association to a negative relationship to no relationship at all. However, more studies on how configurations of human resource management practices, organizational characteristics, and social capital affect corporate success are required. This study examines the direct, indirect, and joint impacts of these variables.

Existing studies testing the connection between human resource management practices and company performance used simple and multiple regression analyses where stepwise and multiple linear regression models were employed to investigate the moderating and joint effects. Further, previous studies employed either time series (longitudinal analysis) or meta-analyses to generate hypotheses but failed to test the same. The studies above present conceptual, contextual, and methodological gaps to fill in this research. Analyses have been carried out at the contextual level in different contextual setups, sectors, and countries (developing and developed). In particular, those carried out in Kenya have majorly considered either financial institutions or state corporations, or higher institutions of learning. There are sufficient studies on human resource management practices and the performance of a company; nevertheless, the findings are inconsistent due to the various theoretical perspectives and performance assessment methods used, competing viewpoints, and the context character of particular firms.

The evaluated studies used census surveys, content analysis, structural equation modelling, and regression analyses to reach these conclusions. This study used a cross-sectional survey approach and a regression analysis to test the stated assumptions. In addition, the study investigated the variables' direct, moderating, and joint effects.

Finally, based on the contextual, conceptual, and methodological gaps, this research sought to answer the question, what is the influence of configurations of human resource management practices, organizational characteristics, and social capital on the performance of firms listed at NSE in Kenya?

### **1.3 Research Objectives**

The primary aim of this research was to establish the influence of configurations of HRM practices, organizational characteristics and social capital on the performance of Firms listed in NSE. The study's specific objectives were to:

- i. Determine effect of configurations of HRM practices on the performance of firms listed in NSE.
- ii. Establish moderating effect of social capital on the relationship between configurations of HRM practices and the performance of firms listed in NSE.
- iii. Determine intervening influence of organizational characteristics on the relationship between configurations of HRM practices and the performance of firms listed in NSE.
- iv. Determine the joint effect of configurations of HRM practices, organizational characteristics and social capital on the performance of firms listed in NSE.

### **1.4 Value of the Study**

This study provided insights on the integrative relationships between configurations of HRM practices, organizational characteristics, social capital and performance of corporations registered at the NSE. The results of this study were expected to support the theories used in the study namely; Ability Motivation Opportunity theory (AMO), Social

Exchange Theory (SET), and Social Capital Theory (SCT), for the progression of knowledge in the field of human resource management and also to open ground for other researchers' criticism.

The results of the study were expected to inform practice. The study findings on the relationships between configurations of HRM practices, organizational characteristics, social capital and performance of corporations will help the management of the firms reinforce the performance practices to adopt the positive aspects of configuration of human resource management practices that the study show influence firm performance.

The study was also expected to add value to the policymakers in the industry, who then have better insight of the need to include configurations of HRM practices, organizational characteristics, and social capital in their policies to enhance firm performance. Some of the human resource practice policies that can be reinforced based on the findings of his study include recruitment policies, financial procedures, dismissal procedures, as well as procedures of presenting the grievances.

### **1.5 Chapter summary**

This chapter covered the background of the study regarding the study variables that is the configuration of human resource management practices, social capital, organization factors, and the performance of firms listed in NSE. The chapter covered the research problem as well as the specifics objective that guided the study. Further, the chapter covered the value of the study.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents the literature review on the subject of the study. It presents the theories guiding the study. It also presents the empirical review of the study variables as well as the research gaps of the study. In addition, it presents the research hypothesis and the conceptual framework.

### **2.2 Theoretical Foundation**

The study was guided by three theories which include the Ability Motivation Opportunity theory (AMO), Social Exchange Theory (SET), and Social Capital Theory (SCT). These theories clarify the relations among the variables of the study, namely: the configuration of HRM activities, organizational characteristics, and performance of the NSE. In this study, the anchoring theory is AMO while SET and SCT are supporting theories. AMO theory is the anchoring theory in that organizations can apply it by making use of human resource configurations to influence company performance. According to this hypothesis, social capital influences a firm's performance (Appelbaum, Berg & Kalleberg, 2000). This theory describes the skills required for routine conduct, the motivation behind behaviour, and chance background and occurrence elements important to the fulfilment of the behaviour.

#### **2.2.1 Ability-Motivation-Opportunity Theory**

Bailey (1993) was an advocate of the AMO hypothesis, which Appelbaum, Berg, and Kalleberg later examined (2000). The three pillars of the idea are an individual's capacity, development, and opportunities that encourage engagement. The culmination of the three

principles is employee performance, which improves the organization's capacity to compete with its rivals (Knies & Leisink, 2014; Munteanu, 2014; Claudia, 2015). According to the notion, workers are in a position to provide their best work when they are sufficiently motivated and have access to environments that allow for appropriate engagement (Marín-García, 2013; Choi, 2014).

Many scholars believe the AMO theory to be the most useful in describing the connection between organisational performance and human resource management in diverse organisations throughout the world (Demortier et al., 2014; Knies & Leisink, 2014). According to some academics, the impact of the AMO theory on an organization's performance is complicated since it depends on the presence of certain practices in a given setting. The procedures must be connected to human resources-related information. The idea also depends on how employees see these actions, which will ultimately affect how well the firm performs (Ehrnrooth & Björkman, 2012).

The relationship between HRM setups and organisational output is made clear by the AMO hypothesis. According to this idea, human resource activities and policies may be utilised to influence an individual's capacity, motivation, and likelihood of success, all of which increase a person's ability to do their job act (Knies & Leisink, 2014). The idea places a particular emphasis on the different institutions that create the environment and circumstances that have an overall impact on the employee's performance. It further helps managers and workers to work at their highest levels while ensuring they acquire the information, skills, and abilities needed to carry out their respective duties. When

adopting different human resource configurations, AMO Theory may be applied to diverse organisations to determine how this will affect the performance of the business. According to this notion, social capital influences a company's performance.

This theory describes the skills required for normal conduct, the motivation behind behaviour, and the background and occurrence aspects that are important for the behaviour's fulfilment. AMO's detractors said that the theory does not support a compensation system based on employee engagement (Guest, 2011). If appropriate rewards can be tied to AMO, the company encourages employees' confidence that increased efforts and independence will pay off, which supports their willingness to take initiative in their work. According to Lee (2012), if employees do not perceive that the organisation is offering them the chance of advancement throughout the process, they will be reluctant to demonstrate creativity or autonomy at work.

### **2.2.2 Social Exchange Theory**

Emerson (1976) and Ekeh (1974) developed the theory of social exchange. This theory is hinged on the standard of interchange, where an individual will automatically desire to meet the need or reciprocate the help he or she receives from the other person. For instance, if an individual assists a friend, this associate will experience a compulsion to respond after a while in the forthcoming, contributing a form of help that is equivalent in degree. If this custom of mutuality is satisfied, an unquestioning and trustworthy connection develops (Cropanzano & Mitchell, 2005). People encounter a robust urge to respond well. Indeed, people experience additional interest in countering kindness than

most supporters, essentially foresee (Flynn, 2003; McGuire, 2003). SET assumes that if people help others, they generate understanding back that is similar to the charge, energy, or tiresomeness of this act. In disparity, if people obtain help, they return a kindness that is analogous to the use or advances they adored as the value of this act--almost irrespective of the price or untimeliness (Zhang & Epley, 2009).

This belief can produce resentment in associations. If people bargain care that was very problematic to them, but not exclusively valuable to the other individual, they will assume a primary factor, but obtain small favour, in return. They will, thus, be inclined to practice a sense of dislike, which can conciliate the steadiness and belief of their connection with this individual (McGuire, 2003). In brief, social interactions are occasionally professed as unfair by an individual or both revelries. Supporters, for instance, may access their support that was not returned adequately. Such professed discrimination can cause war and sensitive sorrow (Bakker et al., 2000).

The SET theory explains the relationships as cost-benefit equations (Prusak, 2001). However, critics argue that the links are very intricate to be decreased to basic mathematical equations. When considering every one of the factors that facilitate and influence affiliations such as the necessities of every person, their intentions in the remaining part of the relationship, the benefits of each gathering, and other mental factors. It is often difficult to make everything up into clear mathematical terms. This is even though they can shape the costs and benefits of a relationship. It, lamentably,

neglects to acknowledge the multifaceted nature associated with human interactions (Subramaniam, 2005).

### **2.2.3 Social Capital Theory**

Bourdieu and Coleman proposed the social capital hypothesis (1983). According to the theory, social relationships between resources can promote both the development and accumulation of human capital. Any social interaction that has reproductive advantages might be referred to as social capital in evolutionary terms. From the notion of praxis, the concept of social capital was formed. The form of social capital that has been produced is oriented toward different social domains, which are composed of a social praxis of different players (Schwingel 1995). According to some, social capital cannot be considered as existing independently. Bourdieu (1983) defined social capital as the labour that has been amassed over time and exists in the form of physical objects or incorporation. Although the accumulated form of capital is labour-intensive, it is valuable because it generates profits and continues to expand even as it is generated.

There are several forms of capital in society, including social capital, economic capital, and cultural capital. Through the employment of transformational labour, the three types of capital are transformed into one another. Different commodities and services may be acquired through economic capital, whereas social capital can be used to acquire social commitment and interpersonal relationships. The three types of capital are important because different groups within society have access to various forms of cultural, economic, and social capital.

The theory is relevant to the current study because it explains how wealth is dispersed across different social classes in society. For instance, the amount of capital that exists in diverse fields varies according to the demands of a given group. These capitals serve various purposes and have varying significance. The application of the various social groupings within the community determines how each capital grows in its specific sector. The researcher will make use of the theory to explain how organisational performance is tied to how scientific capital is related to different human resource practises in organisations (Bourdieu 1983).

A growing numbers of academic working in both developed and developing countries are taking into account the importance of social capital is the binding force in holding institutions together (Cantner, & Stuetzer, 2010, Ndofoi & Priem, 2011, Pateli & Terjesen, 2011, Brink, 2011; Bradleyietial, 2012; Kipchirchir, 2014; Agyapongietial., 2017). Sociological theorist Pierre Bourd defines social capital as the sum of real or prospective resource that are connected to the ownership for a long lasting network of more or less formalizes it of mutual acquaintance and recognition, it's also defined it as the total amount of resources that a company accumulates as a result of long terms network of contacts with the firm (Nahapiet & Ghoshal, 1998). This social capital may also be referred to as the social relationships that is allow an entrepreneur acquire the physical and tangible asset that are essential for successful company operation (Daiietial., 2015) informal entrepreneurship may access resources via their network and social connections, which allows them to recognize business possibilities (Bhagavatulaietial.,2010)

And mobilize human and financial resources in support their operations (Batjargal, 2003). From both the content and process views social capital has been defined as having three dimensions: structural, cognitive, and directional (Nahapiet & Ghoshal, 1998; Pearson, Carr, & Shaw, 2008). The presence of the structural dimensions required for the existence of the relation to cognitive dimensions while the existence of the relationship dimensions required for the existence of the relationship required for the cognitive dimensions. The structural dimensions may be described as the general pattern of relationship that exists between persons and their environment (Burt, 2000). It's also refers to the organizational structure of a social network (Bhagavatula, 2009).

A network may be described as an interpersonal interaction between individuals that serves as a way of transmitting information to and from one another. The relational component is described as a personal connection that individuals have created with one another, and these relationships are the sources of meeting the social requirements of the persons involved in the interaction (Nahapiet & Ghoshal, 1998). Trust is also a crucial aspect in the relational dimension since it guarantees that these social interactions take place. Chow and Chan (2008) developed formalized terms for cognitive resources, they may be characterized as those that allow for the exchange of shared representation, interpretation, and meaning-making processes According to Chow and Chan (2008), resources are expanding, and knowledge is increasing.

This dimension has represented features such as a common language, a shared understanding, and social rules of behaviour in a group situation (Priyanath & Premaratne, 2015). In addition, features like shared language, shared narratives, common

viewpoints, and community congruence or generally agreed-upon meanings might be included in the cognitive component of the model (Nahapiet & Ghoshal, 1998). From a process perspective, the four dynamic factors that contribute to the creation of social capital are stability, closure, interdependence, and interaction. Stability, closure, interdependence, and interaction are the four dynamic factors that contribute to the creation of social capital and foster its evolution (Bourdieu, 1983; Coleman, 1990; Misztal, 1996; Nahapiet & Ghoshal, 1998; Arregle et al., 2007).

Having a social capital among the members of an organizational increases their capacity to share information and transmit ideas among one another. Having a social capital among members of a company boost their ability of the firms to acquire resources that might improve their performance (Florini et al., 2003). As stated by Rooks, Szirmai, and Sserwanga (2009), entrepreneurs, company owners and managers must establish strong linkages with their networks of social, business and personality's interactions in order to reap the full benefits of social networks sites. While Geletkanycz and Hambrick (1997) claims that social capital (orientation of networks) are in significant resources of knowledge and information that complement employee experience and have impact in organizational performance. Leana and Pil (2006), found a positive relationship between social capital and corporate performance. As previous stated social capital helps small and medium size businesses improve their performance by lowering transaction costs which lead to improved efficiency results ((Fafchamps & Minten, 2002). It is hypothesized that organizations with high social capital will have higher firm productivity than organization without social capital. The link between social capital and



organizational performance has been researched by scholars in the past (Felicioietial, 2014; Clarkeietial., 2016; Praton, 2018), while Stamietail. (2014) evaluated the implications of an entrepreneur's social capital on small business performance.

Societal capital is a significant aspect of the organization because it benefits the organization's knowledge and provides possibilities for the organization to comprehend its network structure, both of which are key factors in the organization (Celestini, Gavronski, & Kaynak, 2013). The ability to get an advantage from financial resources, as well as the ability to boost the efficiency of operations inside an organization, are all benefits of social capital. As a consequence, social capital may be classified as an economic asset in certain situations (Celestini, Gavronski, & Kaynak, 2013). Muiady et al. (2001) define social capital as how people collaborate with others, the impact of human contact within a relational context, and how individuals are connected to a network or connection (2015). It is also said that developing strong social capital inside an organization or network would be beneficial in confirming the connection between a business's customer and supplier, hence increasing the sales value of the company as well as increasing its profit. For SMEs in an age of rapidly rising and emerging economies, social media platforms are becoming more important (Le Van, Nguyen, Nguyen & Simioni, 2018). Asian marketplaces are highly networked (Hitt, Lee, and Yucel, 2002), and in the context of a developing economy such as Sri Lanka, small and medium-sized enterprises (SMEs) must rely on their social capital. Furthermore, the employment of SC is particularly important to SEs since their target markets are skewed and corrupt in their design, which makes it difficult for them to compete (Le Van et al., 2018).

#### **2.2.4 Human Capital Theory**

The human capital theory was given by Gary Becker in 1964 and advanced by Rosen (1976). According to this theory, individuals acquire skills, knowledge, and abilities through investments in education, training, and health, which can increase their productivity and earning potential in the labour market. Those who are capable of learning and changing, inventing, and giving a creative push are the human aspects of an organization. When appropriately motivated, these elements are capable of ensuring the company's long-term survival and success.

According to Schultz (1961), the Human Capital Theory (HCT) gives a viewpoint that value addition by individuals inside an organization may contribute to improved business performance. People, according to human capital theory, are considered assets rather than liabilities inside a company. According to Bontis et al. (1998), human capital reflects the human aspect of an organization; the combined intellect, skills, and expertise that gives the company its particular character. Human capital is defined as follows: Human Capital Transformation (HCT) highlights the extra value that people may provide to a business. The term "human capital advantage" is used to describe this circumstance, according to Boxall (1996). Human capital is an intangible asset, which means that it does not belong to the company that employs it. Individuals come to their traditional office, get to work, and when they leave after a working session, they carry with them the majority of their knowledge and connections.

When viewed from a temporal perspective, knowledge (activities involving one employee), collaboration (activities involving more than one employee), process (activities specifically focusing on the knowledge and collaborative activities generated by organization structure such as silo impacts internal politics etc.) and the absence (activities specifically focusing on an employee's absence) are the key activities of human capital (sick leave, holidays, annual leave etc.). Although there is no legal ownership of human capital, organizations may and do benefit from high levels of training, in part because they help to generate a corporate culture or vocabulary phrases that help to build cohesiveness.

As an explanation for some labor mobility issues and phenomena such as golden handcuffs, the concept of firm-specific human capital has recently been introduced in economic writings. This concept includes those social relationships, individual instincts, and instructional details that are valuable within a single infirm (but not in general). Because they have gained this information, these abilities, and these instincts, workers may be more useful in their current jobs just by virtue of having obtained them. Because of their reluctance to quit, the company benefits from their inability to sell their abilities elsewhere.

### **2.3 Configurations of Human Resource Management Practices and Organizational Performance**

El-Ghalayin (2017) examined human resource management practices and organizational performance in public sector organization. The study focused on an international

governmental body that has been understudied. After conducting a large-scale poll of the whole business, this research investigates the impact of HRM practices on employee attitudes by presenting the findings of a staff survey and follow-up interviews with representatives from one of the world's largest governments (IGOs). There is strong empirical evidence that some HRM strategies, like as training and development, outperform other approaches, such as staffing and recruiting.

Many firms now use configurations of methodologies instead of just one or two human resource strategies. The empirical data that demonstrates that a combination of human resource techniques has better results on business performance than a single strategy has led to this trend (Saridakis, Lai & Cooper, 2017). The interdependence, internal coherence, and complementarity of approaches within a configuration of HRM practises boost employee motivation and help the organisation produce more (Tadic & Pivac, 2014). Three categories of HRM configurations—skill configurations, incentive configurations and empowerment configurations, are described by (Youndt, & Snell, 2020)

There is a substantial amount of evidence that supports human resource management methods and their favourable impact on organizational outcomes and company performance. As a result, human resource management programs (HRMP) may be categorised according to their effect, skills, and abilities of workers, motivation, and the framework of the job (Ulasi, 2011). A few aspects of human resource management that can be taken into account include compensation, career advancement, career

development, performance appraisal, I employment security, training programme, organisational commitment, job satisfaction, employee participation in decision making, teamwork, HR planning, and staffing practises (Wilton, 2019).

The practices of human resource management may have an impact on the performance of a business. According to Guest (2003), a certain set of human resource best practices may boost a company's revenues, and the effect is much more evident when HR practices are integrated and employed in conjunction with one another. Such a conclusion is applicable to all businesses and industries, regardless of their location or industry. Firms must have a long-term commitment to their employees in order to keep them. This may be accomplished via more stringent recruiting and selection procedures, as well as increased investment by businesses in training and I development of their employees. Many firms need to adapt their organizational attitude so that people are seen as assets rather than as expenses (Shah, Iran, & Sharif, 2017).

Employee attitudes were also shown to have synergistic and complementary effects on HRM practices that exceeded their individual impacts. Some bundles of HRM practice have large beneficial benefits on worker attitudes, while other elements might favourably or adversely attenuate the efficacy of these practices, raising the question of reverse causation. The study focused on an international governmental body that has been understudied. A quasi-governmental role is played by the organization in the provision of critical public services, such as education, health care, social support, and disaster relief. There is strong empirical evidence that some HRM strategies, like as training and development, outperform other approaches, such as staffing and recruiting. Moreover, the

findings showed that HRM strategies had greater influence on employee attitudes when used in concert than when used alone.

Study by Trehan and Setia (2014) explored the link between human resource management practices and organizational performance. To better understand how human resources (HR) affects a company's overall performance, a comprehensive literature review and a firm-level conceptual framework were suggested. There are direct and indirect effects of HR on organizational results that are investigated by looking at the integration, perceived effectiveness, and business and operating strategy fit of three complimentary HR practices that are part of an HR system.

Government institutions are constantly striving to improve their performance in a rapidly changing economic environment, marked by trends such as globalization, increasing investor and customer demands and increasing products on the market competition, by minimizing costs, renewing products and procedures and improving quality in order to compete and continue in the environment. A study by Anwar and Abdullah (2021) investigated the impact of human resource management practice on organizational performance of government institutions. The study was analysed using a quantitative research approach. The study used a sample size of 240 participants. One hypothesis, titled "Decentralization is positively related with organizational performance," was shown to be true, according to the data. This means that decentralization was associated with better performance in the company.

Jashari and Kutllovci (2020) examined the impact of human resource management practices on organizational performance of manufacturing enterprises in Kosovo. The study's goal was to find out what effect HRM practices had on company performance. A total of 100 managers from both the public and commercial sectors of Kosovo's manufacturing industry were targeted. A total of 39 questions were asked on various aspects of human resources management and how well the firm was performing. Managers of Kosovo's industrial enterprises understood the value of their people and implemented strategies to make them more productive. Human resources practices have a favourable and substantial impact on the performance of a business, according to the results of correlation research. When compared to the other activities, recruitment and selection had the greatest positive correlation with organizational success ( $\rho = 0.905$ ). According to the findings, a well-executed recruitment and selection process will result in a pool of qualified individuals. Employees are the most crucial source of competitive advantage, thus organizations should invest in ongoing training and development for them.

#### **2.4 Configurations of Human Resource Management Practices, Social Capital and Organizational Performance**

Sözbilir (2018), who looked at the connection between social capital and organizational innovation and efficiency in Turkey, came to the conclusion that social capital had a positive and substantial impact on both. The company's marketability and performance were both significantly impacted by social capital (Pratono et al., 2016). Yasin et al. (2016), on the other hand, went into great detail on how social capital affects corporate

growth. Four of the six components of social capital had substantial effects on organizational performance, whereas the other two had no significant influence, according to Tana et al. (2017), who studied 348 Brazilian dairy cooperatives. While Abdollahzadeh and Gilaninia (2015) came to the theoretical conclusion that the forming dimension of social capital played a significant part in the formation of organizational culture and eventually may boost performance in the organization.

In analysing the economics of social capital, Akdere and Roberts (2008) reviewed the implications for organizational performance. They noted that workplace social interactions and connections are becoming increasingly important as a result of technological advances and changes in organizational structures. As a new resource for improving organizational performance, social capital is increasingly recognized as a benefit of building relationships inside a company (Pratono et al., 2016). As a relatively new term, social capital is currently in the exploration stage for human resource development professionals and scholars. They found that social capital makes it easier to access more diverse information sources and to improve the quality, relevance and timeliness of the information. Because of these situations, people may engage with co-workers every day and broaden their expertise.

Social interactions might increase the extraordinary value of human capital. With skilled and reliable contributors from many fields, a strong network of social connections may save the time and effort needed for information collecting while also acting as a vital conduit for knowledge transfer (Tana et al., 2017).



Many businesses employ a variety of capital sources, including financial, technical, and natural and human resources, to conduct their operations. Nuryanto, Sutawidjaya and Saluy (2020) examined the impact of social capital and organizational culture on improving organizational performance. A company's success is not guaranteed even if it makes the best use of various sorts of cash. There is still one sort of capital, called social capital, which is an asset and a tool that characterizes the relationship between management and employees. A company's organizational culture can also be considered a form of social capital. As a result of interviews with the management of a chemical company, it is possible to understand how this synergy between corporate strategy and support shapes the culture of a company.

The study focused on Indonesia's Banten Province, which has the country's third-highest concentration of chemical companies. Researchers employed SEM-PLS approach on 97 managers as part of their study. Social capital and organizational culture were found to have a favourable impact on the organization's competitive advantage and overall performance. As a result of improved performance, the link between social capital and company culture was also strengthened. The finding has implications for senior management in terms of increasing the effectiveness of human resources in order to enhance the competitive advantage of the company.

Social capital's direct and indirect effects on organizational performance were studied using a core-periphery model. Fonti and Maoret (2016) explored the direct and indirect effects of core and peripheral social capital on organizational performance. Social capital

derived from solid working connections between members of an organization has been shown to have a favourable impact on the efficiency of that company. A stable dyad's influence relies on whether the players engaged are placed at the centre of the organization or at the periphery. Core and peripheral social capital also influenced performance indirectly by limiting the organization's capacity to harness its human capital to increase performance, according to the researchers. Research on the National Basketball Association's 48-year history validated their claims and has substantial implications for strategic human resource strategies and organizational success in competitive environments.

Early research on high performance work systems (HPWSs) tends to focus on the direct link between management practices and performance results rather than the "black box" between them. Recent research attempted to study the process, although they mostly focused on individual results, or aggregated outcomes. Jiang and Liu (2015) analysed the mediating role of social capital with regard to high performance work systems and organizational effectiveness. As an addition to the prior individual-level approach, this conceptual study examines how the HPWS might alter an organization's intra-organizational social capital and hence modify its efficacy. Investing in human capital and altering HR practice processes, the researchers found, are all expensive. When making decisions of this nature, companies must weigh the advantages against the costs. An organization's internal social capital is a critical resource for any organization, but it is especially critical for knowledge-intensive organizations that rely on the commitment and intrinsic motivation of their employees, as well as on the close cooperation of those

employees, as well as on continuous innovation. Social capital is particularly important in these firms and altering human resource management strategies may be more helpful for them.

## **2.5 Configurations of Human Resource Management Practices, Organizational characteristics, and Organizational Performance**

Developing and testing hypotheses about the effects of HR practices and organizational characteristics on organizational commitment was the goal of a study by Fiorito, Bozeman, Young and Meurs (2007) who did a study on organizational commitment, human resource practices, and organizational characteristics. Data from National Organizations Survey (NOS) was used. The findings demonstrated a positive correlation between employee participation and organizational commitment and a negative correlation between salary reductions and organizational commitment. Based on a nationally diversified set of employers and workers, decentralization of decision-making boosted organizational commitment, according to the findings. Organizational commitment was not a significant predictor of most HR practice metrics.

Configurations of HRM practices studies show a difference to single human resource practices has been progressively documented by scholars to be significant with competitive motivators and is grounded on organization culture. Steady through an overall organizations standpoint, some researchers have said that an examination of HRM should also influence the community, physical, and executive developments. Such investigators recommend that the satisfied of an administration's human resource system

is prejudiced by the administration's "internal background," precisely, assembly, values, policies, route, and economic productivities (Schuler & Jackson, 2005). Organizational characteristics has developed extraordinary curiosity and exploration in the studies of organizational structure. Consequently, inquiry wishes to scrutinize other configurations of HRM practices, beyond administrative plan, that shape human resource systems in line with organizational culture. In the past of human resource supervision, administrative morals have impacted HRM.

Katou and Budhwar (2010) investigated the association between HRM and performance in Greece. HRM policies are governed by many business strategies (price, quality, innovation) and the motivation to execute is controlled by organizational culture, according to a structural equation model. HRM policies have an impact on an organization's success via workers' talents, attitudes, and behaviour, according to the research. Tan and Nasuridin (2011) evaluated the influence of HRM practices on organizational growth by assessing the effects of knowledge management efficiency in Malaysian industrial organizations. HRM methods (career management, training, performance assessment reward, and recruiting) and organizational innovation (process innovation, product innovation, and administrative innovation) were examined in the study. This data was taken from a sample of 171 Malaysian businesses. The results of regression showed that HRM practices had a beneficial impact on creativity in an organization. Training was shown to have a favourable correlation with three aspects of organizational creativity, as well (process innovation, product innovation, and

administrative innovation). Performance evaluation has a favourable impact on administrative innovation.

Using data from a Kenyan insurance firm, Mwau (2017) looked at how ownership structure affected the relationship between growth plans and the company's performance. The study has used a descriptive approach to research design. Apart from market development plan, it was determined that growth strategies had a favourable impact on insurance business performance. HR policy was not included as a moderating variable in this research. In Nepal, Pradhan (2019) evaluated the influence of HR practices on organizational performance. A total of 12 manufacturing firms and 23 service-sector organizations provided information for this report. Organizational productivity and staff turnover were the focus of this study's data collection. The findings showed that HRM practices had a negative correlation with employee turnover, but a good correlation with productivity. There is a negative correlation between HRM practices and employee turnover, and a positive correlation between HRM practices and productivity, according to the regression results.

Information Technology Company employees 'attitudes on their employers' corporate citizenship were examined by Fajar and Soeling (2017) in their study of HRM practices. PT Sigma Cipta Caraka (Telkomsigma) personnel with a tenure of at least one year were the focus of the study, which included a total of 243 people. With the use of a questionnaire, quantifiable data was gathered in this study. There was a positive correlation between each of the HRM strategies (staffing, training remuneration,

performance evaluation participation, and job design) except for training, which had no significant impact on the company's workers' organizational citizenship behaviour.

Studying the connection between human resource practices, psychological well-being, and creative performance has been a focus for Villajos, Tordero and Peiró (2019). According to the research, HR practices are a precursor to ideas. The association between HR practices and 36 eudemonic well-being is totally mediated by ideals. According to ideals and eudemonic well-being, HR practices and creative performance are entirely mediating the link between HR practices and creative performance. This shows that via ideals, HR practices benefit both workers and employers. These findings are critical for the long-term growth of human resources (HR) since HR practices create ideals, which boost well-being, hence increasing long-term performance.

In Pakistan's textile business, Hassan (2016) looked on the effect of HRM practices on employees' performance. Data was collected from 68 textile industry workers through a questionnaire, using a random sample method. Human resource management strategies, including as salary, career planning, performance evaluations, training, and employee participation, positively affect the employee's performance. There is thus proof that employee performance may be improved by the combination of salary, career planning, performance evaluation, training, and active participation on the part of employees.

Human resource management techniques were the focus of an investigation by Jashari and Kutllovci (2020). A total of 100 managers from Kosovo's industrial companies were

interviewed for the research. According to the findings, managers of manufacturing companies in Kosovo acknowledge the value of workers and use strategies to manage them efficiently. Furthermore, the research shows that HRM practices have a favourable and substantial impact on the success of a business. There is a substantial correlation between organizational success and recruitment and selection methods, compared to other activities. Based on the results, it can be stated that a well-executed recruitment and selection process will result in a pool of qualified applicants for the firm. In addition, organizations must continually educate and develop personnel, since they are seen as the most essential source of competitive advantages.

In Vihiga County, Kenya, Amendi (2015) studied the impact of human resource management strategies on the performance of savings and credit cooperatives. It was found that the way a company manages its people resources has a major impact on its overall success. Firm performance is most strongly influenced by training and development, followed by incentives and evaluation. According to the findings, training and development have a significant impact on the success of businesses. Because of this, trained personnel guarantees that tasks are completed to the best of their ability, and that training staff gives a business an edge over its rivals.

It was the goal of Aguta and Balcioglu (2015) to determine the effect of human resource management strategies on the performance of private banks in North Cyprus. A sample of 335 workers from two private sector banks was used to obtain primary data. According to the data, working circumstances and leadership and supervisory style have the greatest

impact on an employee. It was shown that allowing workers to make choices about their job responsibilities increases motivation and contentment in the workplace.

According to Dimba (2010), strategic human resource management strategies are associated to better performance. Using data from 50 multinational corporations operating in Kenya, researchers found that training and compensation systems are the strongest predictors of business success. Firm performance was not correlated with the application of strategic human resource management methods across the five high-performance work activities. Organizational performance in Saudi Arabia was examined by Alshammari (2020) to establish how human resource management methods, organizational learning, organizational culture, and knowledge management skills impacted it. A total of 215 of Saudi Arabia's 250 human resource managers were selected for the research. An HRM practice's impact on knowledge management, company culture and performance, and learning inside the business was shown to be considerable.

When Tajipour, Sarboland and Khdabakhshi (2014) looked at the impact of organizational structure levels on productivity at the Imam Reza Mehr Fund in Khuzestan province, they discovered statistically significant differences when looking at organizational structure indicators like formalization, complexity and centralization. The intended audience consisted of 72 workers. Seventy-two questionnaires were employed in the research, which was conducted using a simple random sample procedure. Deductive and descriptive statistical approaches were used to examine the data. The study hypothesis was tested using a two-way variance analysis. Calculating Cronbach's



Alpha helped researchers determine the trustworthiness of the surveys they administered. The SPSS program was used to compare the differences between the study's variables. The specialty of managers and the design of the change process were not considered by Tajipour, Sarboland, and Khodabakhshi (2014).

Basol and Dogerlioglu (2014) found that formalization and specialization boost organizational effectiveness in their research of structural determinants of organizational effectiveness in the software sector. They also found that increasing the size of an organization affects the efficacy of the organization, indicating that software businesses should stay small while boosting their organizational performance via specialization and formalization. Organizational age and size were also taken into consideration in this study. 120 software companies were surveyed for the study. Statistical tests were used to examine the data.

According to the regression model, organizational size, formalization, and specialization were the most important variables in determining organizational success. According to Basol and Dogerlioglu (2014), more policies, processes, and norms may be implemented as a result of better communication, increasing formalization. For example, indications such as the architecture of the change process and centralizing decision-making were not included in the research. While the last research primarily looked at software businesses, this one will examine enterprises from a variety of economic sectors in Kenya that trade on the NSE.

Researchers that is Santos and Brito (2012) found that the dimensions cannot be utilized interchangeably since they reflect various parts of the firm's performance and prove that stakeholders have varying needs that must be addressed individually. Data from 116 Brazilian senior managers was utilized to conduct confirmatory factor analyses in the research. It was not possible to generalize the findings of the Santos and Brito (2012) research due to the lack of convenience and geographic features of the sample, as well as a failure to evaluate the market value dimension. Fauzi, Svensson, and Rahman (2010) conducted another research on the effectiveness of corporations in terms of their operational, financial, and social outcomes. A company's sustainable performance may be measured in three ways: financially, socially, and environmentally. The specific content of each of these measurement aspects might change depending on the situation, as well as over time. This is known as the "triple bottom line" idea. The term "triple bottom line," when used to describe a company's long-term sustainability, should be taken to mean something that is both relative and iterative. Adapting the content of the measuring components to changes that occur in different settings and over time in the market and society, they advised, was an important part of the process.

## **2.6 Configurations of Human Resource Management Practices, Organizational characteristics, Social Capital and Organizational Performance**

Chuang, Chen and Chuang (2013) explored the role of industrial characteristics via analysed human resource management practices and organizational social capital. Human resource management (HRM) methods and organizational social capital (OSC) were examined, as well as the influence of industry characteristics. Researchers found that HR

policies aimed at improving employee connections are linked to an increase in Organizational Shared Value (OSV), and the association is more pronounced for enterprises that operate in less-regulated industries. Furthermore, information intensity does not appear to have a moderating influence on HRM practices and OSV, but rather appears to work in concert with industrial legislation to do so. There is some evidence that HRM practices can improve OSV in regulated contexts with high but not low levels of knowledge intensity, according to post-hoc analysis. Researchers and practitioners alike will benefit from the study's findings and recommendations for further investigation.

Configurations HRM practices (selection as well as training) offers an organization with workers who are skilled and capable of ongoing learning, and workers develop a greater understanding for responding to intense competition, constant innovation, and more complex technologies. Both direct improvement of Configurations HRM practices and stressing its effects on change are vital roles played by social capital as long as the invention is mainly activity in partnership. Hence, improvement of knowledge of an individual and creation of situations for distributing seem to be matters which need much attention (Boxall & Purcell, 2011).

There is an expectation that the configurations HRM practices adopted by the firm may have a habit of fitting with the priorities and constraints culture of the organization as long as organizational structure and values order as per significance and limit its undertakings. In the next section, the study theorizes how firms which implement one of

the 5 Human resource configurations may be differentiated by certain circumstantial factors. The social dimension that we are stronger together organization saying is the emphasis of organizational social capital. Additionally, the social capital of the firm may be articulated as the collaboration in putting into consideration the general objective of the employees in the firm, strong social linkages, and being in the same level of confidence and work eagerness that is a reflects " chain strength is as much as the weakest association saying strength (Lin, 2002).

Organizational performance and leadership development practice bundles were examined by Subramony, et al. (2018). It is the primary goal of this research to examine the impact of social capital on local government organizational performance and if this effect differs across country cultures. According to the findings, a public sector organization's social capital has a beneficial impact on its overall performance. Surveys were sent to local government officials in Omaha, Nebraska, and Wonju, South Korea, to examine whether there was a connection. In terms of Hofstede's notion of national culture, these two nations differ greatly. The two cities were chosen as exemplars of the cultures they represent. When it comes to organizational performance, social capital was examined in terms of efficiency (effectiveness), effectiveness (responsiveness), equity (equity).

Public representatives from several municipal agencies were asked to participate in the poll. Regulatory, distributional, and redistributive policies were represented by the three departments, according to Lowi's definition. 294 useable and valid replies were collected from a total of 407 questionnaires. ANOVA, Pearson's simple correlation, t-test, factor

analysis, linear regression, dummy regression analysis, and moderator regression were some of the statistical methods used to examine the data in SPSS. According to the findings, organizations with greater levels of social capital (structural, relational, and cognitive) perform better at work. However, in the public sector, social capital has a different impact.

According to Li et. al, (2016), social capital and commitment-based human resources techniques are key to a company's success. Human resource practices (CBHRP), organization performance, and the mediation influence of social capital were explored in this research (OSC). A survey questionnaire was used to obtain information from 150 multinational corporations. Regression analysis, for example, was a useful statistical analytical approach for testing the assumptions. The results confirmed the hypothesised relationships between HR practices based on commitment, social capital in organizations, and performance in organizations. The findings suggest that HR policies based on commitment and social capital inside a company are vital for the development and maintenance of a competitive advantage, resulting in improved performance within the firm.

The study by Mehmood, et al, (2017) on the impact of human resource management practices on organizational performance was to examine the impact of human resource management practices on organizational performance. A total of 90 university employees, both academics and support staff, participated in the survey. Selected HRM practices and university performance were the focus of 49 survey questions. According to

the findings, management may be able to increase employee commitment by improving employee satisfaction with compensation, policies, and working conditions. Workers are seen as an essential source of competitive advantage and should be involved whenever possible. It is possible to improve employee satisfaction at work by increasing employee interaction in staff meetings and facilitating more in-depth discussions on relevant topics. Faster decision making can be achieved through open communication or the sharing of information. Employees' commitment and job satisfaction will be affected. Employees who are well-versed in the workings of the company, as well as their responsibilities and goals, are more likely to succeed in their jobs. In order to succeed in these strategies and gain a competitive advantage, businesses need a highly committed and competent workforce that is involved in both the formulation and implementation phases of these procedures.

Human Resource Management (HRM) and organizational commitment are related in Konya, Turkey, according to a research by El-Ghalayini (2017). As a result of prior research, this study employed 56 HRM practices. Among them are "manufacturing and human resources fit," "behaviour and attitude, team activities, interaction facilitation, incentives to fulfil goals, training on work skills, training in various jobs, communication of strategy, feedback on performance.". Use of Pfeffer (1998) and Mowday & Steers (1979)'s organizational commitment scale in Ahmad, Schroeder (2003, Ahmad, & Schroeder 2003) version was done in this research Descriptive statistics were used to project the profiles of the respondents and the broad patterns of HRM factors and organizational commitment. The factors in the research were investigated using

correlations and multiple regression, as well as statistical regression analysis. The results of the examination of the data from the top, medium, and first-tier managers (n=169) except for "training on work skills" are inconclusive. Other HRM characteristics were shown to have a substantial and statistically significant correlation with organizational commitment.

The architectural perspective of Configurations HRM practices may be prolonged to include social capital as a critical part of knowledge flow management amongst workers to oblige as an advantage competitively. Human resource processes and practices affect social capital creation and sustenance. There is a minimal discrepancy on the social capital role. It may be contended that the resources of social capital review are in abundance in the domain of social sciences; however, the social capital outcomes comprise of many sciences that also includes economics (Wright et al., 2001). The sources of social capital are the established networks and institutions founded by associations governing amongst them and the outcomes of this principle. Similarly, results of social capital that includes trust and practice in standards are achieved by networks attendance as well as having a constant association with others. Hence, sources of social capital need to be applied to achieve their outcomes. These sources possess different results that can be positive depending on the circumstances or as well as negative reliant on the culture of the organization (Kawachi & Berkman, 2000).

## **2.7 Summary of Research Gaps**

Extensive research has been done with studies attempting to explain the influences of HRM configurations on the performance of the firm (Osemeke, 2012; Trehan & Setia, 2014; El-Ghalayini, 2017; Jashari & Kutllovci, 2020). HRM practices have been brought out including training and development, and performance appraisal among others. Evidence has been seen that organizational structure as well as social capital affects how HRM practices conformations relate to performance of organizations (Fiorito et al., 2007; Fonti & Maoret, 2016; Tana et al., 2017). Efficient organizations need to focus on selection, training as well as rewarding workers performing those jobs as proposed by Taylors scientific management school of thought. Social and human capital are thus not self-governing variables; although they work together to enhance inventive performance. Studies have been carried out concerning human resource configurations, social capital and organization characteristics, as summarized in table 2.1.



**Table 2. 1 Summary of Research Gaps**

<b>Author(s)</b>	<b>The focus of the Study</b>	<b>Research Methodology</b>	<b>Research Findings</b>	<b>Research Gaps</b>	<b>The focus of the Current Study</b>
Anwar and Abdullah (2021)	The impact of human resource management practice on organizational performance of government institutions	The study was analyzed using a quantitative research approach. The study used a sample size of 240 participants	Decentralization is positively related with organizational performance	The study assessed performance of government institutions hence findings are applicable in public sector	The current study will analyse the link between HRM practices configurations and performance of NSE firms using census approach as well as all listed firms either in public or private sector
Nuryanto, Sutawidjaya and Saluy (2020)	The impact of social capital and organizational culture on improving organizational performance in Indonesia's Banten Province	Interviews with the management of a chemical companies located in Indonesia's Banten Province. Researchers used SEM-PLS approach	Social capital and organizational culture were found to have a favorable impact on the organization's competitive advantage and overall performance	The study targeted chemical company leaving firms in other sectors	The current study will analyse the contribution of social capital on the link between HRM practices configurations and performance of NSE firms across different sectors
Alejandro (2015)	HRM Configurations practices and performance: empirical evidence from a Latin American context (study done in Uruguay)	Sampled firms from manufacturing industry, Uruguay	With a premise of this practices designs, synergistic collaborations with both capacity and opportunity setups of HRM rehearses were seen to clarify distinctive execution measures.	The study is carried out on in Uruguay with different context compared to the NSE Also the study concentrated with only manufacturing sector hence findings may not be generalized to other sectors	Organizational characteristics factors moderating and Social capital intervening the association amongst HRM practices configurations and performance of listed firms at NSE

Eva, Geert, and Valcke (2017)	Principals' configurations of human resource practices. Does it have any kind of effect for the relationship among instructors' fit, work fulfillment and goal to move to another school (study done in the United Kingdom)	To gather both subjective and quantitative information from principals and educators, the investigation utilized a blended subjective and quantitative plan.	The results revealed that the association amongst P-O fit and intention to move operates in a different way depending on the teachers' first human resource orientation but not on their strategic direction.	This study did not apply to a philosophical foundation. It was also conducted in a developed economy (UK)	This study applied positivist philosophical foundation. It is also being conducted in a developing economy
Gooderham, Parry, and Ringdal (2013)	The Impact of Configurations of Strategic Human Resource Management Practices on the Performance of European Firms (Study was done in the USA)	European Union countries had 3,281 firms utilized using data obtained from the Cranet data set.	The discoveries uncover that while five 6th of calculative practices and 66 percent of three middle person strategies significantly affect execution, none of the six normal techniques has.	The study is carried out on European firms, developed economies.	The investigation is completed on the exhibition of firms recorded at the NSE in Kenya, a developing country
Gooderham, Parry, and Ringdal (2008)	The Strategic Human Resource Management Practices arrangements sway on the European Firms Performance (the investigation was done in the USA)	Cross - sectional information acquired from the 1999 Cranes review of HRM in European nations. The general review technique was to mail the deciphered polls properly	Found that calculative and intermediary HRM configurations, with exclusions, commonly have some effect on the European firms' performance, collaborative HRM configurations don't	The study was carried out outside Kenya on a survey of HRM in European countries. Moreover, it didn't show the connection between human resource rehearses design and association setting	This study is done within Kenya, a developing country and was empirical in nature to unearth the links
Jill, Smith, and Terry (2000)	Work-Family Human Resource Configurations and Perceived	Work establishments conducted by the Survey	The discoveries recommend that the nearness of a setup of work-family strategies is	The study on Work-Family human resource configurations and	The study will establish the moderating effect of organizational characteristics and social

	Organizational Performance (Study was done in the USA)		decidedly connected with seen firm-level execution.	Perceived Performance of the organization does not include moderating an intervening variable	capital on the association between HRM practices configurations and the listed firms at the NSE performance.
Kyongo, K'Obonyo, Pokhariyal and Kidombo (2016)	Human Resource Management Configuration and Firms listed in the NSE Performance (study done in Kenya)	Positivist examination theory, just as an illustrative overview configuration, was embraced in this investigation. For information examination by utilization of utilizing relapse, SPSS Version 21 was utilized.	From the trial of theory research discoveries, the investigation set up that HRM arrangements significantly affected firm execution.	This study did not apply to any philosophical foundation.	This study applied positivist philosophical foundation.
Lee (2012)	The Human Resource Configurations Impact on Intellectual Capital in the Australian Biotechnology Industry (the study was done in Australia)	A census sample size was used as the sampling frame of the Australian biotechnology companies is not very large (777 companies).	This study provided support for the 6 Human resource configurations (employment and assortment, training and advancement, information systems, egalitarian, and collaborative) positively affecting an organization's level of IC namely human, organizational, and social capital) respectively.	The study was carried out in Australian Biotechnology Industry a different context to that of Kenya. Since the study focused on one industry, results may not be applicable in other sectors of the economy	This study establishes the relationship between the configurations of HRM practices and the performance of firms in different sectors as listed at the NSE
Rita and Miguel Pina (2009)	Effect of methodology, the quality of the HRM framework and HRM designs on authoritative execution (the	The study used a sample has 1404 organizations, from the Cranet-E survey	At long last, both the utilitarian adaptability and the exhibition the board setups have a noteworthy beneficial outcome on saw budgetary outcomes.	The study was based in USA which is a developed economy	The current study is based in a developing country that is Kenya targeting listed firms at NSE

	examination was done in the USA)				
Sabine (2010)	HR setups, work execution and inspiration to keep on more seasoned representatives work in various sorts of employments (the examination was done in Kenya)	The investigation utilized an exploratory examination plan for testing the theories expressed. The information was gathered using a survey.	The discoveries indicated that the connection between accommodative practices and occupation execution negative and noteworthy was directed by intellectual requesting work type as it were.	The examination concentrated on progress and impetuses to keep on utilizing more seasoned representatives in various kinds of employment by and large yet not explicitly on firms recorded at the NSE	The study concentrates explicitly on configurations of human resource management practices in relation to performance of firms listed at the NSE
Shangahaido nhi (2014)	The Efficacy of Human Resource Bundling In accomplishing Competitive Advantage. A Case Of Econet Wireless In Harare, Zimbabwe (the investigation was done in Zimbabwe)	The contextual investigation configuration was utilized since the exploration was subjective.	The exploration found that Human asset arranging is legitimate in business objectives accomplishment and turn an upper hand over opponents since it's difficult to copy or imitate what has been set.	This study,failed to factor in the componets of organizational characteristics and social capital.	The current study will factor in the organizational characteristics and social capital in establishing the relationships among firms listed on NSE

## 2.8 Conceptual Framework

A conceptual framework is a textual or visual description of important variables that shows how they relate to one another in a study. As a result, the conceptual framework explains the relationship between the dependent and independent variables.

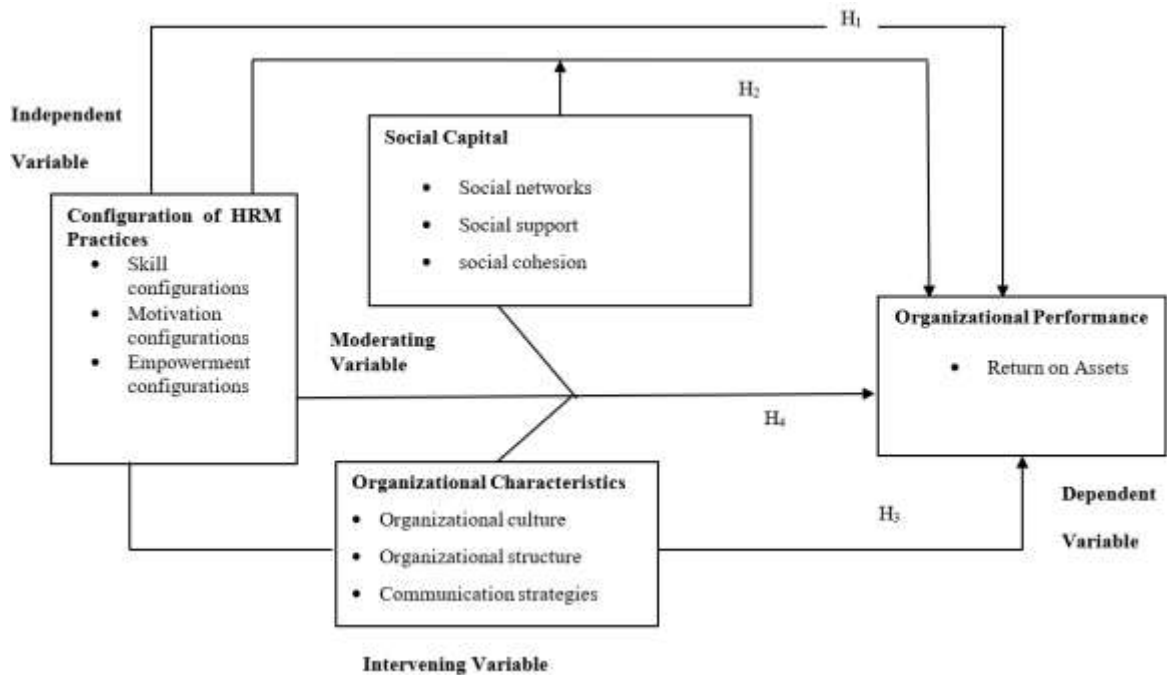


Figure 2. 1 Conceptual Model

Source: Author (2021)

## 2.9 Research Hypothesis

The study research hypotheses are as follows:

**H<sub>1</sub>:** Configuration of HRM practices does not have an influence on the performance of Firms listed in NSE.

**H<sub>2</sub>:** Social capital does not have a moderating influence on the relationship between configuration of HRM practices and performance of firms listed in the NSE.

**H<sub>3</sub>:** Organizational characteristics does not have a mediating influence on the relationship between configurations of human resource management practices and performance of firms listed at NSE.

**H<sub>4</sub>:** Configurations HRM practices, social capital and organizational characteristics do not have a joint effect on the performance of firms listed in NSE.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter describes the study's methodology. It examines the research philosophy, study design, target population, sample design, data collection, operationalization of variables of interest, reliability and validity testing, and data analysis in depth.

### **3.2 Research Philosophy**

There are several philosophies in social sciences there are several philosophies. They include interpretivism, realism and relativism, ontology and pragmatism phenomenology, and positivism. Understanding the world through deriving knowledge from other people's interpretations of our actions is an important part of interpretivism philosophy (Moon, & Blackman, 2014). Moreover, realism philosophy is grounded on the truth that accords to objects that are recognized or experienced to have an existence or nature, regardless of whether or not anybody is thinking. Realism refers to the idea that there is a world that exists independently of our perceptions, and that this external reality can be understood and studied through reason and observation.

Ontology philosophy explains that existence, being, becoming, and reality are only a few examples (Hathcoat, Meixner, & Nicholas, 2019). It discusses topics like how entities are sorted into fundamental categories as well as which of these things may be found at the most fundamental level. The phenomenological method, on the other hand, is mostly qualitative and emphasizes direct experience, with the researcher attempting to

understand sensations encountered inside the study phenomenon (Cooper & Schindler, 2008). Contrary, critical philosophy is subjective as there is no strong theoretical basis, and it does not correspond to the scientific base of social science research.

The current study will employ a positivist approach. Since the positivist approach removes the researcher from the thing that is being examined, it is primarily quantitative and value-free. As a result, this methodology may be considered objective (Easterby-Smith et al., 2002). Due to the obvious study's quantitative structure, theoretical underpinning, and emphasis on hypothesis testing, the positivist method was chosen for this investigation. Proponents of positivism aim to identify causal correlations between study results to create scientific hypotheses (Robson, 2014). Since the positivism approach is founded on objectivity, neutrality, evaluation, and the validity of conclusions, it is an acceptable method to use in this investigation and should be used.

### **3.3 Research Design**

Descriptive cross - sectional research design was employed in this study as it allow allows the investigator to Compare Variables thoroughly study the background of a research problem before proceeding with further research. As a result of this, the hypotheses were evaluated utilizing data from several companies at one time. The desired research design for this study was descriptive cross-sectional design. Descriptive cross-sectional design is helpful for establishing preliminary proof of a causal relationship. These studies can also be employed to investigate the relationship between predictor and



response variables where researchers don't have access to data on onset time. Descriptive analysis entails providing a detailed account of the events that occurred at a certain point in time. It helps define the strength or amplitude of the association between variables by providing estimations of population sizes with comparable characteristics (Mugenda, 2003).

### **3.4 Population of Study**

The population of the study was 65 firms listed in the Kenya NSE (NSE Handbook). According to the list obtained from the NSE website a total of 65 firms were listed (NSE, 2020). These firms were further classified into categories such as agriculture (nine), automobiles and accessories, communication and technology, and growth enterprise market segment (six), banking (11), commercial and services (one), construction and related services (five), energy and petroleum (five), insurance (six), investment (four), manufacturing (five) and allied services (nine). This was a census study.

### **3.5 Data Collection**

This research looked at both primary and secondary sources of information. The Return on Assets (ROA) was used as a financial indicator, and the data for this analysis was obtained from the financial reports published by the Nairobi Securities Exchange and Capital Markets Authority. The most important tool for collecting data was a questionnaire, which had a Likert scale with five points for each category. This scale was constructed from a wide number of sources of literature that studied factors that were comparable. The

questionnaires were given out using the drop-and-pick method of administration. The questionnaire was divided into four sections and included closed-ended questions. The development of the questionnaire was aligned with the study objectives. Reviewed literature was largely used to inform the various sections of the tool. The sections include Section 1, which discusses the firm's profile; Section 2 which discusses human resource configuration; Section 3 which discusses social capital and Section 4 which discusses organizational characteristics. The study adopted a closed ended questions because they allowed managers to select from a limited number of options. The study surveyed senior executives from 65 companies listed on the NSE. This section was divided into four sections: A, B, C, and D, which discussed the firm's profile, the configuration of human resource management practices, social capital, and organizational characteristics, respectively.

Data was collected from top managers because they have a clear understanding of the operations of the organization in terms of human resource management practices. Also being in charge of the organization, they oversee the policy formulation and implementation processes thus they are better placed to provide reliable information that may inform the study objectives.

### **3.6 Operationalization of Variables**

Table 3.1 below shows study variables and some concepts under each variable. According to Shipton, Sparrow, Budhwar, & Brown, (2017), configurations HRM

practices refer to the different ways in which an organization can design and implement its HRM practices, policies, and procedures. It can be measured in terms of Skill configuration, Motivation configuration and Empowerment configuration. While social capital refers to the networks, relationships, and social structures that facilitate cooperation, trust, and reciprocity among individuals and groups.

On the other hand organizational characteristics refer to the various features or attributes that define an organization's structure, culture, strategy, and performance (Botelho, 2020). The current study measure organizational characteristics using organizational culture, organizational structure and communication strategies. And, lastly, Organizational performance refers to the extent to which an organization achieves its goals and objectives. In the current study it was measured in terms of return on asset (ROA) (El-Ghalayini, 2017).

**Table 3. 1 Summary of Operationalization of Variables**

Variable	Type of the Variable	Construct/Indicators	Measurement	Scale	Source of literature
Configurations of HRM practices	Independent variable	<ul style="list-style-type: none"> <li>• Skill configuration</li> <li>• Motivation configuration</li> <li>• Empowerment configuration</li> </ul>	5 point likert scale	Interval	Anwar, and Abdullah, (2021); Choi, (2014)
Social capital	Moderating variable	<ul style="list-style-type: none"> <li>• Social networks</li> <li>• Social support</li> <li>• Social cohesion</li> </ul>	5 point likert scale	Interval	Ozgun, Tarim, Delen, & Zaim, S. (2022)
Organizational characteristics	Intervening variable	<ul style="list-style-type: none"> <li>• Organizational culture</li> <li>• Organizational structure</li> <li>• Communication strategies</li> </ul>	5 point likert scale	Interval	Botelho, (2020)
Organizational performance	Dependent variable	ROA	Continuous	Ratio	El-Ghalayini, (2017)

### 3.7 Reliability Test

The degree to which an assessment instrument delivers results that are consistent and dependable is referred to as its reliability. It is defined by Orodho (2014) as the degree to which a specific measuring approach gives similar results across a period of time. The researcher looked at the dependability of the instrument using a method called split-half reliability. All of the individuals who took part in the pilot study were given a test that had been cut in half and was scored separately according to its respective section. The results from one half of the test were compared to the results from the other half of the test so that the reliability could be determined. The technique was selected because determining dependability with two separate tests or conducting two separate test

administrations is unrealistic or undesirable given the limited amount of time and resources that are available.

To test for reliability, Cronbach's alpha was used. According to Larry (2013), the Cronbach Coefficient is used to examine internal consistency of items/traits of a construct, when a study instrument uses Likert scales with multiple responses for data collection. This is because the instrument has a Likert scale with numerous replies, and its best and appropriate for this investigation. According to Creswell (2012), a trustworthy research instrument should have a composite Cronbach alpha of at least 0.7 for all of the objects under investigation.

### **3.8 Validity Test**

Validity explains the accuracy of the methods used measure any given aspect (Creswell, 2012). In this case if certain method measures what it is looking forward to measure, and the findings are in agreement with the reality, then that method is considered to be valid (Orodho, 2014). There are several validity test used in research they include Content validity, construct validity, face validity and Discriminant validity. The current study employed content validity by seeking the opinion of the experts in this case the supervisors advisory. Moreover, discriminatory factor analysis was employed using the Pearson correlation analyst. This method was applicable in this study given that it tends to measure the association between two given variables and not the agreement between the same variables. A p-value of less 0.05 shows that data used in the study was valid and

not valid if otherwise. Greater validity arises when there is a more positive correlation coefficient close to 1.

### **3.9 Diagnostic Tests**

To predict the relationship between the independent and dependent variables in this study, diagnostic tests for regression were used. The diagnostic test was designed to determine whether or not the assumptions or regression models were met (Flatt & Jacobs, 2019). For example, in research, good data does not always tell the entire story. That is why regression analysis is frequently used in research because it goes beyond establishing relationships between or among variables to demonstrating or establishing them. An observation in simple linear regression contains two values: one for the outcome variable and another for the predictor variable. Thus, a straight line approximates the association between the dependent and independent variables in this straightforward model. When two or more predictor variables are used in the analysis, the model becomes a multiple regression analysis rather than a simple linear analysis (Halawi, Clarke & George, 2022). Thus, the four assumptions of the multiple linear regression model were tested in this study: linearity, normality, multicollinearity, and homoscedasticity.

A linearity test is used to determine whether or not dependent and independent variables have a linear relationship (Djaballah-Djeddour & Tazerouti, 2022). Plotting independent variable values against dependent variable values reveals whether a linear or curvilinear

relationship exists. With all other variables remaining constant, the expected value of the outcome variable is a straight-line function of the predictor variables. The normality test is used to evaluate whether a data set can be adequately represented by a normal distribution (Orayo & Mose, 2016). It is used to determine the probability that a random variable embedded in a data set is normally distributed. Normality is determined graphically and numerically using fundamental techniques. The Shapiro-Wilk normality test was used numerically. The null hypothesis is not rejected if the p-value is insignificant ( $p \text{ value} > 0.05$ ). Scattered plots or diagrams were used to represent the data graphically. The scatter points of normally distributed data will conform to a line with a slope of one. Data will be transformed in an out-of-the-ordinary situation (Kwak & Park, 2019).

A multicollinearity test was conducted to evaluate whether or not two predictor variables are highly related. Multicollinearity is a term used in multiple linear regression to describe the association between two predictor variables (Morales-Oñate & Morales-Oñate, 2021). Pearson correlation coefficients, tolerance values, and the variance inflation factor were used to determine multicollinearity. To reconcile the model's violation of this assumption, offending variables were combined or eliminated. When the variance of the errors is not constant across independent variable values, heteroscedasticity exists. Its existence invalidates statistical significance tests, which rely on the assumption of uncorrelated and constant model errors. Breusch–Pagan was used to determine heteroscedasticity (Khaled, Lin, Han, Zhao & Hao, 2019). P-values  $> 0.05$

indicate that the homoscedasticity assumption is supported. If the homoscedasticity assumption is violated, the data are transformed and weighted least square regression is used.

### **3.10 Data Analysis**

Data was received from the field and subjected to data quality checks. Outliers were assessed and cleaned. SPSS software version 25.0 were employed in analysis of data. Data was analysed following the study objectives. Diagnostic tests were also ascertained.

The analysis of the data included both descriptive and inferential statistical methods. Three kinds of regressions were used for inferential analysis: simple linear regression, stepwise regression, and multiple regression. However, before to doing the regression, a number of tests, such as those pertaining to normality and linearity, multicollinearity, and homogeneity, were carried out as described previously. The various analytical models that were employed are broken down and summarized in Table 3.2.



**Table 3. 2 Summary of Objectives, Hypotheses, Models, Analyses, and Interpretations**

Objective	Hypotheses	Analysis method	Conclusion
<p><b>Objective 1</b> Establish the influence of configurations of human resource management practices on performance of firms listed on the NSE</p>	<p>H<sub>1</sub>: The configurations of human resource management practices do not influence performance of firms listed on the NSE</p>	<p>Simple Regression model  <math>P = \alpha + \beta_1 HRMP + \varepsilon_1</math>                      Where:                      FP is the composite index of firm performance  <math>\alpha</math> = constant (y intercept)  <math>\beta_1</math> = regression coefficients                      X<sub>1</sub> = Composite Index of HRM Practices Configurations  <math>\varepsilon_1</math> = Error term</p>	<p><math>p_{value} &lt; 0.05</math> imply the adoption of H<sub>1</sub>.  <math>-\infty \geq \beta_i \geq \infty</math> is the predictor coefficient which indicate the direction of influence on the response variable.                      R<sup>2</sup> to measure how much of the dependent variable's volatility is related to its link with the independent variable.                      F test (Analysis of Variance) examined the regression model's robustness and overall significance.</p>
<p><b>Objective 2</b> Establish the moderating influence of social capital on the connection between configurations of human resource management practices and performance of firms listed on the NSE.</p>	<p>H<sub>2</sub>: Social capital has a moderating influence on the connection between configurations of human resource management practices and performance of firms listed on the NSE</p>	<p>Stepwise Regression analysis  <math>FP = \alpha + \beta_2 HRMP + \varepsilon_2</math>  <math>FP = \alpha + \beta_3 HRMP + \beta_4 SC + \varepsilon_3</math>  <math>FP = \alpha + \beta_5 HRMP + \beta_6 SC + \beta_7 HRMP * SC + \varepsilon_4</math>                      Where:  <math>\alpha</math> = the constant (intercept)  <math>\beta_2, \beta_7</math> = regression coefficients                      HRMP = composite HRM Practices configurations                      SC = composite score of Social Capital                      HRMP*SC = interaction term of HRM Practices and SC  <math>\varepsilon_4</math> = error term</p>	<p>R<sup>2</sup> to assess how much of the dependent variable's variation is due to its relationship with the independent variable.                      A significant change in adjusted R<sup>2</sup> upon introduction of the interaction term (HRMP*EC) confirms a moderating effect of the term                      To conduct F test (Analysis of Variance) to assess the robustness and overall significance of the regression model.                      Conduct t- statistics to assess significance of individual variables</p>

<p><b>Objective 3</b> Establish the intervening effect of organizational characteristics on the connection between configurations of Human Resource Management Practices and Performance of firms listed on the NSE</p>	<p>H<sub>3</sub>: Organizational characteristics has no intervening effect on the connection between configurations of Human Resource Management Practices and Performance of firms listed on the NSE</p>	<p>Stepwise Regression analysis Baron &amp; Kenny, 1986) Step 1: <math>FP = \alpha + \beta_8 HRMP + \varepsilon_5</math> Step 2: <math>FD = \alpha + \beta_9 HRMP + \varepsilon_6</math> Step 3: <math>FP = \alpha + \beta_{10} OC + \varepsilon_7</math> Step 4: <math>FP = \alpha + \beta_{11} HRMP + \beta_{12} OC + \varepsilon_8</math> Where: <math>\alpha</math> =constant (intercept) <math>\beta_8 \dots \beta_{12}</math> are regression coefficients FP=composite index of Firm Performance HRMP =composite index of Human Resource Management Practices Configurations OC = composite index of Orgnizational characteristics <math>\varepsilon_5 \dots \varepsilon_8</math> = error term</p>	<p>R<sup>2</sup> to assess how much of the dependent variable's variation is due to its relationship with the independent variable. To conduct F test (Analysis of Variance) to assess the robustness and overall significance of the regression model. Conduct t- statistics to assess significance of individual variables If HRM Practices is no longer significant when OC is controlled, the findings support full mediation.</p>
<p>Objective 4 Determine the joint influence of the configurations of human resource management practices, social capital and organizational characteristics on performance of firms listed on the NSE</p>	<p>H<sub>4</sub>: Configurations of human resource management practices, social capital and organizational characteristics do not have a joint significant effect on performance of firms listed on the NSE</p>	<p>Multiple Regression analysis <math>FP = \alpha + \beta_{13} HRMP + \beta_{14} SC + \beta_{15} OC + \varepsilon_9</math> Where: <math>\alpha</math> =(intercept) <math>\beta_{13} \dots \beta_{15}</math> =regression coefficients EP =composite index of Firm Performance HRMP =composite index of Human Resource Management Practices Configurations EC = Composite index of Social Capital ED=Composite of index of Organizational characteristics <math>\varepsilon_9</math>= error term</p>	<p><math>P_{value} &lt; 0.05</math> Imply a significant joint effect  <math>-\infty \geq \beta_i \geq \infty</math> Is the predictor coefficient which indicates the direction of influence on the response variable holding other predictors constant  R<sup>2</sup> change to determine how much of the variation in the dependent variable is attributable to its link with the independent variable.  To execute F test (Analysis of Variance) to evaluate the regression model's robustness and overall significance.</p>

## **CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS OF THE RESULTS**

### **4.1 Introduction**

This study's primary purpose was to determine whether there was a relationship between configurations of human resource management, organizational characteristics, and social capital on the performance of Firms listed in the Nairobi security exchange (NSE). Configurations of Human resource management (HRM), as well as social capital's moderating effect on the relationship between configurations of HRM practice and NSE-listed company performance, were examined as part of this study's objectives. Organizational factors were also examined as part of this study's objectives. The chapter outlines, demographic descriptions, descriptive statistics and hypothesis testing to achieve these objectives. As a consequence, the study's results are presented in this chapter in line with the study's specific objectives.

### **4.2 Response Rate**

Sixty-five questionnaires were sent, and of them, sixty were returned by respondents. This resulted in a 92.3 percent response rate. This response rate was adequate for the analysis because a response rate of more than 50 percent is deemed sufficient. Studies by Sanders, et al., as well as Mugenda and Mugenda (2003), indicated that 60 percent is adequate, whereas 70 percent is typically great (2007).

### 4.3 Profile of the Firms

The study began with determining the respondents' general information to ascertain some basic information about them. The age and ownership of the businesses as well as the number of employees were factors examined in the study. The study sought to establish the age of the listed companies. Table 4.1 below tabulates the distribution. From the results, the majority of the listed companies were of age bracket between 6 to 10 years accounting for 47.5%, followed by those of age above 11 years accounted for 29.1%. The least were companies of age below 5 years accounted for only 23.4% respectively.

**Table 4. 1 Age of the company**

<b>Age bracket</b>	<b>Percentage (%)</b>
Below five years	23.4%
Between 6-10 years	47.5%
11 years and above	29.1%

The researcher aimed at establishing the status of each listed firm at NSE, whether public or private and Table 4.1 below tabulate the ownership of the listed firms at NSE that were studied.

**Table 4. 2 Share Ownership**

Ownership of Shares	Percentage of Ownership
<b>Foreign ownership of the shares</b>	25.00%
<b>Local ownership of the shares</b>	75.00%

The results of Table 4.1 indicates that the majority of respondents said that the businesses are locally owned, while 25% indicated that the firms are owned by foreigners. As a result, the majority of the Firms listed in the NSE are owned by locals. The majority of the firms listed in the NSE are locally owned this is justified because of Regulatory Requirements, Market Knowledge and Expertise, National Economic Development, and Risk Management which provide the locals with leeway to invest more in the security exchange compared to foreigners.

In addition, the research aimed to determine the total number of workers employed by businesses listed in the Nairobi NSE, as shown in Table 4.2 below.

**Table 4. 3 Number of Employees**

Number of Employees	Percentage of Employees
<b>100 to 300</b>	8.30%
<b>301 to 500</b>	56.70%
<b>501 to 700</b>	20.00%
<b>Over 700</b>	15.00%

From table 4.2, the majority of the respondents (56.7 percent) showed that their organization had employees between 301 and 500, 20 percent have employees between

501 to 700, 15 percent indicated over 700 employees, and 8.3 percent indicated between 100 and 300 employees. This indicates that most of the firms listed at the Nairobi security exchange have employees between 301 and 500.

A large number of employees can be associated with the fact that, In Kenya, where the NSE is located, the economy is diverse with a range of sectors represented in the stock market, including financial services, manufacturing, telecommunications, agriculture, real estate, and others. Companies listed on the NSE can be large corporations that can accommodate a large number of employees in their operations.

#### **4.4 Reliability**

To verify whether the data obtained was of good quality, Reliability, as well as validity tests, were performed. Factor analysis was done to ascertain the same. The scales used in this study were reproduced during proposal presentations and assessed by specialists in strategic management, human resource management, and management science after being adjusted to match the study setting. The internal consistency of the scale items was investigated utilizing the internal consistency approach by obtaining Cronbach's alpha coefficient. Pilot research was conducted to test if respondents were able to correctly answer the questions. The instrument's clarity, relevance, comprehension, and accuracy were evaluated by participants in the pilot study. A measure is trustworthy when many attempts to measure something give the same result, as Zikmund, Babin, Carr, and Griffin (2010) point out. The Cronbach's alpha coefficient, which runs from 0 to 1, is the

most often used measure of a multiple-item scale's dependability. It has a scale of 0 to 1, with 0 indicating no consistency and 1 indicating perfect consistency. The results of the overall reliability test, with a Cronbach's alpha coefficient cut-off of 0.5 and above, are shown in Table 4.4. The researcher conducted a literature review and produced items to assess the concepts, as well as ensuring that the questions addressed all aspects of the study.

**Table 4. 4 Overall Reliability Tests**

Variable	Cronbach's Alpha	Interpretation
Configuration of HRM practices	0.769	Reliable
Organizational characteristics	0.848	Reliable
Social Capital	0.797	Reliable
Organizational Performance	0.824	Reliable

#### 4.5 Validity Tests

Table 4.4 shows overall validity tests using Pearson correlation coefficients

**Table 4. 5 Overall Validity Tests**

Variable	Pearson Correlation	Sig.	Interpretation
Configuration of HRM practices	0.499	0.000	Valid
Organizational characteristics	0.608	0.000	Valid
Social Capital	0.569	0.000	Valid
Organizational Performance	0.618	0.000	Valid

Given that the p-value from Table 4.5 is less than 0.05, then the data used for all the variables was valid in this study.

#### **4.6 Test for Statistical Assumptions**

The current study conducted tests such as checking for linearity, Normality, multicollinearity, and homogeneity. The assumption behind linear regression is that the data collection is linear, normally distributed, has no multicollinearity, and is homoscedastic. Normality tests allow conclusions about the population, while the absence of multicollinearity assures that results are stable, and homogeneity ensures that standard errors are not over or underestimated.

A linear association between two or more variables must exist before doing linear regression (Tabachnick & Fidell, 2013). Linear association among the predictor variables and outcome variable can be established by the use of scatter plots (Hair et al., 2014.) or Pearson's correlation coefficient is a measure of how well two variables are related. The researchers employed Pearson's product-moment correlation to test for linearity, and the findings of the test are shown in Table 4.6.



**Table 4. 6 Test for Linearity**

		Organizational Performance	HRM Practices	Organizational characteristics	Social Capital
Organizational performance	Pearson Correlation	1			
	Sig. (2-tailed)	.025			
HRM practices	Pearson Correlation	.287	1		
	Sig. (2-tailed)	.053	.016		
Organizational characteristics	Pearson Correlation	.318*	.215	1	
	Sig. (2-tailed)	.031	.026		
Social capital	Pearson Correlation	.251	.184	.139	1
	Sig. (2-tailed)	.092	.085	.015	

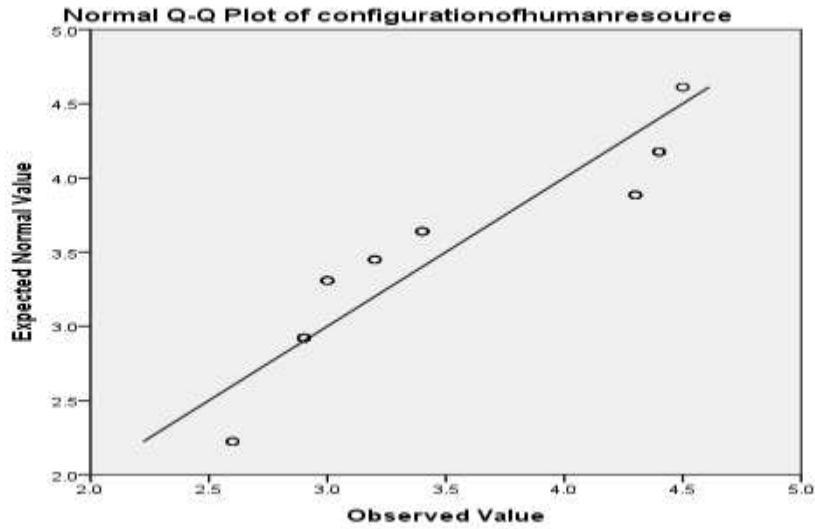
\*\* . Correlation is significant at the 0.05 level (2-tailed).

Because inferential parametric statistical procedures must be used in conjunction with the assumption of normality, the Shapiro-Wilk Test was used to verify that this assumption was correct in this study. As opposed to other methods, it is more suitable for small sample sizes (less than 50 samples), such as those used in this study, and it is also more reliable in terms of detecting the skewness and kurtosis values of normalcy than other methods. Because all of the p-values were larger than or equal to the 0.05 threshold of significance, the results in Table 4.7 below may be used to conclude that the data was regularly distributed.

**Table 4. 7 Shapiro-Wilk Test of Normality**

Variables	Shapiro-Wilk		
	Statistic	df	Sig.
Configuration of human resource	.979	60	.428
Organization characteristics	.972	60	.219
Social capital	.976	60	.322
ROA	.905	60	.276

In addition, Q-Q plots were done in order to determine normality graphically and the results are shown in Figures 4.1 to 4.4 below. From Figures 4.1, 4.2, 4.3, and 4.4, all the variables had a fairly good fit to the normal distribution since the data points were close to the diagonal line.



**Figure 4. 1 Quantile-Quantile Plot on Configuration of Human Resource**

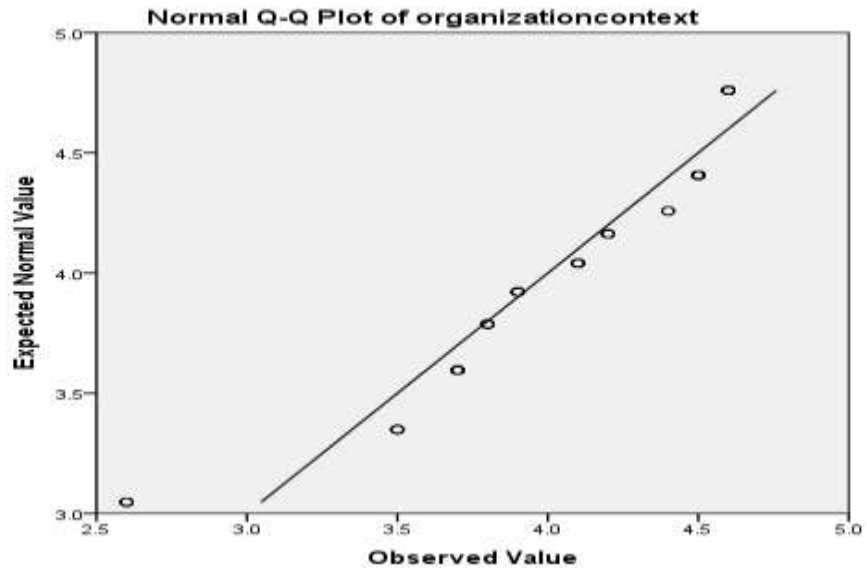


Figure 4. 2 Quantile-Quantile Plot on Organization Characteristics

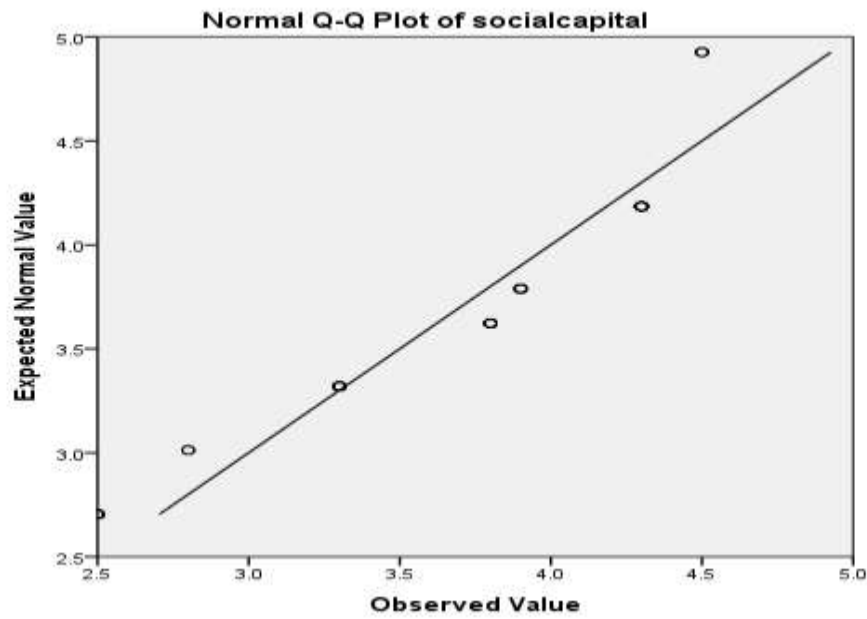
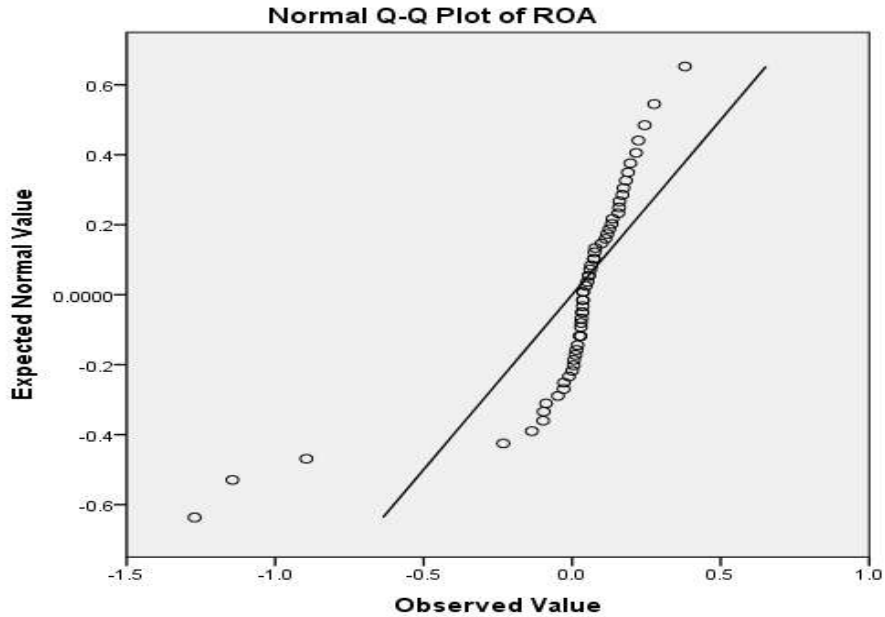


Figure 4. 3 Quantile-Quantile Plot on Social Capital



**Figure 4. 4 Quantile-Quantile Plot on Social Capital**

If one or more of the research variables were significantly correlated with another one or more of the other independent variables, a multicollinearity test was utilized to determine this. Variation Inflation Factor (VIF) was used to measure the extent to which coefficient variables have been inflated by linear dependency on other variables. It is generally accepted that if any of the VIFs is larger than ten (10 when conservative) if tolerance is equal to or greater than one, and if the condition number is greater than thirty, multicollinearity is likely to be present and may distort the results of the study (Newbert, 2008). The results of the multicollinearity tests are presented in Table 4.8.

**Table 4. 8 Tolerance, Variance Inflation Factor, and Condition Number**

Variables	Tolerance	Collinearity Statistics	
		VIF	Condition Number
Configuration of human resource practices	.500	2.000	
Organization characteristics	.608	1.646	
Social capital	.633	1.580	

**Table 4. 9 Correlation Between Independent Variables**

		HRM Practices	Organizational characteristics	Social Capital
HRM practices	Pearson Correlation	1		
	Sig. (2-tailed)	.024		
Organizational characteristics	Pearson Correlation	0.87	1	
	Sig. (2-tailed)	.045	0.041	
Social capital	Pearson Correlation	0.54	0.14	1
	Sig. (2-tailed)	.033	.049	0.038

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

Multiple linear regression analysis is predicated on the assumption that when the variables are changed, the variances of the dependent variable remain homogeneous (or constant) (Tabachnick & Fidell, 2013). Levene's test was used to investigate the uniformity of variability in the scores of the dependent variable as independent variables, and the test also examined the variance of the relationship between the two variables of the configuration of human resource management practices, organization characteristics, and social capital and performance of firms listed at NSE. For the variances to be homogeneous, the expectation was that the p-value should be less or equal to 0.05 level of significance. Results in Table 4.10 shows that the homoscedasticity assumption was not violated.

**Table 4. 10 Test for Homogeneity of Variances**

Predictor Variables	Levene's Test for Equality of Variances		t-Value	Sig. (2-tailed)
	Equal variances assumed	Equal variances not assumed		
Effect of configuration of human resource on organization performance	Equal variances assumed		-.655	.039
	Equal variances not assumed			
Effect of organization context on the relationship between configuration of human resource and organization performance	Equal variances assumed		1.342	.022
	Equal variances not assumed			
Effect of social capital on the relationship between configuration of human resource and organization performance	Equal variances assumed		-2.236	.011
	Equal variances not assumed			
Joint relationship of configuration of human resource, organization context, and social capital on organization performance	Equal variances assumed		2.191	.026
	Equal variances not assumed			

## 4.7 Descriptive Statistics

### 4.7.1 Configurations of Human Resource Management Practices

As explained in chapter one and further in Table 3.1 (Operationalization of variables), there are three configurations of human resource management practices, namely skills configurations, motivation bundle, and empowerment bundle. Each configuration comprises several complementary practices. Descriptive configurations are presented below:

#### 4.7.2 Skill Configuration

The configuration of the skill comprised various assertions that complemented one another. On a Likert scale ranging from one to five, respondents were asked to indicate the degree to which they agreed or disagreed with the aforementioned statements. A score of one indicated that there was neither agreement nor disagreement, a score of two represented low agreement nor disagreement, a score of three stood for moderate agreement or disagreement, a score of four represented high agreement or disagreement, and a score of five represented very high agreement or disagreement. Table 4.11 contains the results of the investigation.

**Table 4. 11 Skills Configurations Indicators**

Statements	Mean	Standard Deviation
Our company has integrated recruitment and selection that defines ways of attracting and retaining employees.	1.917	0.696
Our company has a comprehensive training and development policy that provides training and development opportunities for employees to enable them to meet organization goals.	2.950	0.964
Employees are trained in areas that help in customer relations and career advancement.	3.133	1.016
The initiatives of training and development adopted are centered on the development of employees' skills and competencies in their jobs.	3.283	1.027
Employees with high skills that are relevant to the company's needs are always targeted in the recruitment process.	3.617	0.922
Average Mean	2.980	

The majority of respondents said that highly competent people who can assist the organization in achieving its goals are obtained through the recruiting process, as shown

by the majority of the results in Table 4.10 (mean = 3.62; standard deviation = 0.92). The chosen programs of training and development are concentrated on the growth of workers' abilities and competencies in their employment, and this is the primary objective of these programs. (mean = 3.28; standard deviation = 0.92) and that staff are taught in areas that aid in improving customer interactions and professional progression (mean = 3.13; standard deviation = 1.02) In addition, respondents said that their firm has moderately extensive training as well as a development strategy that offers workers with training & development to help them reach organization objectives (mean = 2.95; standard deviation = 0.96) and that their company has integrated recruiting and selection which outlines strategies to attract and retain personnel (mean = 1.92; standard deviation = 0.70). This suggests that firms with NSE listings seek highly qualified personnel who can assist them in achieving their goals. The chosen programs of training and development are concentrated on the growth of workers' abilities and competencies in their employment, and this is the primary objective of these programs. Ensure that staff get training in areas that are beneficial to both their relationships with customers and their career progress.

#### **4.7.3 Motivation Configuration**

Respondents were required to rate the extent of their agreement or disagreement with each of the several statements that constitute measures or practices of human resource management that relate to motivation. The statements were anchored on five-point Likert scales ranging from 1 = high level of disagreement, 2 = moderate level of disagreement, 3



= neither agree nor disagree, 4 = moderately agree, and 5 = highly agree. The results are presented in Table 4.12.

**Table 4. 12 Motivation Configuration Indicators**

Statements	Mean	Standard Deviation
Our company has a reward management policy that enhances employee's performance	3.083	1.013
Our company's incentive and compensation programs help to increase employee motivation and retention, which in turn helps to drive organizational performance	3.617	0.804
The rewards and compensation provided is competitive	3.783	0.804
Our company offers financial and non-financial rewards that enhance employee performance	4.150	0.515
Average	3.658	

Based on the results in Table 4.11 above, most respondents reported that their firm gives both financial and non-financial incentives that improve employee performance (mean = 4.15; standard deviation = 0.52), that the rewards and pay offered were competitive (mean = 3.78; standard deviation = 0.80) and also that their company's incentive and compensation programs serve to raise employee engagement and retention, which in turn helps to drive organizational growth. In addition, respondents responded that the organization has a reward management program to a considerable level, which increases employee performance (mean = 3.08; standard deviation = 1.01). Financial and non-financial incentives, as well as competitive awards and remuneration, were found to be granted by NSE-listed firms, which in turn boosted employee engagement and retention, which in turn boosted the company's performance.

#### 4.7.4 Empowerment Configuration

Respondents were required to rate the extent of their agreement or disagreement with each of the several statements that constitute measures or practices of human resource management that relate to motivation. The statements were anchored on five-point Likert scales ranging from 1 = high level of disagreement, 2 = moderate level of disagreement, 3 = neither agree nor disagree, 4 = moderately agree, and 5 = highly agree. The results are presented in Table 4.13.

**Table 4. 13 Empowerment Configuration Indicators**

Statements	Mean	Standard Deviation
Performance appraisal at our company is believed to be able to satisfy and motivate employees to perform better	3.200	0.860
All managers at our company participate in the appraisal process	3.767	0.810
Our company undertake regular performance appraisal	3.533	0.999
There is an increment in pay resulting from excellent appraisal results	3.483	1.200
Performance evaluation serves on the basis promotion	3.333	0.752
Average	3.463	

Table 4.13 shows, majority of the respondents indicated to a great extent that all managers at their company participate in the appraisal process (mean = 3.77; standard deviation = 0.81), the company undertake regular performance appraisal (mean = 3.53; standard deviation = 1.00) and that there was an increment in pay resulting from excellent appraisal results (mean = 3.48; standard deviation = 1.20). Further, respondents indicated to a moderate extent that performance evaluation serves on the basis promotion (mean = 3.33; standard deviation = 0.75), and that performance appraisal at our company was believed to be able to satisfy and motivate employees

yees to perform better (mean = 3.20; standard deviation = 0.86). This was an indication that all managers at firms listed at NSE participate in the appraisal process, firms listed at NSE undertake regular performance appraisal and that there was an increment in pay resulting from excellent appraisal results.

#### 4.7.5 Social Capital

The second goal of the study was to find out how social capital affected the relationship between HRM practice configurations and the performance of NSE-listed firms. Respondents were asked to rate how much they agreed or disagreed with each statement on a Likert scale from 1 to 5, with 1 meaning they didn't agree at all, 2 meaning they agreed a little, 3 meaning they neither agreed nor disagreed, 4 meaning agreed to a greater to a small extent, and 5 meaning they disagreed a lot.

**Table 4. 14 Social Capital**

	<b>Mean</b>	<b>Std. Deviation</b>
Social networks significantly affect the relationship between HRM practice configuration and performance of the NSE listed companies.	2.800	0.935
There are a high density and number of social connections within and across the organization and with external stakeholders.	3.017	1.066
In my organization people feel that relationships are based on care and respect for others	3.400	1.182
There is substantially horizontal or cross-departmental communication (flow of information) existing in my organization	3.550	1.080
The decision-making structure mostly flat (rather than mostly top-down and hierarchical	3.983	1.396
Participation is encouraged	3.283	1.151
In my organization people feel that their working environment is positive and friendly	3.650	1.471
<b>Average Mean</b>	<b>3.383</b>	

According to the study's findings, the majority of respondents indicated that the decision-making process in their organization was largely horizontal rather than top-down and hierarchical (mean=3.983; standard deviation =1.396), that people feel that their workplace is positive and friendly (mean=3.650; standard deviation =1.471) and that there is a significant amount of horizontal or cross-departmental communication (flow of information) present in my organization (mean=3.983; standard deviation =1.471). Additionally, respondents reported that relationships within their business are built on caring and respect for others to a considerable amount (mean=3.400; standard deviation =1.182) and that involvement is encouraged (mean=3.283; standard deviation =1.151). Additionally, respondents said that there are a lot of social ties both inside and outside of the firm as well as with external stakeholders (mean=3.017; standard deviation =1.066) and in social networks (mean=2.800; standard deviation =0.935). This is a sign that the decision-making structure at NSE-listed firms is primarily flat (as opposed to top-down and hierarchical) and that employees there have a positive, welcoming work environment, and that there is a significant amount of horizontal or cross-departmental communication (flow of information) within the company.

**Table 4. 15 Measures of Social Support**

	<b>Mean</b>	<b>Std. Deviation</b>
The ideas and opinions of external stakeholders factor into decision-making	3.100	1.037
People in my organization demonstrate a willingness to take a risk in the face of an uncertain outcome or in situations where relying on others is required by their actions.	2.850	0.954
In my organization people listen with attention to others and value all voices	3.383	1.462
In my organization people feel that their voices are being heard.	3.417	1.488
In my organization everyone attends all of the required meetings and participates fully	3.600	0.995
<b>Average</b>	<b>3.270</b>	

From the study findings in Table 4.15 majority of the respondents indicated (mean=3.600)

that in their organization everyone attends all of the required meetings and participates fully (mean=3.600; standard deviation =0.995), in their organization people feel that their voices are heard (mean=3.417; standard deviation =1.488), in their organization people listen with attention to others and value all voices (mean=3.383; standard deviation =1.462) and that the ideas and opinions of external stakeholders are factored into decisionmaking (mean=3.100; standard deviation =1.037). In addition, respondents indicated that in their organization people demonstrate a willingness to take a risk in the face of an uncertain outcome or in situations where reliance on others is required (mean=2.850; standard deviation =0.954). These findings imply that in firms listed at NSE everyone attends all of the required meetings and participates fully in firms listed at NSE people feel that their voices are being heard, people listen with attention to others and value all voices and the ideas and opinions of external stakeholders are into decision-making.

**Table 4. 16 Measures of Social Cohesion**

	<b>Mean</b>	<b>Std. Deviation</b>
Stakeholders regularly participate in processes and decision-making	3.883	0.640
People in my organization have demonstrated a willingness to put in the requisite time and effort (e.g. participating, going the extra mile, volunteering, etc.)	4.433	0.945
In my organization meetings are inclusive	3.933	0.660
In my organization people show tolerance and ability to work comfortably in uncertainty/ambiguity	3.850	0.880
In my organization people feel that there is a sense of equality throughout	4.450	0.529
In my organization there is a high level of collaboration and co-creation.	4.133	0.873

According to the results in Table 4.15, most respondents said that their organization's employees feel like there is a general sense of equality (mean=4.450; standard deviation =0.529) and that its employees are willing to put in time and effort (e.g., participate, go above and beyond, volunteer, etc.) (Mean=4.433; standard deviation =0.945). Additionally, respondents reported that meetings in their organizations are inclusive (mean=3.933; standard deviation =0.660), stakeholders regularly participate in processes and decision-making (mean=3.883; standard deviation =0.640), and people in these organizations are tolerant of uncertainty and can work in it without feeling uncomfortable (mean=3.850; standard deviation =0.880). This shows that there is a strong sense of equality in NSE-listed enterprises that employees are keen to put in time and effort (e.g., by contributing, going above and above, volunteering, etc.), and that there is a high level of collaboration and co-creation.

#### 4.7.6 Organizational characteristics

To achieve the study goal subsequent even-handed, respondents were approached to rate the degree of understanding or conflict with the assertions gave on a Likert size of 1-5 where 1=no degree, 2= low degree, 3= moderate degree, 4= extraordinary degree, and 5= extremely incredible degree.

#### 4.7.7 Organizational Culture

This factor was measured by six indicators in form of statements which were rated by the respondents in a five-point scales. From rating scores, means and standard deviation were computed and are presented in Table 4.17.

**Table 4. 17 Organizational Culture**

	<b>Mean</b>	<b>Std. Deviation</b>
Corporate culture plays a major role in the firm's procedures and processes	3.367	0.663
Competence in our organization is based on strategic objectives and teamwork	3.800	0.684
Our competence is based on the integrity and accountability applied in our corporation	4.300	0.908
Our employees are often recognized and rewarded for good performance	4.450	0.999
The adaptability both in the internal and external environment is very good	4.467	0.676
The mission and objectives of the organization are very clear and easy to follow	4.350	0.954
<b>Average Mean</b>	<b>3.076</b>	

Source field data (2022)

According to the findings shown in Table 4.18, majority of the respondents appear to have adapted well both in the internal and external environment. To a large extent, movement of the employees of the listed firms are often recognized and rewarded for good performance (mean=4.450; standard deviation =0.999). Mission and objectives of most of the listed firms are very clear and easy to follow (mean=4.350; standard deviation =0.954) and that their competence is based on the integrity and accountability applied in our corporation (mean=4.300; standard deviation =0.908). Further, respondents indicated to a great extent that competence in our sector is based on strategic objectives and teamwork (mean=3.800; standard deviation =0.684) and that corporate culture plays a major role in the firm's procedures and processes (mean=3.367; standard deviation =0.663). This implies that firms listed at NSE adaptability both in the internal and external environment is very good, their employees are often recognized and rewarded for good performance, their mission and objectives are very clear and easy to follow and that their competence is based on the integrity and accountability applied in our corporation.

#### **4.7.8 Organizational Structure**

Structure was measured with six items as shown in Table 4.18. The respondents were asked to rate each statement on a five point Likert Scale with 1 indicating that the attribute's presence and impact is non-existent or just slightly above zero. At the other extreme end of the scale is 5 which stands for 'to a very great extent', while 2, 3 and 4 represent to less extent, moderate extent and great extent respectively.



**Table 4. 18 Measures of Organizational Structure**

	<b>Mean</b>	<b>Std. Deviation</b>
Force is unified at the top and power is incorporated at the top	4.067	1.087
Occupations are profoundly normalized and formalized	4.150	1.191
Organizational rules and procedures are carefully defined	4.033	0.802
Leaders are considered as mentors and coaches	4.067	0.634
Workers relate to each other dynamic interaction	4.367	0.938
The organization's structure is quite simple	4.350	0.633
<b>Average Mean</b>	<b>4.172</b>	

Based on the study findings in Table 4.18, majority of the respondents indicated that workers are associated with each other dynamic interaction (mean=4.367; standard deviation =0.938), the organization's structure is quite simple (mean=4.350; standard deviation =0.633), Occupations are profoundly normalized and formalized (mean=4.150; standard deviation =1.191), Force is unified at the top and power is incorporated at the top (mean=4.067; standard deviation =1.087), leaders are considered as mentors and coaches (mean=4.067; standard deviation =0.634) and that organization rules and procedures are carefully defined (mean=4.033; standard deviation =0.802). This is an indication that at firms listed at NSE, Workers relate to each other dynamic interaction in the association, the organization's structure is quite simple, Occupations are profoundly normalized and formalized, Force is unified at the top and power is incorporated at the top, leaders are considered as mentors and coaches and that organization rules and procedures are carefully defined.

**Table 4. 19 Measures of Communication Strategies**

	<b>Mean</b>	<b>Std. Deviation</b>
In my organization, communication and control proceeds through hierarchical routes	3.550	1.032
In our organizations, expected standards of behaviour for all employees are clearly communicated	3.433	1.095
In our organization employees are encouraged to share their views, (bottom-up communication) to the management for the betterment of the organization	3.400	1.509
In our organization, communication channels are open between the employees and the management	3.767	1.155
In my organization conversations are authentic, genuine and honest	3.617	0.976
<b>Average Mean</b>	<b>3.553</b>	

The study findings in Table 4.19 show in most organizations in the study, communication channels are open between the employees and the management (mean=3.767; standard deviation =1.155), conversations are authentic, genuine and honest (mean=3.617; standard deviation =0.976), and communication and control proceeds through hierarchical routes (mean=3.550; standard deviation =1.032). In addition, slightly more than 50% of the respondents indicated that in their organizations, expected standards of behaviour for all employees was clearly communicated (mean=3.433; standard deviation =1.095) and that in their organizations employees were encouraged to share their views (bottom-up communication), to the management for the betterment of the organization (mean=3.400; standard deviation =1.509). These findings imply that in firms listed at NSE, communication channels are open between the employees and the management, conversations are authentic, genuine and honest and that communication and control proceeds through hierarchical routes.

#### 4.7.9 Means and Standard Deviations for Return on Assets

Descriptive statistics consisting of mean scores and standard deviations for ROA are presented in Table 4.20.

**Table 4. 20 Return on Assets**

	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
2015	-.86	.36	.0650	.16455
2016	-.21	.38	.0837	.10464
2017	-2.83	.38	.0200	.38985
2018	-4.14	.41	-.1556	.85300
2019	-3.00	.81	.0264	.43306

Table 4.20 shows the values of Return on Assets over five years from 2015 – 2019. The findings reveal an irregular pattern of the return on assets (ROA) of the listed firms over five years, with the lowest value being -0.1556 in the year 2018 and the highest value for ROA being 0.0837 in 2016. Low standard deviation scores, on the other hand, indicate that the variation in the financial performance of the various firms listed in the Nairobi Securities Exchange is low.

#### 4.8 Test of Hypotheses

This section presents the hypothesis testing posed in chapter two. Simple, stepwise, hierarchical, and multiple regressions were used in the test of hypotheses. Inferential statistics and parameters including R<sup>2</sup>, F-statistic, t-statistic, and p-values were interpreted to confirm hypotheses. Discussions to reject or fail to reject the null hypothesis were based on the p-values at a 95 percent significance level.

#### 4.8.1 Relationship between Configuration of HRM practices and performance of Firms listed in NSE

Hypothesis (H<sub>1</sub>): Configuration of HRM practices does not influence performance of Firms listed in NSE. This hypothesis was tested using simple linear regression analysis. Results are presented in Table 4.21.

**Table 4. 21 Regression Results for the Effect of Configuration of Human Resource Practices on Performance**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.467	.218	.212	.93375		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.936	1	1.936	9.271	.003
	Residual	12.006	58	.207		
	Total	13.942	59			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.85	.228		5.415	.000
	Configurations of Human Resource Practices	.494	.467	.467	6.307	.000
Dependent Variable: organizational performance						
Predictors: (Constant), configuration of human resource practices						

Table 4.21 reveals that the R<sup>2</sup> value was 0.218%. A sign that the explanatory power of the arrangement of HRM practices on organizational performance was poor. This indicated that 21.8 percent of the variations in the firm's performance were attributed to the configuration of human resource practices, while 78.2 percent of the change in the performance of listed firms was attributable to variables other than the design of human resource practices. As a result, the null hypothesis that the configuration of HRM practices does not impact the performance of Firms included in NSE was rejected and the alternative hypothesis was found to be supported, indicating that the total regression model ( $F = 9.275$ ,  $P 0.05$ ) is significant. Table 4.21 reveals that the performance of listed firms increases by 0.494 units for each unit change in HRMP ( $\beta = 0.494$ ,  $t=6.307$ ,  $p0.05$ ). The resultant regression equation may be expressed as  $P = 1.85 + 0.494CHRMP$ , which indicates that if the configuration of HRM practices increases by one unit, the performance of firms listed on the NSE would improve by 0.494 units on average, assuming all other parameters remain constant.

#### **4.8.2 The moderating effect of social capital on the relationship between configuration of HRM practices and performance of firms listed in the NSE**

The second purpose of this study was to examine the moderating influence of social capital on the relationship between configurations of HRM practices and NSE-listed businesses' performance. It was hypothesized that social capital has no influence on the association between configurations of HRM practices and organizational performance on the NSE. A Stepwise regression analysis was used to test the null hypothesis. **H2: that**

**social capital has no significant moderating influence on the relationships between configurations of HRM practice and performance of firms listed in NSE.**

This method is justified because it informs the study on the relationship of the study variables when one or more study variables are introduced into the regression model. Also, this technique is useful when dealing with a large number of potential predictor variables and is often used in the context of multiple regression analysis. In step one, organizational performance was regressed on the configuration of human resource management practices. In step 2, social capital (a moderator) was added to the regression model. In step 3, the interaction between the configuration of human resources management practices and social capital was introduced into the regression model.

The significant effect of the interaction on the performance of listed firms is moderated by social capital while the insignificant interaction term would imply that there is no moderation. Regression results are in Table 4.22.

**Table 4. 22 Moderating Influence of Social Capital on the Relationship between Configurations of HRM Practices and Performance.**

(a.) Model Summary						
Model		R	R Square	Adjusted R Square		
1		.774 <sup>a</sup>	.599	.589		
2		.782 <sup>b</sup>	.611	.591		
3		.793 <sup>c</sup>	.628	.599		
(b.) Goodness-of-Fit ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	214.212	1	214.212	59.686	.000 <sup>b</sup>
	Residual	208.162	58	3.589		
	Total	422.374	59			
2	Regression	218.741	2	109.370	30.680	.000 <sup>c</sup>
	Residual	203.205	57	3.565		
	Total	421.946	59	109.370		
3	Regression	224.755	3	74.918	21.403	.000 <sup>d</sup>
	Residual	196.000	56	3.500		
	Total	420.755	59			
(c.) Beta Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T-value	Sig.
		B	Beta			
1	(Constant)	7.954			5.034	.000
	Configurations of HRM practices	.589	0.774		7.726	.000
2	(Constant)	7.795			4.931	.000
	Configurations of HRM practices	.672	.882		6.372	.000
	Social capital	-.079	-.156		-1.127	.267
3	(Constant)	.759			.136	.893
	Configurations of HRM practices	1.015	1.332		3.600	.001
	Social capital	.415	.820		1.083	.286
	Configurations of HRM practices x Social capital	-.023	-1.335		-1.311	.198
a. Dependent Variable: Performance						
b. Predictors: (Constant), Configurations of HRM practices						
c. Predictors: (Constant), Configurations of HRM practices, Social capital						
d. Predictors: (Constant), Configurations of HRM practices, Social capital, Interaction term of CHRM practices x Social capital						

Table 4.22 shows the linear regression results from the test of hypothesis 2. The R Square (0.628), implies that the interaction of Social capital and configurations of HRM practices accounted for 62.8% of performance.

Table 4.22 further showed that, in step three, the beta coefficient of the interaction term of configuration of human resource practices and social capital on your firm performance is insignificant ( $\beta = -1.335$ ,  $T = -1.311$ ,  $P > 0.05$ ). This results suggests that the relationship between configuration of human resource practices and firm performance becomes weaker with the interaction of social capital, thereby give a negative effect that is insignificant. This insignificant negative scores implied that the test of null hypothesis stating that social capital has no significant moderating influence on the relationships between configurations of HRM practice and performance of firms listed in NSE was accepted.

#### **4.8.3 Intervening influence of organizational characteristics in the relationship between configurations of human resource management practices and performance of firms listed at the Nairobi Securities Exchange**

The third research objective was to determine the intervening influence of organizational characteristics on the relationship between configurations of HRM practices and the performance of firms listed in NSE and the presentation of organizations recorded on NSE while the theories formed was that Social capital doesn't moderate the relationship



between setups of HRM practices and execution of firms recorded at NSE. The third hypothesis stated that: Organizational characteristics do not mediate the relationship between configurations of human resource management practices and the performance of firms listed at the Nairobi Securities Exchange. The four-step path analysis developed by Baron and Kenny (1986) was used to test this hypothesis. These steps are elaborately explained in chapter three. In steps 1, 2, and 3, simple linear regression was used, and in step 4, multiple linear regression analysis was used, because the two predictor variables were included in the regression model. The first step involved regressing the firm's performance on the configuration of human resource practices. Step two of the process was initiated if the results in step one were statistically significant. If they are insignificant, the process would have to come to an end, and it would be concluded that the organizational characteristics have no influence on the relationship between the configuration of human resource practices and firms' performance.

In the second stage organizational characteristics were regressed in the configuration of human resources practices. Since the required condition for mediation at stage two has been fulfilled and the process advanced to step 3. Step 3 tested the effect of organizational characteristics on firm performance using a simple linear regression model. The results depicted a statistical effect of organizational characteristics on firms' performance. The results of the test of hypothesis four are presented in Tables 4.23, 4.24, and 4.25.

**Step one:** Performance was regressed on configurations of human resource management practices. The results are in Table 4.23.

**Table 4. 23 Regression Results for the Influence of Configuration of Human Resource Practices on the Performance of Listed Firms in NSE**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.494	.244	.198	.52833		
ANOVA						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1						
	Regression	1.471	1	1.471	5.271	.003
	Residual	16.182	58	.279		
	Total	17.653	59			
Coefficients						
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
	(Constant)	.951	.763		1.247	.218
	Configuration of human resource practices	.787	.243	.416	3.236	.002

a. Dependent Variable: Organization performance  
b. Predictors: (Constant), configuration of human resource practices

A glance at Table 4.23 reveals a moderately strong correlation between configuration of human resource practices and performance of listed firms in Kenya ( $R = 0.494$ ). The table further indicates that 24.4 percent of change in performance of listed firms is explained by configuration of human resource practices ( $R$  squared = 0.244),  $F = 5.271$ ,  $P < 0.05$ ). This means that 75.6 percent of variation in performance of listed firms is not accounted for by configuration of human resource management by practices.

The significant F ratio is enough evidence that the regression model used in this step attained goodness of fit. Beta coefficient provides further evidence of the significance of effect of the configuration of human resource management practices on performance of listed firms in Kenya ( $\beta = 0.87$ ,  $t = 3.236$ ,  $P < 0.05$ ) This finding suggests that a unit change in the configuration of human resource practice is associated with 0.787 variation in the performance of the listed firms.

**Step two:** the test of intervention of organizational characteristics in the relationship between configuration of human resource practices and organization performance involved regressing organizational characteristics on configuration of human resource practices. The results of the tests are presented in Table 4.24.

**Table 4. 24 Regression Test of the Effect of Organization characteristics on Configuration of Human Resource Practices.**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.671	.451	.446	8.17058		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7229.122	1	7229.122	108.288	.000
	Residual	3,871.96	58	66.758		
	Total	11,101.09	59			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.451	5.507		4.258	.000
	Configuration of HRMP	.778	.075	.671	10.406	.000
Dependent Variable: Organizational characteristics						
Predictors: (Constant), Configuration of HRMP						

The findings in Table 4.24 suggest that the configuration of human resources management practices had a positively strong and statistically significant relationship with the organizational characteristics of listed firms in Kenya ( $R = 0.671$ ,  $P < 0.05$ ). The table further indicates that 45.1 percent of changes in organizational characteristics of listed firms in Kenya are explained by the configuration of human resource management practices of the listed firms ( $R^2 = 0.451$ ,  $F = 108.288$ ,  $P < 0.05$ ). This means that 45.1 percent of the variation in organizational characteristic are accounted for by configurations of human resources management practices. The significant F ratio is enough evidence that the regression model used in this step attained goodness of fit. The beta coefficient provides further evidence of the significance of the effect of the configuration of human resource management practices on the organizational characteristics of listed firms in Kenya. ( $B = 0.778$ ,  $t = 10.406$ ,  $p < 0.05$ ). This finding suggests that a unit change in the configuration of human resources management practices characteristics is associated with 0.778 variations in the organizational characteristics of the listed firms.

**Step =Three:** In the third stage of the test of intervention of organizational characteristics in the relationship between the configuration of human resource practices and organizational characteristics of the listed firms in Kenya. Table 4.25 shows the results of Step 3.

**Table 4. 25 Regression Results for the Intervening Effect of organizational characteristics in the Relationship between Configuration of Human Resources Management and organizational Performance**

<b>Model Summary</b>						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.111	.012	.001		.2989420	
<b>ANOVA</b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.094	1	.094	1.057	.307
	Residual	5.162	58	.089		
	Total	5.256	59			
<b>Coefficients</b>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	Organizational characteristics	.015	.061	.030	.252	.802

Predictors: (Constant), Organization characteristics  
Dependent Variable: Organization performance

Table 4.25 show A weak correlation between organizational characteristics and organizational performance (R=.111). The regression model explained 1.2 percent (R2 = 0.012 percent) of the variation in organizational performance. Other factors that are not included in the analytical model account for 98.8% of the variation in organizational performance. The findings were not statistically significant at a p-value of 0.05. As a result, the findings of the third step in testing for an intervening influence of organizational characteristics in the connection between human resource practice configuration and organizational performance did not meet the conditions for mediation. The influence of organizational characteristics (B=.015, t=.252, p>0.5) and human

resource practice configuration ( $B=.087$ ,  $t=1.566$ ,  $p>0.5$ ) on human resource practice configuration was not statistically significant. The model was likewise shown to be statistically insignificant ( $R^2=.040$ ,  $F=1.763$ ,  $p>0.5$ ).

Because the statistical results obtained at step three are not statistically significant, the necessary conditions for mediation do not exist to move on to step four in the testing for whether is complete or partial mediation of organizational characteristics on the relationship between the configuration of human resource practices and organizational performance. As a consequence of this, the procedure came to a stop at step 3, and there are no results for step 4.

However, step one and two of the tests of mediation procedures were significant implying that the condition for partial mediation has been met. Therefore step 1 and step 2 should be included in the explanation of the model.

#### 4.8.4 Joint Effect of Configurations HRM Practices, Organizational Characteristics, and Social Capital on Performance of Firms Listed in the Nairobi Securities Exchange.

In this section, data on predictor variables (Configuration of human resource practices, organizational characteristics, and organization structure) were collected by the use of structured questionnaires while performance data represented by ROA was collected from the financial reports of the listed firms in Kenya. Multiple regression model was used to test hypothesis four which state that there is a joint effect of HRM Practice

Configuration, Organizational Characteristics, and Social Capital on the Performance of Firms Listed in the Nairobi security exchange. The findings are reported in Table 4.26.

**Table 4. 26 Multiple Regression Results for the Effect of HRM Practices, Organizational characteristics, and Social Capital on the Performance of Firms listed at NSE**

<b>Model Summary<sup>b</sup></b>						
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>		
1	.830	.688	.668	.52833		
a.Predictors: (Constant), configuration of human resource practices, social capital, organizational characteristics						
<b>ANOVA</b>						
<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	16.086	3	5.362	34.586	.000
	Residual	8.68	56	.155		
	<b>Total</b>	<b>24.766</b>	<b>59</b>			
a.Dependent Variable: Performance						
b.Predictors: (Constant), configuration of human resource practices, social capital, organizational characteristics						
<b>Coefficients</b>						
<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	1.656	.596		2.778	.008
	Configuration of Human Resource Practices	.888	.125	.774	7.100	.000
	Social Capital	.741	.188	.683	3.933	.000
	Organizational characteristics	.120	.90	.103	.830	.411
a. Dependent Variable: performance						
b. Predictors: (Constant), configuration of human resource practices, social capital, organizational characteristics						

The findings indicate that the combined influence of the three variables (configuration of human resource practices, social capital, and organizational characteristics) accounts for 68.8 percent of the variance in the performance of firms listed in the NSE (R Square =0.688). The regression model fitted the data and thus applied correctly (F = 34.586, P<0.05). a unit change in the configuration of human resource management practices is associated with a 0.774 variation in the performance of firms listed on the Nairobi security exchange while a unit change in social capital (B =0.683, P<0.05). The beta coefficient for change in organization characteristics was not statistically significant (B =0.103, P >0.05), implying that organization characteristics have no effect on the performance of listed firms in Kenya in the presence of the other two predictors. Based on the results, the hypothesis that “the joint effect of the configuration of human resource practices, social capital, and organization characteristics on performance of firms listed at NSE is not significant is rejected. Therefore the regression model is substituted as follows:

$$Y= 1.656+0.774X_1 +0.683 X_2$$

Where, Y is organization performance; X<sub>1</sub> is configuration of human resource practices; X<sub>2</sub> is social capital.

#### **4.9 Discussion of Findings**

The purpose of this study was to examine the effect of HRM practice configurations on the performance of listed firms in Kenya's firms and the role of organizational



characteristics and social capital on the performance of businesses listed in the NSE. The study had four objectives and four corresponding hypotheses. The hypotheses were tested using different linear regression models. The findings were discussed in sections 4.8.1 through 4.8.4 defined four particular aims and hypotheses to accomplish this broad goal. Linear regression analysis and a conceptual framework defining the putative connections among the variables were used to evaluate the four hypotheses. The findings of the hypotheses are briefly discussed in this section.

#### **4.9.1 Effect of Configurations HRM practices on the Performance of Firms Listed in NSE**

The primary purpose of the research was to investigate the influence of various HRM practice configurations on the performance of NSE-listed firms. The findings indicated that HRM practice configurations have a substantial influence on the performance of NSE-listed firms. According to prior research, the configuration of human resources includes specific actions that explicitly seek to enhance intellectual capital or information presentation. Achievement and service growth are the two most essential human resources. Means to sudden increase in human capital (Hatch & Dyer, 2004). These findings show that human resource management techniques that improve employment practices, such as long-term employment relationships, performance-based awards, a positive workplace culture, and investments in employee training and development programs, improve business performance. Until now, the body of literature, that is based on research conducted in the private sector both domestically and internationally, has

only shown a positive correlation between HRM practices and business performance (Rodriquez & Ventura, 2003; Huselid, 1995b; Arthur, 1994).

The study further concurs with the findings of El-Ghalayini (2017) who examined human resource management practices and organizational performance in public sector organizations. They found strong empirical evidence that some HRM strategies, like training and development, outperform other approaches, such as staffing and recruiting. Similarly, in Nigeria, Osemeke (2012) revealed that a company's human resources procedures can have a significant influence on its success. Guinness's human resource management methods, such as recruiting and selection, Staff performance evaluation, and remuneration and training, were examined in this study to see if they had an influence on the company's overall success. Researchers were unable to gather enough information to draw any firm conclusions about the effect of salary, training, and development policies on an organization's success.

The findings were also in congruent with a study conducted by Guinness Nigeria Plc Osemeke (2012) who investigated the influence of human resource management practices on organizational performance. The company's human resources procedures can have a significant influence on its success. Guinness's human resource management methods, such as recruiting and selection, Staff performance evaluation, and remuneration and training, were examined in the study to see if they had an influence on the company's

overall success. Guinness Nig. Plc eighty's employees were randomly selected for the study.

#### **4.9.2 The effect of Social Capital on the relationship between HRM practice configurations and the performance of NSE-listed firms**

The second objective was to determine if social capital moderates the relationship between HRM practice configurations and NSE-listed enterprises' performance. Social capital moderated the association between HRM practice configurations and NSE performance, according to the results. Similar to the results of the research, Reed et al. (2006) demonstrate that social contacts may increase the value of human capital. They suggested that a robust network of social connections may reduce the amount of time and resources necessary for acquiring information, as well as serve as a conduit for knowledge dissemination and transfer involving knowledgeable and trustworthy individuals from other fields. It was determined that enterprises' efforts in hiring, mentoring, planning work, and implementing human resource practices configurations may be necessary to concentrate not only on the retention of employees but also on the development of the capacity to network, collaborate, and exchange information and expertise (Subramaniam & Youndt, 2005).

The study findings is also supported by a study conducted by Further, Sözbilir (2018), who looked at the connection between social capital and organizational innovation and efficiency in Turkey, according to the study, social capital had a positive and substantial

influence on both efficiency and organization efficiency. The company's marketability and performance were both significantly influenced by social capital.

The finding is in conformity with Akdere and Roberts (2008) who reviewed the implications for organizational performance. They noted that workplace social interactions and connections are becoming increasingly important as a result of technological advances and changes in organizational structures. As a new resource for improving organizational performance, social capital is increasingly recognized as a benefit of building relationships inside a company (Pratono et al., 2016). As a relatively new term, social capital is currently in the exploration stage for human resource development professionals and scholars. They observed that Social capital facilitates access to larger information sources as well as the improvement of information quality, relevance, and timeliness. Daily interaction with colleagues provides the opportunity for people to increase their knowledge under these conditions.

#### **4.9.3 The effect of organizational characteristics on the relationship between HRM practice configurations and performance of NSE-listed firms**

The third objective was to establish the mediation of organizational characteristics in the relationship between HRM practice setups bundles and the performance of NSE-listed firms. The findings indicate that organizational characteristics variables have a partial mediation relationship between HRM practice configurations and the performance of businesses listed in the NSE.

The results of this finding ii in conformity with a study by Fiorito, Bozeman, Young, and Meurs (2007) who did a study on organizational commitment, human resource practices, and organizational characteristics. The findings demonstrated a positive correlation between employee participation and organizational commitment and a negative correlation between salary reductions and organizational commitment. Based on a nationally diversified set of employers and workers, decentralization of decision-making boosted organizational commitment, according to the findings. Organizational commitment was not a significant predictor of most HR practice metrics.

Configurations of HRM practices studies show a difference to single human resource practices has been progressively documented by scholars to be significant with competitive motivators and is grounded on organization culture. Steady through an overall organizational standpoint, some researchers have said that an examination of HRM should also influence the community, physical, and executive developments. Such investigators recommend that the satisfaction of an administration's human resource system is prejudiced by the administration's "internal background," precisely, assembly, values, policies, route, and economic productivities (Schuler & Jackson, 2005). Organizational characteristics have developed extraordinary curiosity and exploration in the studies of organizational structure.

The study findings are also supported by a study by Katou and Budhwar (2010) investigated the relationship between HRM and performance in Greece. HRM policies

are governed by many business strategies (price, quality, innovation) and the motivation to execute is controlled by organizational culture, according to a structural equation model. HRM policies have an influence on an organization's success via workers' talents, attitudes, and behaviour, according to the research.

The results of the research contradict the resource-based approach (Barney, 1995), which asserts that firms must concentrate on their internal capabilities, such as human resources, to gain a competitive edge in their fields of operation. This might be associated with a lack of effort by NSE-listed firms to improve work outcomes.

#### **4.9.4 The joint effect of Configurations HRM practices, social capital and organizational characteristics on the performance of firms listed in NSE.**

The fourth objective was set to determine the joint effect of HRM practices, social capital, and organizational characteristics on the performance of firms listed in NSE. These variables were found to be statistically significant in influencing the performance of listed firms. The findings were also in tandem with the results of Chuang, Chen, and Chuang (2013) who explored the role of industrial characteristics via analysed human resource management practices and organizational social capital. They found that HR policies aimed at improving employee connections are linked to an increase in Organizational Shared Value (OSC), and the link is more pronounced for enterprises that operate in less-regulated industries. Thus, Configurations of HRM practices (selection as well as training) offer an organization with workers who are skilled and capable of

ongoing learning, and workers develop a greater understanding of responding to intense competition, constant innovation, and more complex technologies. Both direct improvement of Configurations HRM practices and stressing its effects on change are vital roles played by social capital as long as the invention is mainly activity in partnership. A similar study by (Boxall and Purcell, 2011) revealed that Configurations of HRM practices (selection as well as training) offer an organization with workers who are skilled and capable of ongoing learning, and workers develop a greater understanding of responding to intense competition, constant innovation, and more complex technologies. Both direct improvement of Configurations HRM practices and stressing its effects on change are vital roles played by social capital as long as the invention is mainly activity in partnership. Hence, the improvement of knowledge of an individual and the creation of situations for distribution seem to be matters which need much attention. Systematic HRM policies influence practices that deliver their exclusivity and hence offer a planned lever for the firm that is consistent internally as well as externally alignment. Generally, work systems are thought to comprise difficult selection and recruitment procedures, conventional dependent systems of incentive reimbursement, development organization, and exercise undertakings connected to the business needs and significant employee involvement commitment (Darwish, 2013).

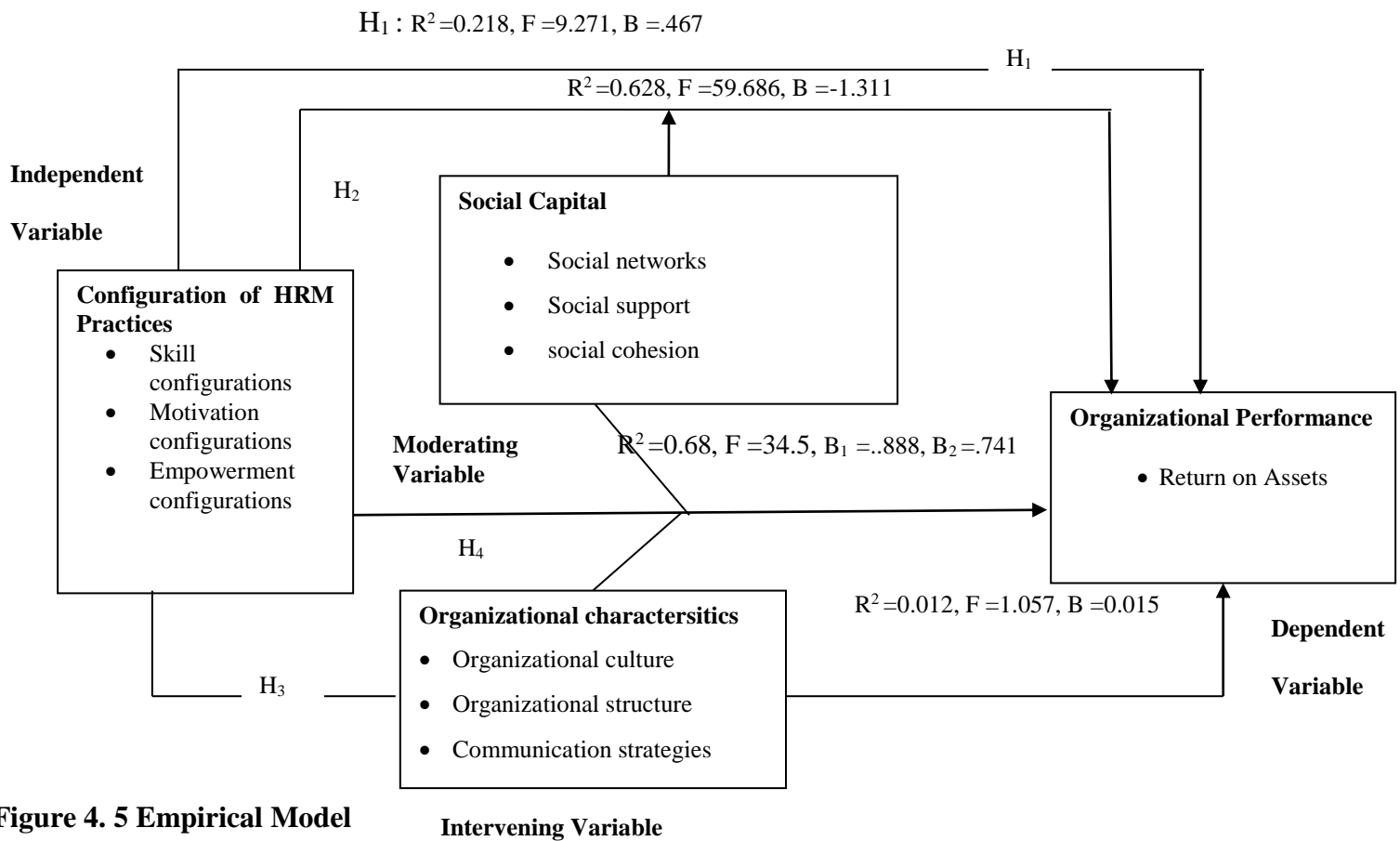
There is an expectation that Configurations of HRM practices adopted by the firm may have the propensity to align the priorities and constraints culture of the organization as long as organizational structure and values order as per significance and limit its

undertakings. In the next section, the study theorizes how firms that implement one of the five human resource configurations may be differentiated by certain circumstantial factors. The social dimension that we are stronger together organization saying is the emphasis on organizational social capital. Additionally, the social capital of the firm may be articulated as the collaboration in putting into consideration the general objective of the employees in the firm, strong social linkages, and being in the same level of confidence and work eagerness that reflects "chain strength is as much as the weakest link saying strength (Lin, 2002).

The finding was in agreement with the study conducted by Li et al, (2016). The findings suggested that HR policies based on commitment and social capital inside a company are vital for the development and maintenance of competitive advantage, resulting in improved performance within the firm. A study by Mehmood, et al, (2017) concluded that management may be able to increase employee commitment by improving employee satisfaction with compensation, policies, and working conditions. Workers are seen as an essential source of competitive advantage and should be involved whenever possible. It is possible to improve employee satisfaction at work by increasing employee interaction in staff meetings and facilitating more in-depth discussions on relevant topics. To succeed in these strategies and gain a competitive advantage, businesses need a highly committed and competent workforce that is involved in both the formulation and implementation phases of these procedures.



This study's results are consistent with the human capital theory, which stresses the significance of internal resources for sustainable competitive advantage. According to Schultz (1961), the Human Capital Theory (HCT) posits that the creation of value by individuals inside an organization may lead to enhanced business success. The human capital theory views people from inside an organization as assets rather than expenses. Human capital, as defined by Bontis et al. (1998), is the human aspect in an organization; the combined intellect, skills, and knowledge that provides the company its distinctive character. The HCT highlights the contribution that individuals may make to an organization. This circumstance is referred to by Boxall (1996) as a "human capital advantage." It is possible for an organization to successfully compete by adopting human resource management techniques that are general and then aligning those practices with the competitive strategy that the organization employs.



**Figure 4. 5 Empirical Model**

**Table 4. 27 Summary of Objectives, Hypotheses, Statistical Tests and Decisions**

<b>Objective</b>	<b>Hypotheses</b>	<b>Decision</b>
<b>Objective 1</b> Establish the influence of configurations of HRM practices on performance of firms listed on the NSE	H <sub>1</sub> : The configurations of HRM practices do not influence performance of firms listed on the NSE	Reject H <sub>1</sub>
<b>Objective 2</b> Establish the moderating influence of social capital on the connection between configurations of human resource management practices and performance of firms listed on the NSE	H <sub>2</sub> : Social capital has a moderating influence on the connection between configurations of human resource management practices and performance of firms listed on the NSE	Reject H <sub>2</sub>
<b>Objective 3</b> Establish the intervening effect of organizational characteristics on the connection between configurations of Human Resource Management Practices and Performance of firms listed on the NSE	H <sub>3</sub> : Organizational characteristics has no intervening effect on the connection between configurations of Human Resource Management Practices and Performance of firms listed on the NSE	Do not Reject H <sub>3</sub>
<b>Objective 4</b> Determine the joint influence of the configurations of human resource management practices, social capital and organizational characteristics on performance of firms listed on the NSE	H <sub>4</sub> : Configurations of human resource management practices, social capital and organizational characteristics do not have a joint significant effect on performance of firms listed on the NSE	Reject H <sub>4</sub>

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This section deploys a Summary of the research findings, conclusion, and recommendations. It gives an overview of the study objectives from which the hypotheses were derived. It provides. A brief data analysis is provided. A comparison of the outcomes across the listed firms in the Nairobi Security Exchange is provided.

The chapter also highlights the four research objectives major and relationships of the study variables outlining the major findings. These lead to conclusions. Relevant recommendations based on the study findings have also been outlined which if implemented could result in improved performance of firms listed at NSE.

Lastly the limitations of the study and how they were mitigated to ascertain credible results of the study are discussed and eventually how the conclusion form a basis or further research.

### **5.2 Summary of the findings**

The overall goal of the study was to determine the influence of human resource management practice configurations, social capital and organizational characteristics on the performance of firms listed in the NSE, with specific objectives being to determine the effect of HRM practices on the performance of Firms listed in the Nairobi Security Exchange,HRM practices confi

gurations have no effect on the NSE publicly traded firms performance; social capital has no moderating effect on the relationship between HRM practices and publicly traded firms performance; and organizational characteristics do not intervene in the relationship between HRM practices and publicly traded company performance. A joint effect of the HRM practices configurations, social capital and organizational characteristics on the performance of firms listed in the NSE was also determined. As a result of the observations, the conceptual framework shown in Figures 4.7 and 4.8 was created. In addition, Table 4.26 contains an overview of the objectives, hypotheses, tests, and findings.

The study revealed that human resource management practices configurations have significant effect on performance of publicly traded firms on the NSE. From the findings, firms listed on the NSE recruit highly skilled employees who can assist the company in achieving its objectives. Training and development initiatives are centered on the development of employees' skills and competencies in their jobs. and that employees receive training in customer service and career advancement. Additionally, the study discovered that firms listed on the NSE offer financial and non-financial incentives that boost employee performance, that the rewards and compensation offered are competitive, and that their company's reward and compensation schemes boost employee motivation and retention to drive organizational performance. Additionally, the study established that all managers at firms listed on the NSE participate in the appraisal process, that firms listed on the NSE conduct regular performance appraisals, and that excellent appraisal result in a pay increase.

The results demonstrated that social capital had a significant moderating effect on the relationship between configurations of HRM practices and publicly traded company performance. The study established that firms listed on the NSE are adaptable both internally and externally, that their employees are frequently recognized and rewarded for exceptional performance, that their mission and objectives are crystal clear and easy to follow, and that their competence is founded on the integrity and accountability practiced by our corporation. Additionally, the study found that at firms listed on the NSE, workers engage in the dynamic interaction within the organization, the organization's structure is quite simple, occupations are profoundly normalized and formalized, power is unified at the top, leaders are viewed as mentors and coaches, and organization rules and procedures are meticulously defined. The study found that communication channels between employees and management are open at firms listed on the NSE, that conversations between employees and management are authentic, genuine, and honest, and that communication and control occur via hierarchical channels.

The study established that organizational characteristics had no mediating effect on the relationship between configurations of HRM practices and publicly traded company performance. This may imply that decision-making structures at firms listed on the NSE are predominantly flat (rather than predominantly top-down and hierarchical), and that employees at firms listed on the NSE perceive a positive and friendly work environment and a high level of horizontal or cross-departmental communication (flow of information) in my organization. Additionally, the study established that everyone

attends and participates fully in all required meetings at firms listed on the NSE, that people feel their voices are heard at firms listed on the NSE, that people listen attentively to others and value all voices, and that the ideas and opinions of external stakeholders factor into decision-making at firms listed on the NSE. Additionally, the study discovered that in firms listed on the NSE, employees demonstrate a willingness to invest time and energy (e.g., participating, going the extra mile, volunteering, etc.) and that there is a high level of collaboration and co-creation.

It was found that HRM configurations, social capital and organizational characteristics significantly and jointly affect performance of firms listed in the NSE. The way human resource practices are configured, conceptualization of both social capital and organizational characteristics lead to a jointly positive effect on the performance of firms listed on the NSE. Additionally, the study discovered that social capital has inherent characteristics that contributes to firm performance of firms listed at the NSE. Additionally, the study discovered that organizational characteristics play a role in enhancing the joint relationship leading to increased performance of firms listed on the NSE.

### **5.3 Conclusion**

From the empirical investigations, First, the study concluded that configurations human resource management practices have significant effect on performance of publicly traded firms on the NSE. This result suggests that NSE should use the recruiting process

to find highly competent workers who can assist the firm in achieving its goals. The efforts for training and development that have been established are focused on helping employees improve their job-related skills and competences as well as their career prospects. Additionally, firms with NSE listings provide both financial and non-financial incentives to improve employee performance. The rewards and compensation they offer are competitive, and their incentive and compensation plans help to boost employee retention and motivation, which in turn promotes organisational performance.

Second, social capital was found to have a significant moderating effect on the relationship between configurations of HRM practices and publicly traded company performance. Adaptability of both the internal and external environment is very good for listed firms whereby their employees are often recognized and rewarded for good performance, their mission and objectives are very clear and easy to follow and that their competence is based on the integrity and accountability applied. In addition, staff deserve social support associated with the dynamic interaction in the association. To enhance cohesion, organization rules and procedures ought to be carefully defined. Communication channels are expected to be open between the employees and the management and that conversations are authentic, genuine and honest.

Third, the study concluded organizational characteristics had no mediating effect on the relationship between configurations of HRM practices and publicly traded company performance. This may be associated with the fact that decision-making structure is

mostly flat (rather than mostly top-down and hierarchical), at NSE, staff feel that their working environment is negative and unfriendly and that there is substantially horizontal or cross-departmental communication (flow of information) existing in my organization.

Fourth, it was concluded that human resource management practices configurations, social capital and organizational characteristics significantly and jointly affect performance of firms listed in the NSE. Workers due to the structure and culture of the organization, may feel that there is lack of sense of equality throughout. Hence they may not demonstrate willingness to invest time and energy (such as participating, going the extra mile, volunteering, etc.) and that there is a low-level of collaboration and co-creation which have no indirect effect on the relationship between configuration of HRM practices and performance of firms listed at NSE.

#### **5.4 Implications of the Study findings**

The broad objective was that the social capital and organizational characteristics are assumed to moderate and mediate the relationship between configurations of HRM practices and performance of firms listed on NSE. On the other hand, configurations of HRM practices and performance of listed firms are the independent and dependent variables in that order.



#### **5.4.1 Implications for Policy and Practice**

Given that configurations of human resource management practices have significant effect on publicly traded company performance, it then implies that skills, motivation and empowerment when applied to employees cause an increase in performance of the company. The increase is significant enough that can guarantee more investment in these configurations of human resource management practices. This shows that firms can still explore other configurations of human resource management practices to determine whether their change can cause significant positive effect on performance.

It was also determined that social capital has a moderate effect on the relationship between configurations of HRM practices and publicly traded company performance. This implies that top management policies that influence social capital also have an influence on the relationship between Configuration of HRM practices and performance of firms. Good policies can therefore exert positive influence on the relationship between the two said variables.

In addition to this, it was also determined that organizational characteristics do intervene in the relationship between HRM practices and publicly traded company performance. This implies that any top management policy aimed at influencing various organizational characteristics to indirectly intervene in the relationship between configuration of HRM practices and performance of firms is futile. Management need to consider other factors

apart from organizational culture, organizational structure and communication strategies.

#### **5.4.2 Implications for Theory**

The significant findings of this study supports the postulations of the AMO theory that involvement is facilitated by an individual's ability, motivation, and opportunity. The culmination of the three principles is employee performance, which increases an organization's capacity to compete with others (Knies & Leisink, 2014; Munteanu, 2014; Claudia, 2015). Theoretically, when employees are sufficiently motivated and in an environment that offers sufficient opportunities for suitable engagement, they are in a position to perform at their level best (Marín-García, 2013; Choi, 2014).

The findings of this research supported the contributions made by the different theories and provided support for the predicted connections and magnitude between the variables. AMOT, SET, SCT and HCT are all used in this research to help further the field of human resource management. In addition to that, the study found that the AMOT is essential to understanding the features of the HRM practices.

For Configurations of HRM practices to significantly influence the performance, results found that social capital must be addressed, regulated, and updated with the critical organization's competencies. Thus, the study supports the social capital theory in arguing that organizations need to consider any social relationship whose results leads to productive benefits. The accumulated form of capital has been seen to be labour

intensive but its worth since it results into profits and still grows while still being produced.

### **5.4.3 Policy Implications**

To aid all NSE-listed firms make better decisions leading to improved performance, this study has policy implications. Accordingly, our results will help policymakers in NSE-listed firms make good decisions on which factors to concentrate on to improve their performances. The policy-makers are to benefit from the results due to their relevance in that those NSE firms have not previously obtained the best HRM practices and yet are critical to the entire performance of the firms. As a result, this will guide policymakers in developing appropriate configurations of HRM practices to improve performance. The findings of the social capital on Configurations HRM practices and performance are significant because the study results show that such characteristics as social networks, social support and social cohesion are key to growth of any organization, thus determining the relationship at the NSE firms. These social capital characteristics result in more decisive leadership, which results in better company performance; therefore, policymakers would consider essential components when establishing policies to be utilized when deliberating about the stakeholders. The results would also enhance the stakeholder determination of the company such that firms select the right actors to steer the performance amidst configurations of HRM practices.

#### **5.4.4 Implications to Management Practice**

A major role is played by HRM in growth of institutions, organization of firm's strategic aspects, and creating the organization goals. The Configurations HRM practices also acts as the development of coherent bundles of HR practices that reinforce one another. Shared human resource design empowers the organization to frame social systems wherein it places individuals and system into specific relationships. As a result, an effective HRM practices configuration in an organization encourages new ideas and knowledge application to propel and integrate the firm into the competitive worldwide market. Therefore, directors and shareholders should agree on an appropriate configuration of HRM practices for successful firm performance in management practice. The study would assist the management of the various firms in deciding whether to adopt small or large board sizes based on their objectives and resource capabilities.

Shareholders should consider a proper social capital being in place to assist firms in gaining access to capital and greater returns as a result of the networks as well as cohesion, resulting in a rise in earnings. The management should embrace technology developments as market dynamism increases and the relationship between social capital and HRM practices gets more robust hence enhancing performance. The management should understand how to reduce the manager shareholders' conflicts as explained in the AMO, social exchange and social capital theories. This is because hostility/conflict does

not work well for either the management or the shareholders. Thus they should embrace mutual coexistence.

Innovative management is required, particularly in technology, where goods are produced and procedures are enhanced to capitalize on prospects for future growth, competition balance, and survival on equal footing. Furthermore, embracing correct configurations of HRM practices is critical for a company's innovation and success. As a result, according to the findings of this study, firms must continually evaluate HRM practices configuration to enhance their performance.

#### **5.4.5 Implications to Methodology**

The hypothesized associations among the study objectives led to statistically meaningful findings in this study. Its purpose was to investigate and establish the connections between the variables. Any relationship must be induced directly or indirectly, and additional interactions must be investigated. As a result, it is necessary to study the operationalization of the research factors and evaluate their interactions. The design was created to generalize the research outcomes in mind.

The use of cross-sectional research minimizes biased results due to collecting data at one point in time over a set of organizations and variables. The design employed was essential to this study as it allowed for testing a hypothesis based on its very nature of using quantitative data. The methodology further strengthens the use of positivism

philosophy in research uses existing theories to develop and test hypotheses. The design further informed the basis for the further development of theories that would be tested.

The study's instrument was evaluated for validity and reliability after gathering data operationalizing the study factors. This was done to verify that the data obtained yielded promising findings and eliminated any mistakes. The groundwork has been laid for replication as a result of this. A drop and pick approach are commonly used in investigations requiring extensive samples. The majority of the analytical methods used were regression analysis. It is a tremendously effective analytical tool, particularly in research where the conceptualization includes cause-and-effect connections between and among variables.

The method generated a range of statistical reports, which led to an examination into the statistical significance of the different hypotheses to support or reject them. Because of this, it is possible to formulate conclusions that are supported by solid empirical evidence. However, if a new analytical technique is used, the previously statistically significant findings may become statistically non-significant again.

## **5.5 Recommendations**

The company should keep up its efforts to improve performance. In order to increase efficiency and effectiveness in the administration of procedures in the firm, the research also suggests that more sensitization be done in the area of on-the-job training.

The firm has to re-evaluate its compensation structure and identify alternative methods of employee motivation, such as performance rewards and benefits. The firm should also have a "global view." Firms of all sizes may communicate and exchange knowledge, technology, and best practices for using incentive systems globally. This study suggests that in order to draw in the most qualified candidates, firms should put in place procedures to make sure that all stakeholders are aware of the organization's culture, structure, and practices around human rewards.

The hiring and selection process determines the kind of workers the firm hires. The study's conclusions indicate that consistency should be preserved in recruiting and selection processes. It is thus strongly advised that the process be impartial. Job requirements should thus be created and followed as closely as feasible throughout the procedure. It is also essential to have an impartial interview panel that is skilled. Therefore, businesses listed on the NSE should look for more effective ways to filter the panel and, if they decide to use consultancy firms for this purpose, they should pick firms with a reputation for honesty. The interview panel should also include specialists in the various kinds of selection tests that will be used during the interview process. Last but not least, research institutes need to have established hiring procedures that adhere to all relevant rules and legislation.

According to the findings of the study, consistency should be maintained in training and development efforts. As a result, research institutes should make certain that the

training they provide to their personnel is relevant to their needs. This is why they should undertake a training needs analysis to determine the relevance of training to learners, which they should do as soon as possible. In addition, research institutes should establish committees that will be tasked with the job of ensuring fairness in the awarding of various training grants to students and researchers. In conclusion, research institutes should strive to continuously improve their staff through a variety of development programs that are appropriate for their needs, while ensuring that they are aligned with their strategic aims.

It is necessary for research institutes to maintain the highest possible levels of employees at all times, regardless of the circumstances. In order to accomplish this, line managers must be included in the process of projecting future human resource requirements with best practices. Because of this, firms that wish to be listed in the NSE must have clearly established staffing structures. Additionally, the human resource plan in place should be aligned with their separate strategic plans, which should be centered around their goals, missions, and visions.

Firms listed in the NSE should develop a scheme of service that spells out all of the job requirements, job specifications, as well as academic and professional qualifications that should be taken into account during initial recruitment as well as for career advancement, and ensure that the hiring process is transparent in order to ensure that hiring processes are meritocratic. In order to optimize production, management must



ensure that people are placed in positions for which they are most equipped, taking into account both their strengths and shortcomings. The implementation of training and development programs should be done on a regular basis in order to stay on top of current organizational concerns, and training opportunities should be made available to all members of the workforce equally.

## **5.6 Limitations of the Study**

Because of the sensitivity and mistrust that are generally associated with any type of research project, the respondents were careful in offering information to the researchers. As a result, the respondents were reassured that their responses would be kept completely anonymous by exposing the academic aim and intention of the study. Other issues that were encountered included some respondents being unable to offer essential information when completing the questionnaires, as well as others taking an unduly long time to complete the questions. In order to resolve this, it was necessary to encourage them to contribute essential information while also requiring them to finish the questionnaires within a fair time frame.

A descriptive cross-sectional study approach was used in this investigation. As a result, the study used a survey instrument to capture phenomena at a certain point in time. As a result, the study's conclusions may not necessarily apply to all NSE-listed firms in a given year. In contrast to cross-sectional study design, the major strength of

longitudinal research methodology is the ability to investigate change and evolution of phenomena over time.

Another limitation was that primary data was only obtained from one responder from each of the NSE's listed firms. The use of secondary data to check the source data helped to reduce typical techniques bias. As a consequence, this restriction had no influence on the trustworthiness of the findings provided and addressed in this study.

### **5.7 Suggestions for Further Research**

Given that respondents were careful in offering information to the researchers, it is therefore advisable to future researchers to assure respondents to be convinced beyond reasonable doubt that their information will be kept secret and confidential. Future researchers should therefore consider structuring the questionnaire in such a way that it collects the necessary information, but one that cannot bring in any issue of doubt regarding the confidentiality and secrecy of the information.

This study employed descriptive cross-sectional study approach which is associated with giving results that can be skewed or flawed in case of a conflict of interest with the source of funding. Also the snapshot timing may not be guaranteed to as a representative. It is therefore advisable for future researchers to consider using other approaches like causal research design whereby cause and effect are well determined.

This study advises that more research be done to solve this issue because the study did not look at how human resource management practices may be continually improved. It also suggests that more research be done on the issue, with the study's scope being expanded to cover other human resource management practices that were left out of the present study. Since the study concentrated on publicly listed firms on the Nairobi Security Exchange, it is essential to do comparable studies on privately held firms on the Kenyan exchange.

The study concentrated on the firms listed on the NSE, and it produced data that are helpful in the setting in Kenya. In order to confirm or deny the correlations between the variables, a replication of the study should be conducted within the following five years. Future research may also examine how HRM affects organisational performance in a mediating way. It is advised to do a case study on a few significant firms to make gathering in-depth data easier.

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## APPENDICES

### Appendix I Letter of Introduction from the University of Nairobi



**UNIVERSITY OF NAIROBI**  
**COLLEGE OF HUMANITIES & SOCIAL SCIENCES**  
**SCHOOL OF BUSINESS**

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Telephone: 4184160/1-5 Ext. 231  
Email: dean-business@uonbi.ac.ke

P.O. Box 30197  
Nairobi, Kenya

17<sup>th</sup> September, 2020

TO WHOM IT MAY CONCERN

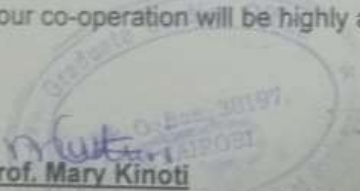
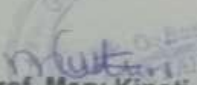
**INTRODUCTORY LETTER FOR RESEARCH**  
**AHMED DIRIYE - REGISTRATION NO.D80/50286/2015**

The above named is a registered PhD candidate at the University of Nairobi, School of Business. He is conducting research on "*Configuration of Human Resource Management Practices, Organizational Context, Social Capital and Performance of Firms Listed at the Nairobi Securities Exchange*".

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the thesis. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Your co-operation will be highly appreciated.



**Prof. Mary Kinoti**  
Associate Dean, Graduate Business Studies  
School Of Business

MK/km

**Appendix II Researcher Letter of Introduction.**

15<sup>th</sup> September, 2020

**AHMED DIRIYE  
UNIVERSITY OF NAIROBI  
P.BOX 30197,  
NAIROBI.**

Dear Respondent,

**RE: DATA COLLECTION:**

It is my intention to pursue a Doctorate in Business Administration Program with a concentration in Human Resource Management at the University of Nairobi while working towards my doctorate.

A project I'm working on right now is the configuration of human resource management practices, organizational characteristics, social capital, and performance of firms that are publicly traded on the Nairobi Securities Exchange. Due to your position as human resource manager at the company in question, you are considered a respondent for the current survey. Please spare a few minutes of your time to complete this questionnaire.

The information gathered through this questionnaire will be kept strictly confidential and will not be used against your organization in any way.

Yours Sincerely,

**AHMED DIRIYE.**

## Appendix III Questionnaire

### Part A Profile of the Firm

Please provide the following information regarding your organization.

1. Company name \_\_\_\_\_

2. Year of establishment \_\_\_\_\_

3. Ownership (Tick one)

Majority of the shares are locally owned [ ]

Foreigners own majority of the shares [ ]

4. Total number of employees (Tick one)

Less than 100 [ ]

100 to 300 [ ]

301 to 500 [ ]

501 to 700 [ ]

Over 700 [ ]

**Part B Configuration of human resource**

	1	2	3	4	5
<b>Skills configurations</b>					
Our company has integrated recruitment and selection that defines ways of attracting and retaining employees					
Our company has a comprehensive training and development policy that provides training & development opportunities for employees to enable them to meet organization goals.					
Employees are trained in areas that help in customer relations and career advancement					
The initiatives of training and development adopted are centered on the development of employees' skills and competencies in their jobs. .					
Highly skilled employees who can help the company achieve the objectives are acquired during the recruitment process					
<b>Motivation configurations</b>					
Our company has a reward management policy that enhances employees performance					
Our company's incentive and compensation programs help to increase employee motivation and retention, which in					

turn helps to drive organizational performance					
The rewards and compensation provided is competitive					
Our company offers financial and non-financial rewards that enhance employee performance					
<b>Empowerment configurations</b>					
Performance appraisal at our company is believed to be able to satisfy and motivate employees to perform better					
All managers at our company participate in the appraisal process					
Our company undertake regular performance appraisal					
There is an increment in pay resulting from excellent appraisal results					
Performance evaluation serves on the basis promotion					

**Part C Social Capital**

<b>Social Capital</b>	1	2	3	4	5
Social networks					
There are a high density and number of social connections within and across the organization and with external stakeholders.					
In my organization people feel that relationships are					

based on care and respect for others.					
There is substantially horizontal or cross-departmental communication (flow of information) existing in my organization.					
The decision-making structure mostly flat (rather than mostly top-down and hierarchical).					
Participation is encouraged.					
In my organization people feel that their working environment is positive and friendly					
<b>Social support</b>					
The ideas and opinions of external stakeholders factor into decision-making.					
In my organization people demonstrate a willingness to examine their own biases and assumptions.					
People in my organization demonstrate a willingness to take a risk in the face of an uncertain outcome or in situations where relying on others is required by their actions..					
In my organization people listen with attention to others and value all voices.					
In my organization people feel that their voices are being					

heard.					
In my organization everyone attends all of the required meetings and participates fully.					
<b>Social cohesion</b>					
Stakeholders regularly participate in processes and decision-making.					
People in my organization have demonstrated a willingness to put in the requisite time and effort (e.g. participating, going the extra mile, volunteering, etc.).					
In my organization meetings are inclusive.					
In my organization people show tolerance and ability to work comfortably in uncertainty/ambiguity.					
In my organization people feel that there is a sense of equality throughout.					
In my organization there is a high level of collaboration and co-creation.					



**Part D Organizational characteristics**

Organizational characteristics	1	2	3	4	5
<b>Organizational culture</b>					
Corporate culture plays a major role in the firm's procedures and processes					
Competence in our sector is based on strategic objectives and teamwork					
Our competence is based on the integrity and accountability applied in our corporation					
Our employees are often recognized and rewarded for good performance					
Our adaptability both in the internal and external environment is very good					
Our mission and objectives are very clear and easy to follow					
<b>Organizational structure</b>					
Power is centralized at the top					
Occupations are profoundly normalized and formalized					
Organization rules and procedures are carefully defined					
Leaders are considered as mentors and coaches					
Workers are associated with the dynamic interaction in the association					

The organization's structure is quite simple					
<b>Communication strategies</b>					
Communication and control proceeds through hierarchical routes					
In our organizations, we clearly communicate expected standards of behaviour of all employees					
In our organizations we encourage employees to share their views, (bottom-up communication) to the management for the betterment of the organization					
In our organization, communication channels are open between the employees and the management					
In my organization conversations are authentic, genuine and honest.					


#### Appendix IV: Return on Assets


Firm	2015	2016	2017	2018	2019	Average
EaagadsLimited	0.038	-0.119	-0.094	0.034	0.001	-0.028
KakuziLimited	0.106	0.044	0.042	0.116	0.084	0.078
KapchoruaTea Ltd	0.04	0.061	-0.012	-0.011	0.101	0.036
Limuru Tea Ltd	0.318	0.083	-0.001	0.021	-0.139	0.056
SasiniTea Ltd	-0.014	0.01	0.003	0.069	0.078	0.029
Williamson Tea Kenya	0.118	0.107	0.087	-0.027	0.08	0.073
Car And General Company Ltd	0.047	0.046	0.034	0.014	0.008	0.030
Marshalls (E.A) Ltd	-0.292	-0.214	-0.004	-0.037	0.107	-0.088
Sameer Africa Ltd	0.055	0.109	-0.023	-0.038	0.077	0.036
Barclays Bank of Kenya Limited	0.047	0.037	0.037	0.035	0.03	0.037
CFC Stanbic Holdings Limited	0.021	0.028	0.031	0.024	0.029	0.027
Diamond Trust Bank	0.03	0.031	0.027	0.024	0.023	0.027
Equity Bank	0.05	0.048	0.05	0.04	0.04	0.046
HF Group Ltd	0.018	0.021	0.016	0.017	0.016	0.018
I &M Holdings Limited	0.028	0.035	0.032	0.037	0.039	0.034
Kenya Commercial Bank	0.033	0.032	0.032	0.03	0.03	0.031
National Bank Of Kenya	0.011	0.012	0.007	-0.009	0.011	0.006
Nic Bank Limited	0.028	0.027	0.028	0.027	0.027	0.027
Standard Chartered Bank Kenya Limited	0.041	0.042	0.047	0.027	0.03	0.037
Co-Operative Bank	0.039	0.039	0.028	0.034	0.029	0.034
Atlas Development Services	-0.115	-0.016	-0.075	-4.135	-0.132	-0.895
Deacons Kenya Ltd	-0.027	0.112	0.04	0.06	0.094	0.056
Express Kenya Ltd	0.039	0.001	-2.828	-4.007	0.441	-1.271
Kenya Airways Ltd	0.031	-0.109	-0.04	-0.254	-0.309	-0.136
Longhorn Publishers Limited	-0.085	0.243	0.219	0.189	0.341	0.181
Nairobi Business Ventures Ltd	0.021	0.044	0.165	0.039	0.038	0.061
Nation Media Group Ltd	0.336	0.304	0.279	0.244	0.216	0.276
Standard Group Ltd	0.077	0.07	0.077	-0.113	-0.113	0.000
TpsEastern Africa Limited	0.044	0.033	0.013	-0.01	-0.026	0.011

UchumiSupermarket Limited	0.101	0.114	0.109	-3.049	-2.995	-1.144
WPP Scangroup Ltd	0.148	0.098	0.136	0.145	0.139	0.133
Athi-River Mining Limited	0.061	0.06	0.077	-0.091	-0.083	0.005
BamburiCement Limited	0.136	0.099	0.114	0.171	0.16	0.136
Crown Berger Limited	0.109	0.155	0.118	0.119	0.124	0.125
East African Cables Ltd	0.087	0.098	0.147	-0.274	-0.201	-0.029
East Africa Portland Cement Company	-0.084	0.139	-0.032	0.362	0.388	0.155
Kengen	0.019	0.031	0.013	0.098	0.095	0.051
Kenol-Kobil Limited	-0.856	0.076	0.187	0.283	0.805	0.099
Kenya Power And Lighting Company Limited	0.02	0.03	0.041	0.032	0.053	0.035
Total Kenya Ltd.	-0.013	0.08	0.081	0.086	0.133	0.073
Umeme	0.126	0.164	0.137	0.078	0.084	0.118
Britam Holdings Limited	0.202	0.157	0.117	-0.057	-0.099	0.064
CIC Insurance Group Limited	0.206	0.171	0.151	0.145	0.118	0.158
Jubilee Holdings Limited	0.162	0.188	0.188	0.153	0.247	0.188
Kenya Reinsurance Corporation Limited	0.201	0.164	0.157	0.157	0.165	0.169
Liberty Kenya Holdings Limited	0.188	0.202	0.187	0.115	0.171	0.173
Pan Africa Insurance Holdings Limited (Sanlam)	0.253	0.375	0.231	0.007	0.211	0.215
The Nairobi Securities Exchange	0.123	0.186	0.206	0.171	0.108	0.159
Centum Investment Company(ICDCI) Ltd	0.063	0.035	0.042	0.11	0.127	0.075
Home Afrika	0.075	0.096	0.007	-0.533	-0.123	-0.096
KurwituVentures Ltd	-0.012	-0.025	-0.048	-0.11	-0.045	-0.048
Olympia Capital Holdings Limited	0.004	0.005	0.036	0.011	0.015	0.014
Trans-Century Limited	0.057	0.035	-0.159	-0.303	-0.122	-0.098
BOC KenyaLimited	0.135	0.097	0.131	0.087	0.109	0.112
British American tobacco Ltd	0.358	0.365	0.384	0.412	0.383	0.380
CarbacidInvestments	0.209	0.225	0.206	0.145	0.194	0.196


Limited						
East African Breweries Ltd	0.353	0.21	0.194	0.227	0.237	0.244
Eveready East Africa Limited	0.141	0.126	-0.206	-0.09	-0.028	-0.011
Mumias Sugar Company Ltd	0.093	-0.088	-0.209	-0.687	-0.268	-0.232
Safaricom Limited	0.15	0.19	0.239	0.304	0.231	0.223

Appendix V: Research Permit

  
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Date of Issue: 27/September/2021

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