

## **Joint and Individual Effects of Human Resource Management Practices, Organizational Learning, Employee Outcomes and Competitive Strategy on Performance of Firms Listed on the Nairobi Securities Exchange**

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This paper is based on empirical research carried out on firms listed on the Nairobi Securities Exchange in Kenya, focusing on the joint and individual effects of Human Resource Management Practices (HRMP), organizational learning, employee outcomes and competitive strategy on firm performance. Previous research demonstrating the link between HRMP and firm performance has mainly focused on the private sector in the Developed World but has not used the selected variables, yet understanding this relationship in publicly listed firms, in the Developing World setting is equally important. The joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance has not been established with the selected set of variables, yet theory has demonstrated that these variables can have an effect on firm performance. This study was motivated by the desire to fill this gap in knowledge. The objective of the study was to establish whether the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance is greater than the independent effect of HRMP, employee outcomes, organizational learning and competitive strategy on firm performance. The research design was cross sectional descriptive survey. Data was collected using a self-administered questionnaire, from a population of 60 NSE listed firms. The response rate was 60%. Descriptive statistics, correlation and regression techniques were used to analyze the data. The results of the study show that there was empirical evidence that the joint effect of HRMP, employee outcomes, organizational learning and competitive strategy on firm performance was greater than the individual independent effects of HRMP, employee outcomes, organizational learning and competitive strategy on firm performance. This study contributes to understanding of the effect the predictor variables on firm performance, while at the same time confirms the findings of previous studies that have found a significant link between HRMP and firm performance. The study also established that the combined effect of predictor variables on firm performance was greater than the individual independent effects of the predictor variables on firm performance. It is recommended that firms have to ensure that they synergistically combine various variables that they choose to use in order to attain and sustain a superior competitive advantage in their operations.

**Key words:** *Human Resource Management Practices (HRMP); Employee Outcomes; Organizational Learning; Competitive Strategy; firm performance*

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## Introduction

Much research has attempted to establish a positive link between Human Resource Management Practices (HRMP) and firm performance (Wan-Jing & Tung, 2005; Pfeffer, 1994; Ulrich, 1997). Most of the empirical studies (Delery & Doty, 1996; Guthrie, 2001; Huselid et al., 1997) have shown a positive relationship in the HRMP and firm performance link. The question that is still unanswered is how HRMP affects firm performance. Most of the empirical studies (Youndt et al., 1996; Huselid, 1995b; Delaney & Huselid, 1996) have shown a positive relationship between HRMP and firm performance. Literature suggests that using HRMP, organizational learning, employee outcomes and competitive strategy makes a contribution to firm performance, yet these variables have not been used in any single study known to the researchers. The researchers used the variables in an attempt to explain their influence in the HRMP – firm performance link. Previous studies (Ahmad & Shroeder, 2003; Ichniowski et al., 1997) have been conducted in the West in Europe and America and Asia with no known study in Kenya. Besides examining the individual effects of the predictor variables on firm performance, the joint effect of the predictor variables on firm performance was also examined which had hitherto not been done in a single study. Hence the need for the current study which set out to answer the question; is the joint effect of organizational learning, employee outcomes, and competitive strategy on firm performance greater than the individual effects of the predictor variables on firm performance.

In the current business environment, organizations are striving for ways and means of attaining and sustaining a competitive advantage over their competitors through the uniqueness of their human resources and systems. The HRMP that are adopted by a firm can affect its performance, which can be manifested in terms of sales growth rate, market share, productivity and profitability attained by a firm. Organizational learning provides an opportunity for firms to manage both explicit and tacit knowledge that is unique to their operations. Employee outcomes as exhibited by the level of employee competence, commitment and empowerment in a firm are expected to have an effect on firm performance. The competitive strategies that an organization adopts usually provide a direction to organization efforts. These may take the form of cost leadership, differentiation or focus strategy to compete in the market.

The firms listed on the NSE compete in a dynamic business environment that affects their performance. The firms have to formulate and implement sound HRM Practices in order to make optimum use of a workforce that can make the firms build a sound human resource base. This can be used to build an inimitable human resource that can assist a firm provide goods and services that cannot be easily imitated by competitors. Due to the liberalization of the market in Kenya, the firms are encountering challenges and are unable to operate effectively due to micro and macro-economic factors that are adversely affecting business. The NSE listed firms are grappling with reduced sales volumes, declining market share, low levels of productivity and reduced profitability. These challenges can be traced to the kind

of HRMP adopted by firms, the pace and opportunities of organizational learning, the employee outcomes and the competitive strategies adopted by the firms, hence the need for the current study.

### Literature Review

There has been a considerable amount of empirical research on the relationship between certain HRMP and business performance. According to Pfeffer & Viega (1999) there are seven specific HRMP, these are; employment security, targeted selection, workplace teams and decentralization, high pay contingent on organizational performance, employee training, reduction of status differentials and business information sharing with employees, which collectively lead to higher revenue, profits, market value and even organizational survival rates. The type of HRMP that are adopted in an organization matter, (Ichniowski et al., 1997; Huselid et al., 1997; MacDuffie, 1995; Huselid, 1995a) have prescribed to the view that high involvement HRMP are positively associated with such business performance measures as market value, rate of return on capital employed, revenue growth, revenue per employee, productivity, product and service quality.

Past studies have pointed to the increasing link of HRMP and performance of firms. HRMP-firm performance relationship has been the subject of significant empirical examination (Khatri, 2000; Arthur, 1994; Huselid, 1995a; Pfeffer, 1994; Dimba & K'Obonyo, 2009). Studies indicate that those firms that adopt certain HRMP in the implementation of the HR practices, policies and practices tend to achieve superior results compared to their competitors (K'Obonyo, Busienei, & Ogutu, 2013; Kidombo, 2007; Guest,

1987). Firms may implement elements of HRMP which impact on employee behavior, commitment and work attitudes as employee outcomes that affect firm performance (Huselid, 1995b).

An organization can adopt a set of HRMP that suit its operational requirements. According to Pfeffer (1998) there are seven HRMP that influence firm performance. These HRMP are; employment security, targeted selection, workplace teams and decentralization, high pay contingent on organizational performance, employee training, reduction of status differentials and business information sharing with employees. Faced with intensive and complex competitive pressure, firms closely examine their organizational structures, especially how they organize employment. This change of focus to the human side of the business has necessitated the implementation of continuous improvement HR programs (Esther, Elegwa, & James, 2012; Longenecker et al., 1998). Firms have moved towards Strategic Human Resource Management adopting tactical patterns that are associated with the management of employment relations. This explains a firm's ability to manage human resources more effectively for better outcomes (Boxall & Purcell, 2003).

Globally competitive organizations depend on the uniqueness of their human resources and the systems for managing human resources effectively to gain competitive advantage (Pfeffer, 1994; Barney & Wright, 1998). Human resources are not only the drivers and principal value creators of the output of the knowledge industry, but also the intellectual capital or the infrastructure investment. Therefore, attracting, training, retaining and

motivating employees are the critical success determinants for any knowledge-based organization. A firm that aspires to perform well has to ensure that its HRM practices are synergistic and consistent with its organizational strategy (Nzuve, 2007), like its competitive strategy in order to spur both individual and organizational performance (Schuler & Jackson, 1987).

Much research has attempted to establish a positive link between HRM practices and firm performance. According to Ulrich (1997) HR practices seem to matter though direct relationships between investments and attention to HR practices are often fuzzy. Scholars like (Purcell et al., 2003) have cast doubts on the validity of some of the attempts through research to make the connection. In the current study, employment security, selective hiring, self-managed teams, performance related pay, workforce training, status differentials and sharing information were used as indicators of human resource management practices.

Organizational learning is concerned with how learning takes place in organizations. Each employee has knowledge, skills, abilities and attitudes that they use in carrying out their duties. Organizational learning has been defined by Marsick (1994) as a process of coordinated systems change, with mechanisms built in for individuals and groups to access, build and use organizational memory, structure and culture to develop long term organizational capacity. Organizational learning according to Dale (1994) is characterized by intricate three stage process that consists of knowledge acquisition, dissemination and shared implementation. Knowledge may be acquired from direct experience, the experience of others or organizational memory. Organizations can

create conditions which facilitate learning as employees work and perform their tasks in the workplace (Nzomo, 2003). Organizational learning takes place within the wide institutional context of inter-organizational relationships (K'Obonyo & Dimba, 2007; Geppert, 1996). The workers as individuals and collectively, perform the actions that produce the learning (Argyris, 1992). As employees work together, they share experiences and develop new knowledge or insights that have the potential to influence behaviour.

Organizational learning is a social process, involving interactions among many individuals leading to well-informed decision making in an organization. Thus, a culture of learning and adaptation as part of everyday working practices is essential. Adapting an idea must be rewarded along with its initial creation (Senge, 1990). Sharing to empower the organization must supersede controlling to empower an individual. Clearly, shifting from individual to organizational learning involves a non-linear transformation. Once someone learns something, it is available for their immediate use (Argyris & Schon, 1996). In contrast, organizations need to create, capture, transfer, and mobilize knowledge before it can be used. Although technology supports the latter, these are primarily social processes within a cultural environment, and cultural change, however necessary, is a particularly challenging undertaking.

Employee outcomes are exhibited in an organization through the competence, commitment and empowerment of employees in the operations that take place in an entity. The human factor plays a crucial role among key resources that an

organization has. These resources are money, man, machine, land and information. The human factor is the only animate of these resources. According to Guest (1997) the distinctive feature about HR is that improved performance is achieved through people in the organization. When the competence of employees is enhanced, their commitment is reinforced, they are empowered and facilitated in decision making; higher output can be realized in the workplace.

Employee outcomes which comprise of competence, commitment and empowerment can have an effect on how employees in an organization work, relate with colleagues and other stakeholders that an organization may deal with. This may in turn affect firm performance. It has often been said that people are the most important asset that any organization can ever have. Employees who have the requisite knowledge, understanding and experience regarding their work are expected to be more effective and efficient. They can be able to take decisions quickly, are easily adaptable to change, such employees have immense ability to serve both internal and external customers. Employee commitment is an outcome that can be enhanced by reconciliation of organizational and employee goals. This helps employees to identify with an organization, with such employees acting in the best interests of the greater good for the organization.

Empowerment of employees in the workplace is an issue that has attracted a lot of concern in all spheres of influence. It may take various forms with the management allowing and facilitating employees to discuss matters that affect them, and involving them in decision making to influence the management of

the entity through formal employee-employer machinery.

The business strategy that is adopted by a firm has to be supported so as to achieve the goals and targets that are set. An organization usually makes a choice of adopting a competitive strategy among three options (Porter, 1985), these options are cost leadership, differentiation and focus strategies. For a firm to adopt a cost leadership strategy for instance, its production processes are expected to be efficient and effective to deliver goods or services to customers at competitive prices. This can be achieved through highly skilled and motivated staff that may be on performance related pay. An appropriate competitive strategy should be put in place so that these efforts are aligned to such a strategy for effective competition in the market place (Awino, 2010).

Firms have to choose from three generic competitive approaches (Hirayappa, 2006). These approaches are cost leadership (low cost), differentiation and focus generic strategies. These strategies are known as generic because all businesses or industries can pursue them regardless of whether they are manufacturing, service or not for profit organizations. Firms adopt generic competitive strategies as a foundation of business level strategy (Porter, 1985). Each of the generic strategies results from a firm making consistent choices on product, market and distinctive competencies. These distinctive competencies can be achieved and sustained through the human resources employed and retained in an organization. Firm performance can be measured in various ways. These may include but not limited to sales growth rate, market share, productivity and profitability (Ichniowski

et al., 1997). Sales growth rate is a ratio that measures the rate of change in sales from time to time or a specified period of time. The utilization of historical growth rates is one of the methods of estimating future growth. Market share is the percentage of a market, which may be defined in terms of either units or revenue, accounted for by a specific entity. Market share is a key indicator of market competitiveness, that is, how well a firm is doing against its competitors.

Productivity is a measure of organizational competence and can be viewed as a measure of the efficiency and effectiveness with which resources are used to produce the output of goods and services of the quality needed by consumers and society in the long run. Labour productivity is one of the partial measures of productivity, with the others being materials, energy or capital productivity. Profitability is measured with income and expenses, income is money generated from the activities of the business. Increasing profitability is one of the most important tasks of business managers because a profitable business has the ability to survive and reward its owners.

The firms that are listed on the Nairobi Securities Exchange play a major role in promoting a culture of thrift or saving in the economy. The firms are expected to maintain high standards of accounting, resource management and transparency in the management of business. They are also expected to adhere to strict guidelines in all their dealings and operations as they compete in a dynamic business environment that affects their performance while meeting and exceeding the expectations of their stakeholders. This includes but is not limited to the payment of dividends, expansion of their sales

volume, enhancement of their market share, higher levels of productivity and profitability.

The government of Kenya is aims to achieve and sustain an annual economic growth rate of 10 % for it to realize the Kenya Vision 2030. This has made the government to strengthen the NSE so that it can enhance its role as a robust securities market. The NSE on its part expects the listed firms to enhance their efficiency and competitiveness. The listed firms have to formulate and implement sound practices, including HRMP that would make them to not only attract, but retain, motivate, sustain and make optimum use of a workforce that can make the firms build a sound human resource base. It should be noted that the firms listed on the NSE compete for the same customers, more so for those listed in the same categories.

Theoretical literature supports the value of potential complementary and supportive organizational resource capabilities working together to cause greater outcomes. Implicitly, the combined effect of the four variables namely, human resource management practices, organizational learning, employee outcomes and competitive strategy on firm performance can be significantly different from the individual independent effect of the each of the variables on firm performance. Indeed several works on synergy, configurations and contingent factors suggest the importance of complimentary resources, and the notion that independent factors working in isolation have limited abilities, but in combination can realize better outcomes (Barney, 1995; MacDuffie, 1995). Firms can achieve excellent outcomes when

organizational capabilities are working harmoniously together.

### Conceptual Framework

The conceptual model Figure 1 presents a schematic picture of the researcher's presumed perception of existing relationship among the various variables of the study. The model suggests an

interrelationship among five groups of the study namely: Human resource management practices, organizational learning, employee outcomes and competitive strategy as predictor variables. Firm performance is the dependent variable that may be influenced by the other variables.

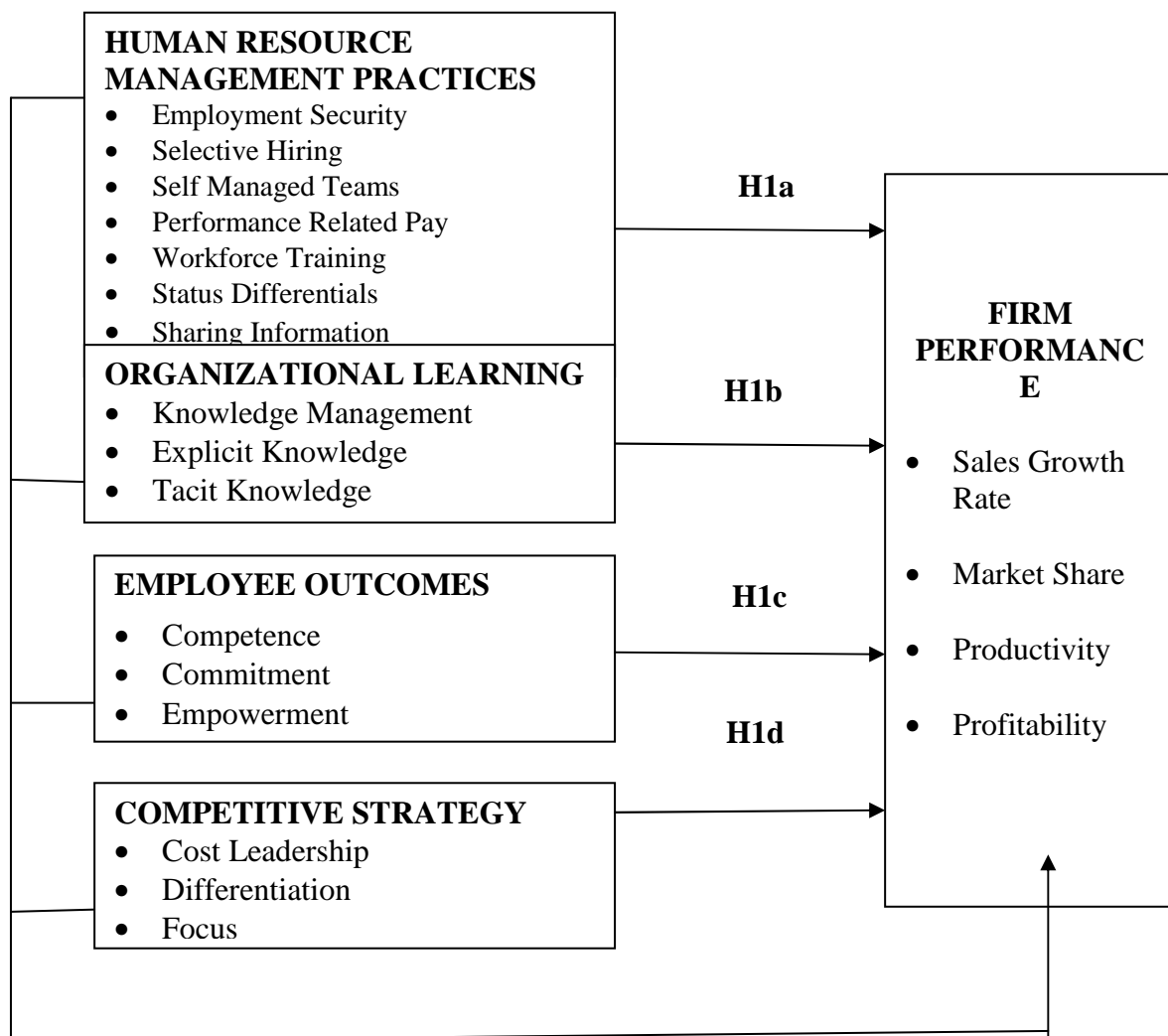


Figure 1: Conceptual Model Showing the Joint and Individual effect of Human Resource Management Practices, Organizational Learning, Employee Outcomes and Competitive Strategy on Firm Performance

As shown in Figure 1 human resource management practices, organizational learning, employee outcomes, competitive strategy have influence on firm performance. The individual (H1a, H1b,

H1c and H1d) and joint (H1) relationships of the predictor variables on the dependent variable was under study to shade light on their joint and individual independent effects on firm performance.

### **Hypothesis**

The joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance is greater than the individual effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance.

### **Methodology**

The research design adopted for this study was a cross-sectional descriptive survey of all firms listed on the Nairobi Securities Exchange. The descriptive design was the most appropriate for the study because it allowed the researcher to describe HRMP adopted by firms, and make specific predictions on how much change was caused by the predictor variables and whether the effects were significant. This was achieved through simple and multiple regression analyses. Cross-sectional design was preferred because the data was collected at one point in time across all the 60 NSE listed firms. Each respondent filled one questionnaire, once during the entire data collection period.

Instrument validation was achieved in several ways. A pre-test was done by administering the questionnaire to sixteen conveniently selected human resource managers to fill. The sixteen human resource managers were requested to evaluate the statement items for relevance, meaning and clarity. On the basis of their response, the instrument was adjusted appropriately. Content validity involved the examination of content to determine whether it covered a representative sample of the measurement items. Validity can be assessed using expert opinion and informed judgment (Kerlinger, 2002).

Cronbach Alpha was calculated to test for reliability. The Cronbach's Alpha coefficient was used to measure the internal consistency of measurement scales. This is a scale measurement tool, which is commonly used in social sciences to establish the internal consistency of items or factors within and among variables of study. Nunnally (1967) argues that an alpha coefficient of .700 or above is an acceptable measure. The Cronbach Alpha coefficients for HRMP was 0.891, organizational learning 0.831, employee outcomes 0.765, competitive strategy 0.761 and firm performance 0.835 in the conceptual framework were reliable. This indicates that the data collected using the data collection instrument was reliable for analysis. The tests were conducted using SPSS.

Simple and multiple linear regression analyses were used to establish the nature and magnitude of the relationships between variables and to test hypothesized relationships. Mean scores were computed for likert type questions. The value of coefficient of determination  $R^2$  shows the degree or amount of variation in the dependent variable attributed to the predictor variable. The Beta values show the amount of change in the dependent variable attributable to the amount of change in the predictor variable, and the F ratio measures the model fit, or simply it is a measure of how well the equation line developed fits with observed data. The statistical significance of the hypothesized relationship was interpreted based on  $R^2$ , F, t,  $\beta$  and p values. The simple and multiple linear regression models used are presented below:



**Simple and Multiple Linear Regression Models**

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

..... 1

$$Y = \beta_0 + \beta_2 X_2 + \epsilon$$

..... 2

$$Y = \beta_0 + \beta_3 X_3 + \epsilon$$

.....3

$$Y = \beta_0 + \beta_4 X_4 + \epsilon$$

..... 4

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

..... 5

**Where,**

**Y**= Firm performance (Dependent Variable), measured by a composite index derived from scores on scales growth rate, market share, productivity and profitability

**β<sub>0</sub>** = Intercept

**β<sub>1-4</sub>** = Beta coefficient (slope or change) in Y, given 1 unit change in **X<sub>1</sub>**, **X<sub>2</sub>**, **X<sub>3</sub>** and **X<sub>4</sub>**

**X<sub>1</sub>** = Human Resource Management Practices (Independent Variable), measured by a composite index derived from scores on employment security, selective hiring, self managed teams, performance related pay, workforce training, status differentials and sharing information

**X<sub>2</sub>** = Organizational Learning measured by a composite index derived from scores on

knowledge management, explicit knowledge and tacit knowledge

**X<sub>3</sub>** = Employee Outcomes measured by a composite index derived from scores on competence, commitment and empowerment

**X<sub>4</sub>** = Competitive Strategy measured by a composite index derived from scores on cost leadership, differentiation and focus strategies

**ε** = Error term

**Results**

The objective of the study was to establish whether the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance was greater than the individual effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance.

The hypothesis was tested using simple linear regression analyses (for individual independent effects) and multiple regression analysis (for joint effect). In the regression model, firm performance was the dependent variable; HRMP, organizational learning, employee outcomes and competitive strategy were predictor variables. To determine the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy were regressed on firm performance. The regression weights for the individual predictors and the beta coefficients and t-values for the joint variables were examined for significance. The results are presented in Table 1.

**Table 1: Regression Results for the Individual and Joint Effects of Human Resource Management Practices, Organizational Learning, Employee Outcomes and Competitive Strategy on Firm Performance**

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Est.	Change Statistics				
					R Square Change	F Change	df1	df2	Sig.
1 HRMP	.346	.120	.094	.74236	.120	4.622	1	34	.039
2 OL	.295	.087	.060	.75598	.087	3.244	1	34	.081
3 EO	.254	.064	.037	.76528	.064	2.344	1	34	.135
4 CS	.449	.202	.178	.70693	.202	8.591	1	34	.006
5 HRMP* OL* EO* CS	.526	.276	.183	.70486	.276	2.960	4	31	.035
ANOVA <sup>b</sup>									
Model	Sum of Squares		Df	Mean Square		F	Sig.		
1	Regression	2.547	1	2.547	4.622*	.039			
	Residual	18.737	34	.551					
	Total	21.285	35						
2	Regression	1.854	1	1.854	3.244	.081			
	Residual	19.431	34	.572					
	Total	21.285	35						
3	Regression	1.373	1	1.373	2.344	.135			
	Residual	19.912	34	.586					
	Total	21.285	35						
4	Regression	4.293	1	4.293	8.591	.006			
	Residual	16.991	34	.500					
	Total	21.285	35						
5	Regression	5.883	4	1.471	2.960*	.035			
	Residual	15.402	31	.497					
	Total	21.285	35						
Coefficients <sup>a</sup>									
Model	Unstandardized Coefficients			Standardized Coefficients		t	Sig.		
	B	Std. Error		Beta					
1	(Constant)	1.284	1.199			1.071	.292		
	HRMP	.688	.320	.346		2.150*	.039		
2	(Constant)	2.17	.940			2.308	.027		
	Organizational Learning	.419	.233	.295		1.801	.081		
3	(Constant)	2.06	1.175			1.754	.089		
	Employee Outcomes	.455	.297	.254		1.531	.135		
4	(Constant)	1.284	.882			1.456	.155		
	Competitive Strategy	.673	.230	.449		2.931*	.006		
5	(Constant)	-.039	1.311			-.030	.977		
	HRMP	.723	.418	.363		1.729	.094		
	Organizational Learning	.061	.290	-.043		-.211	.834		
	Employee Outcomes	.299	.398	-.167		-.751	.458		
	Competitive Strategy	.678	.286	.458		2.399*	.023		

\*p<0.05

1. Predictor: (Constant), Individual variable – HRMP
  2. Predictor: (Constant), Individual variable – Organizational Learning (OL)
  3. Predictor: (Constant), Individual variable – Employee Outcomes (EO)
  4. Predictor: (Constant), Individual variable – Competitive Strategy (CS)
  5. Predictors: (Constant): Joint Variables – HRMP, OL, EO, and CS
- Dependent Variable: Firm Performance

The regression results presented in Table 1 show that in model 1, the influence of HRMP on firm performance was

significant (R Square = 0.120, F= 4.622, p < 0.05). The F ratio shows that the regression of HRMP on firm performance

was significant at  $p < 0.001$  and the  $\beta$  is also significant ( $\beta = 0.346$ ,  $t = 2.150$ ,  $p < 0.05$ ). In model 2, the influence of organizational learning on firm performance was not significant (R Square = 0.087,  $F = 3.244$ ,  $p > 0.05$ ), the  $F$  was not significant, and the  $\beta$  was also not significant ( $\beta = 0.295$ ,  $t = 1.801$ ,  $p > 0.05$ ). In model 3, the influence of employee outcomes on firm performance was not significant (R Square = 0.064,  $F = 2.344$ ,  $p > 0.05$ ),  $F$  ratio was not significant, and the  $\beta$  was also not significant ( $\beta = 0.254$ ,  $t = 1.531$ ,  $p > 0.05$ ). In model 4, the influence of competitive strategy on firm performance was significant (R Square = 0.202,  $F = 8.591$ ,  $p < 0.05$ ), the  $F$  ratio is significant at  $p < 0.05$ , and the  $\beta$  was also significant ( $\beta = 0.449$ ,  $t = 2.931$ ,  $p < 0.05$ ).

The regression results in Table 1 show that in model 5, the joint influence of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance was significant (R Square = 0.276,  $F = 2.96$ ,  $p < 0.05$ ). The  $F$  ratio shows that the regression of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance was statistically significant at  $p < 0.05$ . The  $\beta$  was also significant ( $\beta = 0.458$ ,  $t = 2.399$ ,  $p < 0.05$ ). The joint effect was higher and significant compared to the highest individual predictor variable (competitive strategy) effect on firm performance that was significant (R Square = 0.202,  $F = 8.591$ ,  $p < 0.05$ ), the  $\beta$  was also significant ( $\beta = 0.449$ ,  $t = 2.931$ ,  $p < 0.05$ ). These results imply that the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy when regressed on firm performance was greater than the individual effects of HRMP,

organizational learning, employee outcomes and competitive strategy when regressed individually on firm performance. The hypothesis that the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance is greater than the individual effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance was supported.

### Discussion

The objective of the study was to establish whether the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy was greater than the individual effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance. HRMP explained 12% of the change in firm performance, which was significant. Organizational learning explained 9% of the change in firm performance, which was not significant. Employee outcomes explained 6% of the change in firm performance which was not significant. Competitive strategy explained 20% of the change in firm performance which was significant. The joint predictor variables: HRMP, organizational learning, employee outcomes and competitive strategy explain 28% of the change in firm performance, which was significant. The results of the current study indicate that the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance was greater than the individual effects of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance.

The findings of this study are in agreement with the human capital theory, which emphasizes the critical importance of internal resources for sustainable competitive advantage. The Human Capital Theory (HCT) according to Schultz (1961) provides a perspective that value addition by people within an organization can contribute to better firm performance. Human capital theory regards people as assets and not a cost within an organization. Human capital according to Bontis et al. (1998) represents the human factor in the organization; the combined intelligence, skills and expertise that gives the organization its distinct character. The HCT emphasizes the added value that people can contribute to an organization. Boxall (1996) refers to this situation as one that confers 'human capital advantage.' Human resource management practices that are generic can be adopted in a firm and aligned with the competitive strategy of the firm to for effective competition.

### **Conclusion**

The objective of the study sought to establish whether the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance was greater than the individual independent effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance. From the objective, it was hypothesized that the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance is greater than the individual independent effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance. The results indicate

that the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance was greater than the individual independent effects of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance. It can be concluded that the joint effect of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance is greater than the individual independent effects of HRMP, organizational learning, employee outcomes and competitive strategy on firm performance.

### **Implication of the Study On Theory Policy and Practice**

It is recommended that firms emphasize appropriate human resource management practices, organizational learning, employee outcomes and competitive strategies that best fit the requirements of their organizations. This can contribute positively to firm performance towards the attainment and sustenance of a superior competitive advantage. The mix of variables practices that should be adopted by a given firm should be generic to the situation obtaining in the entity.

The findings of this study will appeal to human resource management practitioners and policy makers in firms when formulating and implementing HRMP with an intention to improving and sustaining a competitive advantage of their firms through their employees or workers. They should create operational environments that are conducive to make them achieve superior results through the choice of appropriate mix of HRMP, organizational learning, employee outcomes and competitive strategies that

impact on firm performance in the context of their operations.

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