INFLUENCE OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES ON PERFORMANCE OF STATE CORPORATIONS IN KENYA

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(Business Administration)

JOMO KENYATTA UNIVERSITY OF

AGRICULTURE AND TECHNOLOGY

2019

Influence of Strategic Human Resource Management Practices on Performance of State Corporations in Kenya

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A Thesis Submitted in Partial Fulfilment for the Degree of Doctor of Philosophy in Business Administration in the Jomo Kenyatta University of Agriculture and Technology

2019

DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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DEDICATION

To my wife Jane Wamuguru, sons Kelvin Mwangi and Alex Kaguyu, my mother Susan Watiri and my late father Francis Mwangi.

ACKNOWLEDGEMENT

I take this opportunity to express my sincere thanks and appreciation to my supervisors Dr. Jane Wanjiku Gathenya and Professor Willy Mwangi Muturi for their support, encouragement and guidance. Your patience and advice as well as brilliant comments have greatly improved my work and encouraged me to grow professionally. I particularly wish to recognize your availability at the time of need. Words are not enough to express my gratitude for your devotion and kindness. Many thanks to my wife Jane Wamuguru, sons Kelvin Mwangi and Alex Kaguyu for your love, patience and support. May this work serve as an inspiration for you to embark on a similar journey in future. I cannot forget the technical support provided by Mr. Morris Irungu who was readily available when I needed consultation on any issue. May the almighty God bless you all very much.

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ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
ANOVA	Analysis of Variance
BSC	Balanced Score Card
FY	Financial Year
GOE	Government Owned Entities
HIV	Human Immune Deficiency Syndrome
HRM	Human Resource Management
ISC	Inspectorate of State Corporations
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KMO	Kaiser-Meyer-Olkin
PC	Performance Contract
PCD	Performance Contracting Department
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
RBM	Result Based Management
RBV	Resource Based View
SCAC	State Corporation Advisory Committee

SCAT	State Corporation Appeals Tribunal
SD	Standard Deviation
SHRM	Strategic Human Resource Management
SME	Small and Medium Term Enterprises
SOE	State Owned Enterprise
SRS	Simple Random Sampling
SPSS	Statistical Package for Social Sciences
VIF	Variance Inflation Factor
VRIN	Value, Rarity, Imitability and Non Substitutability

DEFINITION OF TERMINOLOGIES

Employees' Career Development This is undertaking of correct actions towards skill building in readiness for upcoming jobs as well as growth promotion and self-development (Farooq, 2011). It is also defined as a process of gaining values, talents and knowledge on how to work. It involves undertaking actions relevant to work interests (Brown & Lent, 2013). This study adopted the definition by Farooq (2011)

Employees' Rewards Schultz (2007) defines rewards are returns offered in exchange for employee contributions. These could also be described as the tangible or non-tangible things, activities or situations that motivate one to act in certain ways. When the right contribution is rewarded, this sends a clear message to employees on what is important to an organization (Armstrong, 2007). The definition by Schultz (2007) was adopted in this study.

Human Resource Management These are practices that deal with how people are employed and managed (Armstrong, 2010). Human resource management has also been defined as the set of approaches that deal with management of the people using theories from sociology, psychology and management (Price, 2011). This study adopted the definitions by Armstrong (2010) and Price (2011)

Performance of State Corporation This is the annual rating of a State Corporation based on an agreed target (Office of the Prime Minister, 2012). Corporate performance has also been defined as the value that is created by an organization. This is compared with the value that the owner of the organization expects to be created (Verweire & Berghe, 2005). This study adopted the definition by the Office of the Prime Minister (2012).

Employees' performance review This is a process of assessing employee achievement within an agreed time frame (Islam & Rasad, 2006). This has also been defined as the evaluation of employee achievement from the time of the last assessment (Kessler, 2008). This study adopted the definitions by Islam and Rasad (2006) and Kessler (2008)

Employees' Recruitment and Selection It is a process of reaching out potential candidates with a view to encourage them to apply for a job vacancy (Compton, Morrisey & Nankervis, 2014). It is also defined as the process through which an institution identifies a suitable candidate from a pool of potential candidates (Hillman & Soderberg, 2008). The study adopted the two definitions.

Strategic Human Resource Management A holistic approach that links business strategy with human resource management practices (Bailey, Mankin, Kelliher & Garavan, 2018).

Strategic human resource management looks at employees as valuable assets and investment for achieving organization objectives. In this case, the systems for staff management are configured to attain corporate goal (Mello, 2015). This study adopted the two definitions.

Strategic Plan: This is a document that provides organizational direction towards achievement of its mission and vision. It specifies the organizational goals and resource requirements (Mittental, 2002). The document is developed through a thoughtful process that recognizes organization mission, vision and values as well as resource allocation (Rouse, 2013). The study adopted the definition by Mittenhal, (2002)

ABSTRACT

The overall objective of this study was to establish the influence of strategic human resource management (SHRM) practices on the performance of State Corporations in Kenya and the moderating influence of strategic planning. The specific objectives were to establish the influence of employees' recruitment and selection process on performance of State Corporations in Kenya, determine the influence of employees' career development and ascertain the influence of employees' performance review on performance of State Corporations in Kenya. The study further identified the influence of employees' reward on performance of State Corporations in Kenya and the moderating influence of strategic planning on SHRM practices and performance of State Corporations in Kenya. The study was anchored on contingency, resource based view and motivation to work theories. It was also informed by performance prism and balanced score card models. This was a cross sectional descriptive study that was guided by positivism orientation. The study population was 200 State Corporations that signed performance contract and were evaluated during the financial year 2014/15. A sample of 132 State corporations was drawn using simple random sampling method. One questionnaire was administered in each institution. A total of 102 State Corporations completed the questionnaires. Data analysis was done using descriptive statistics, correlation and regression analysis. Presentation was done using tables and figures. The findings were that SHRM practices influences performance of State Corporations. The study established that introduction of strategic planning as a moderator variable increases the influence of SHRM practices on corporate performance. The study concludes that, State Corporations that exhibited improvements in SHRM practices and had developed strategic plan and were implementing the plan experienced better performance results compared with those that were not doing the same. The study recommends that State Corporations should conduct recruitment and selection professionally, emphasize career development, employees' performance review and rewards. In addition, all State Corporations should have a valid strategic plan and ensure implementation. Relevant policies to back up the SHRM practices and strategic planning should also be developed

and implemented. A similar study is recommended to cover the private sector, Ministries, County Government and the not for profit organizations. The study also recommends further study on the role of policies as a basis of competitive advantage. The study has contributed to theory, policy and practice by identifying the role of strategic human resource management practices on performance of State Corporations and the moderation influence of strategic planning. It has provided practitioners managing State Corporations and other corporate bodies with evidence for performance improvement. It has also provided guidance on future review of performance contracting guidelines to ensure it is evidence based.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globally, State Corporations have been established in almost all countries of the world to support Governments efforts in economic growth, service delivery and overall national development (Fourie, 2014). Broadly, these have been targeted to raise income, provide regulatory services, promote service delivery as well as ensure training and research. The functional areas therefore include commercial activities, regulation and service delivery as well as education related activities (Simpson, 2013; Kabwe, 2011; Ntiri, 2010 & Office of the Prime Minister, 2012). In countries such as South Africa, Australia, Singapore, China, Malaysia, Nigeria, United Kingdom and New Zealand, State Corporations play a complementary role in national development (Office of the President, 2013). The report further states that State Corporations are of concern to the Governments because these are funded using public resources. State Corporations in Singapore, Australia, New Zealand, South Africa and China have signed a code of governance.

The institutions have been named differently in various countries. In Kenya, State Corporations also known as parastatals have recently been renamed Government Owned Entities (GOE) and further grouped into four categories namely State Corporations, State Agencies, County Corporations and County Agencies (Office of the President, 2013). In Ghana, China, Sweden, Bolivia and Pakistan, these are known as State Owned Enterprises (SOE) though they are also known by other names (Simpson, 2013; Leutert, 2016; Struresson, 2012; Mallon, 1994; Majeed, 2013). In South Africa, these are known as SOE as stated in a report by the Republic of South Africa of 2012. It is common to find two or more labels used to describe these entities in one country. In spite of the different labels, the institutions perform similar roles. They are mainly established to promote the social economic objectives of the country as well as propagate the move towards prosperity (Lan, 2016). The Kenyan, Government estimates that the national output of State Corporations increased from 9.54% in 2008/2009 to 11.64 in 2010/2011 (Office of the President, 2013). The report further states that in some countries such as Malaysia, China, Kenya, South Africa, State Corporations have adopted performance contracting to ensure improved management and service delivery.

In Africa, most SOE were established in the 1960s following the independence of most countries. In Tanzania, the Public Corporation Act of 1969 gave the President Powers to establish Public Enterprises (Michael, 2002). In Ghana, SOEs were conceived before independence. However, they became more vibrant after independence as the county sought to achieve greater economic independence from the former colonial master (Simpson, 2013). The history of SOEs in South Africa dates back in the 20th century. Some enterprises such as the South Africa Railways were established in the 1880s. At this stage, the focus was to achieve self-sufficiency for the country. Between 1910 and 1940, the country embarked on strategic industries to propel social and economic development and ensure job creation. This approach brought an increase in the number of State Corporations. ESKOM and Post Office were established during this period. From 1948 to 1970 more SOEs were established to promote self-sufficiency.

The Land Bank and South Africa Broadcasting Corporation were established during this period (Presidential SOE Committee, 2012). Following their establishment, the number of State Corporations increased rapidly in most countries. In Tanzania, the number rose to 425 in 1984 from 42 in 1967 and increase of 1011.95% (Michael, 2002). In Ghana, within a period of 4 years from 1957 to 1960, SOEs increased from 4 to 53 and by 1980 the sector had approximately 300 entities (Simpson, 2013). This rapid increase was motivated by the State desire to provide goods and services in the entire republic. Initially, the establishment of SOE did not prioritize the private sector in most African Countries. The realization that SOE could not manage the burden of social and economic development came much later after these enterprises began to experience serious challenges.

In Ghana, State owned agencies invested in several areas including agriculture, mining, hotel, timber sector among others (Ntiri, 2010). While writing on SOE in Tanzania, Michael (2002) states that in the 1960s, there was little interest by the private sector to invest in some areas as the market was narrow and infrastructure poorly developed. The state undertook to invest in these areas taking into account its national duty to provide equitable development in all sectors and regions of the Republic. The Government intervened in infrastructural development as well as production of goods and services. It invested in manufacturing, transport, retail trade among others. At the time of establishment of SOE in most African countries, these were well funded by their Governments Over time after establishment of SOE, the honey moon was over and the Governments expected good returns from the investment. In most cases, this was not to be as these enterprises plugged into financial crisis. A similar view is expressed by Simpson, (2002) with regard to SOE in Ghana. He states that SOE were performing well up to 1966 and contributed greatly to increased income, employment as well as investment portfolio. The good performance began to decline following the first coup in the country in 1966. It was estimated that these were draining 12% of the national budget. In South Africa, Kanyane and Sausi (2015) state that SOE have suffered political interference, mismanagement, irregular appointments and deficiencies in corporate governance. They hide information from the public and flout the laid down policies. Maturity and emotional intelligence is recommended to address these problems.

According to Michael (2002), there was a growing reality that SOE in Tanzania were performing poorly in the 1980s. A number of factors contributed to poor performance. One was political interference where politicians were appointed to these organizations (Kabwe, 2011). The politicians would exploit sitting allowance as well as loan facilities available. Due to political patronage, some enterprises did not even bother to present their accounts to the Parliamentary Organization Committee when called upon to do so. The Management adopted bureaucracy to shield the malpractices in these organizations at the expense of achieving corporate goals. In most corporations, management exercised poor financial decision making and as a result, the enterprises failed to generate sufficient capital. To address the challenges posed by SOE, most Governments in Africa have embarked on serious reforms to focus these entities on the national vision as well as ensure they make a meaningful contribution to social and economic development. Some of these reforms have been pressurized externally especially from donor countries and agencies such as the World Bank and International Monetary Fund. These in some cases have not been welcome by the host nations. In Tanzania, Michael (2002) states that in 1991, it was estimated that 88% of the external debt was due to financing of 10 public enterprises. In the 1990s, the crisis emanating from the malpractices could no longer be accommodated. It was evident that SOE were draining funds from the Government and yet they were making limited contribution.

The donor community including the World Bank (WB) and the International Monetary Fund (IMF) began to exert pressure on the Government to restructure these enterprises. This pressure was not welcome as the Government saw this as external interference with management of its operations. It therefore adopted resistance and slow response just to demonstrate that it was being responsive. In 1990, a policy of divestiture was adopted as a way of escaping the problems that had been created. The Government also introduced cost sharing as a stop gap measure to support the operations of some public entities. There were however positive trend when some privatized entities began to make profit. This view is supported by Due, Temu and Temu (2000) who have stated that Privatization of SOE in Tanzania began in the 1980s following the economic crisis in the country. In 1992, the Parastatal Sector Reform Commission was established. It recommended several approaches including sale, liquidation, termination, performance contracting for PEs depending on assessment of each agency. A total of 299 out of 395 agencies had been divested by 1999. Ghana adopted the Economic recovery Programme in 1983 that sought to divestiture the SOE. Strategies included sale, privatization as well as strengthening the management of some SOE through training and other reforms.

The Government also put various measures to address the situation. This included the establishment of Ghana Industrial Holding Company (GIHC) to oversee the sector performance (Simpson, 2013). This view is supported by Ntiri (2010) who has stated that in Ghana, 335 SOE were approved for divestriture by 2003 increasing to 337 by 2008. Privatization was earlier rejected due to fear of job losses, however, the results were that the enterprises increased employment by 59% due to improved capacity utilization. In South Africa, Ngqumenya, (2012) states that in 1994, the White paper on privatization and deregulation was formulated and sought to reduce public expenditure as well as open investments to the private sector. In 1994-2004 the Government accelerated the restructuring process and introduced equity partners in order to improve the efficiency and effectiveness of SOE.

According to the report on review of parastatals in Kenya, the role of Government Owned Entities in the country is to accelerate social and economic growth, capacity strengthening with a view to fuel national development and provision of essential services. The agencies further aim at creation of employment and job opportunities as well as strengthening international partnerships and relations (Office of the President, 2013). The history of State Corporations in Kenya dates back to the early 1960s following the country independence in 1962. In 1965, the Government published the Sessional Paper No. 10 on African socialism and its application to planning in Kenya. The aim was to accelerate involvement of state in public investment. This need was based on the fact that there was very little involvement of the state in this area. This paper laid the foundation for the establishment of State Corporations (Republic of Kenya, 1965). Amongst the first State Corporations to be established were the Industrial and Commercial Development Corporation (ICDC), Kenya Industrial Estate (KIE), Development Finance Company of Kenya (DFCK) and Kenya Tourism Development Corporation (KTDC).

In the 1970s, a review of State Corporation was conducted in what is popularly known as the Ndegwa report of 1979 (Republic of Kenya, 1979). While this report acknowledged the positive role of State Corporations in the country, it also highlighted inefficiencies in State Corporations to a point that they were economically draining the country. The report also identified other challenges such as overlap of functions, financial impropriety as well as lack of a coordinating body to oversee the operation of these corporations. These observations changed the approach on governance of State Corporations in the 1980s with more emphasis placed on prudent management practices. This was to ensure the corporations were efficient and effective in their operations. In 1986, the Government of Kenya published the sessional paper number one on economic management for renewed growth.

This paper advocated focus on infrastructure development, strengthening of social services and support towards agricultural growth as well as shift from non-strategic ventures (Kenya National Assembly, 1986). In the 1990s, the effort to ensure productivity of State Corporations continued as the Government undertook to divest from non-strategic investments and promote the private sector to invest in such areas. Further, the State continued promotion of the public private mix where the private sector partnered with the Government in undertaking investments (Office of the President, 2013). The Government further developed a policy on public enterprises, reforms and privatization in July 1992 which focused on privatization of non-strategic investments (Kariuki, 2006). Other reforms during this period included unbundling of some State Corporations. In the communication sector, Telkom Kenya Limited, Communication Authority of Kenya, National Communication Secretariat, Kenya Communication Appeals Board and Kenya Poastal Corporations were unbundled from the former Kenya Post and Telecommunications to enhance efficiency (Waema, 2007).

The energy sector experienced the unbundling of Kenya Power and Lighting Company (KPLC), Kenya Electricity Generating Company (KENGEN), Energy Regulatory Commission (ERC), Kenya Electricity Transmission Company (KETRACO), Geothermal development Company (GDC), and Rural Electrification Authority (REA) (Dong, 2017). The zeal continued in 2000 and beyond with a major boost in 2004 when performance contracting was introduced to guide the management of these institutions. To date, emphasis on good governance has continued with the Government introducing the *Mwongozo* code of conduct in 2015. This document provides guidance on governance in State Corporations and other government institutions (Republic of Kenya, 2015). Since 1960s, the number of State Corporations has grown tremendously and stood at approximately 200 in 2014. However, the number of State Corporations in the country is unclear with the report on review of parastatals having identified 262 State Corporations in 2012 though it only recommended 187 entities after rationalization (Office of the President, 2013).

In the recent years, State Corporations have experienced other challenges such as freeze in employment of new employees with a view to reduce the wage bill (Olick, 2013). State Corporations in Kenya are established under State Corporation Act Cap 446 (Republic of Kenya, 2012). The Act mainly provides information on establishment and powers of State Corporation, composition of Board and management, financial controls and the role of State Corporation Advisory Committee. Prior to 2013, State corporations in Kenya were grouped into six categories namely commercial enterprises; regulatory service providers; service providers; universities; training institutions as well as research institutions (Office of the President, 2013). Before this grouping, State Corporations had earlier been classified into six categories from A to F (Mwaura, 2007). The first was the highest while the last was the lowest category. The classification was mainly for the purpose of remuneration. To ensure effective regulation, the State Corporation Advisory Committee (SCAC) was established.

This was founded under section 26 of the State Corporation Act Cap 446 of 2012. Its mandate is to advice the Government on development of State Corporations, including efficient management, systems and procedures. SCAC is assisted by the Inspectorate of State Corporations. The Public Audit Act Cap 412A of 2009 requires State Corporations to submit annual accounts to the Controller and Auditor General (Republic of Kenya, 2009). Some State Corporations are also guided by specific acts of parliament that formed the basis for their establishment. Those that operate as insurance are subject to

Insurance Act Chapter 487 (Republic of Kenya, 2015) and those operating as banks subjected to the Banking Act Chapter 488 (Republic of Kenya, 2015).

The institutional framework for State Corporations in Kenya has seven structures. These are the presidency, parent ministry, treasury, board of directors, SCAC, Inspectorate of State Corporations (ISC) and State Corporation Appeals Tribunal (SCAT). The presidency mainly appoints the chair of the board of directors. According to *Mwongozo* code of conduct, the board of directors should ideally have members with different expertise such as legal, financial, governance, technical and operational skills (Republic of Kenya, 2015). The parent ministry provides support to the State Corporation as well as policy guidelines including integration of operations with other departmental functions. The boards of directors are responsible for defining the strategic direction of the State Corporations. This includes provision of support and guidance to the management. SCAC ensures effective regulation of State Corporations assisted by ISC. The SCAT provides a forum for appealing decisions made by the inspector general of State Corporations if any party feels aggrieved.

Several reviews have been conducted on the role of State Corporations in Kenya. In 1982, a review by Presidential working party on public expenditure was conducted (Republic of Kenya, 1982). According to this report, there were several challenges affecting the State Corporations in Kenya. These included exceeding of the State Corporation mandate, lack of profitability, political interference, and investment in areas most suitable for the private sector. The report recommended that these shortcomings be addressed. These recommendations among others influenced the passing of the State Corporation act in 1986. The most recent is the parastatal review that was done in 2013 by a task force consisting of eleven members (Office of the President, 2013).

The report identifies the best practices globally on State Corporations. These practices include a clear separation of the Government and National Treasury from State Corporations. Governments are also urged to establish oversight body to oversee the operations of State Corporations and align the goal and objectives of State Corporations with the national priorities. It is further recommended that State Corporations should be categorized into financial and non-financial to enhance effective and efficient management practices for each group. Finally, legislative frame work as well as monitoring and evaluation systems should be established. In addition, it supports a strong link between the State Corporations strategic plan, annual work plan, medium term expenditure framework, medium term plan and vision 2030 and staff capacity building. The report also advocates changing of the name State corporations to Government Owned Entities.

These entities are grouped into four categories. Those that are commercially based operating at the national level and owned by the National Treasury will be referred to as State Corporations. The service delivery and regulatory agencies owned by the National Treasury and operating at the national level will be known as State Agencies. Commercial agencies operating at the county level and owned by the County Government will be known as County Corporations. Service delivery and regulatory agencies operating at the county level and owned by the County Government will be known as County Agencies. In addition, the report advocates establishment of Government Investment Corporation to oversee the State Corporations operating at the national level and County Agencies Oversight Office to oversee those at the county level. The merger of State Corporations performing similar functions such as the Kenya Plants Health Inspectorate Services (KEPHIS) and National Biosafety Authority (NBA) is also recommended. Similarly, the unbundling of agencies that do not perform related functions in the Kenya Agricultural and Livestock Research Organization (KARLO) such as Kenya Forestry Research Institute and Kenya Marine and Fisheries Research Institute is also recommended as these have a distant influence with the agriculture based corporations. Establishment of synergy amongst universities research initiatives and the industry as well as improved corporate governance practices are other recommendations.

Njiru (2008) has cited the main constraints affecting State Corporations as; inadequate financial resources, maintenance of infrastructure, lengthy procurement process, inadequate institutional frame work and HIV/AIDS. The report of the Presidential Taskforce on parastatal reforms identifies other constraints as lack of clarity on the role of State Corporations, poor linkage of State Corporations and national goals, poor policy coordination, rapid change in global infrastructure, political interference, poor governance, weak governance boards, bloated boards, inconsistent remuneration, weak human resource and institutional capacity and poor performance (Office of the President, 2013). The report further states that due to inefficiencies in State Corporations, these have been associated with a do not care attitude that these are public properties otherwise known as "*mali ya umma*".

In order to reduce reliance on Treasury, State Corporation in Kenya are allowed to charge an agreed fee for some of the services offered. Those in the commercial sector are encouraged to compete effectively with the private sector in order to maximize profit. The Government also allows investments in treasury bills and bonds among others to increase the income base for these corporations. For some institutions capable of attracting donor funding such as research institutions, these are allowed to do so (Mwangi, 2013). In the performance contract document, this form of investment is known as appropriation in aid (Ministry of Devolution and Planning, 2013). Universities are allowed to share costs with students covering a portion of the total cost (Ngolovoi, 2007).

Recognizing that the state has a responsibility to provide equitable social and economic development throughout the republic, The Constitution of Kenya 2010 supports State Corporations in Kenya. It underscores the need to observe the principles and values of the public service. These include efficient and effective utilization of available resources, exercise of professional ethics and representation of diverse ethnic groups. The principles further include provision of prompt and impartial services, citizen involvement in decision making, fairness in promotion and recruitment as well as transparency and accountability. These apply to all public institutions, County Government, Ministries, and Commissions among others (Republic of Kenya, 2010).

In a bid to promote efficiency and effectiveness in the public sector which includes the State Corporations, the Government of Kenya has initiated several reforms since independence. This Structural Adjustments Programme (SAP) introduced in 1986 consisted of a series of political and economic reforms that were mainly promoted by the World Bank and the International Monetary Fund (Rono, 2002). The Civil Service Reform Programme (CSRP) in 1993 focused on efficiency and productivity improvements (Sawe, 1997). In 2003-2008, Results-Based Management (RBM) was initiated mainly to address economic recovery, wealth and employment creation (Kobia & Mohammed, 2006; Obong'o, 2009).

The Kenyan Government in 2004 introduced performance contracting rooted in RBM for all public institutions inclusive State Corporations (Obong'o, 2009). This concept was borrowed from France, Pakistan, Korea and India (Kobia & Mohammed, 2006). It was also informed by the report on economic recovery strategy for wealth creation 2003-2007 which recommended that all Permanent Secretaries and Chief Executive Officers of State Corporations be put on performance contract (Ministry of Planning and National Development, 2003). The purpose was to improve efficiency and effectiveness of Government institutions as well as curb wasteful practices. Since then, it has been modified to suit the local setting. Performance contract is a negotiated contract between the Government as the owner of all public institutions and the management of these institutions (Ochieng, 2010). The contract spells out the annual intentions of the two parties, responsibilities as well as milestones. Performance contracting includes negotiation of targets and annual evaluation of results.

The process is informed by the Government blue prints such as the Vision 2030, Millennium Development Goals, Medium Term Plans as well as specific institution strategic plan. Performance contracting has been used to increase efficiency, accountability as well as government funding. Further, the process empowers citizens to demand better services from the public sector institutions. State Corporations are subject to performance contracting like any other Government institutions (Kobia & Mohammed, 2006). Some key areas of assessment include finance stewardship, service delivery, non-financial issues, operations, dynamic/ qualitative issues and corruption eradication (Ministry of Devolution and Planning, 2013).

1.2 Statement of the Problem

Performance of State Corporations has been a major concern in Kenya since independence. The Government has instituted several measures with a view to promote performance of these institutions. These include the structural adjustments programme in 1986 (Rono, 2002). The civil service reform programme was introduced in 1993 (Sawe, 1997). In 2003, results-based management was introduced (Kobia & Mohammed, 2006; Obong'o, 2009). As part of this approach, performance contract for all public sector organizations was instituted in 2004. The purpose was to motivate the institutions achieve improved performance. Since then, State Corporations have been subjected to performance contracting, evaluation and ranking annually (Mbua & Sarisar, 2013). The annual ranking process grades the corporation into excellent, very good, good, fair and poor categories (Office of the Prime Minister, 2012). One of the main limitations of performance measures obtained through evaluation of performance contract is that the results only provides the grading but do not indicate the reasons for good or poor performance (Kobia & Mohammed, 2006). Hence, the best practices are not documented or disseminated. Thus, the poor performing corporations continue with low performance as these do not learn from the good performers. Similarly, good performing organizations cannot learn from better performers. This scenario has left the Management of State Corporations to gallop in the dark as they seek ways of performance improvement.

Current literature does not provide adequate answers to fill this gap either. However, it points at strategic human resource management (SHRM) practices as likely factor influencing performance of corporate organizations in Kenya (Waiganjo, Mukulu & Kahiri, 2012). In spite of the ample evidence to support this argument, some scholars such as Kumar (2014) and Culbert (2008) present arguments on the contrary. Guided by this evidence, the Government of Kenya has laid emphasis on proper management of human resources (Executive Office of The President, 2017). Further, the Government has advocated strategic planning and implementation for all public sector institutions. Though the Government has emphasized strategic planning, it remains unclear if interaction with SHRM practices is supportive or detrimental to performance of State Corporations. There are hardly any studies on this subject. This study therefore aims at filling this gap by establishing the influence of SHRM practices on performance of State Corporations in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study is to establish the influence of strategic human resource management practices on performance of State Corporations in Kenya and the moderating influence of strategic planning.

1.3.2 Specific Objectives

The specific objectives are to:

1. Establish the influence of employees' recruitment and selection process on the performance of State Corporations in Kenya.
2. Determine the influence of employees' career development on the performance of State Corporations in Kenya.
3. Ascertain the influence of employee' performance review on performance of State Corporations in Kenya.

4. Identify the influence of employees' reward on performance of State Corporations in Kenya.
5. Establish the moderating influence of strategic planning on the relationship between SHRM practices and performance of State Corporations in Kenya.

1.4 Research Hypotheses

A hypothesis is a possible solution to a problem before this problem is studied (Kombo & Tromp, 2006). This study sought to test the following hypotheses.

H**01:** There is no influence of employees' recruitment and selection process on performance of State Corporations in Kenya.

H**02:** There is no influence of employees' career development on performance of State Corporations in Kenya.

H**03:** There is no influence of employees' performance review on performance of State Corporations in Kenya.

H**04:** There is no influence of employees' reward on performance of State Corporations in Kenya.

H**05:** There is no moderating influence of strategic planning on the relationship between SHRM practices and performance of State Corporations in Kenya.

1.5 Justification of the Study

This study is necessary because the Government of Kenya has laid much emphasis on performance improvement for State Corporations in the country. The study notes that annual evaluation and ranking of State Corporations without exploring the elements influencing performance does not support cross fertilization of best practice. It therefore seeks to provide information on elements that influence performance of State

Corporations in Kenya, a step towards compendium of best practices. The Government will benefit from improved performance of State Corporations. Further, the results will be shared with public and private institutions to enhance learning and adoption of best practices thus benefitting the entire Kenyan population directly or indirectly.

1.6 Significance of the Study

This study provides the Government of Kenya with the much needed information on what needs to be done to improve performance of these State Corporations. Previous efforts by the government to improve performance of these corporations have produced annual performance scores that rank different institution in order of performance. This is done through performance contracting (Executive Office of The President, 2017). There is however no guidance on what corporates could do to enhance performance. This situation has been frustrating to management of State Corporations due to lack of guiding information. It therefore provides information on elements that influence performance of State Corporations in Kenya. This information is useful to the policy makers especially those addressing performance of State Corporations. These include the board and management of State Corporations as well as the Department of Performance Contracting. The results will be shared with public and private institutions to enhance learning and adoption of best practices thus benefitting other agencies and the entire Kenyan population directly or indirectly.

1.7 Scope of the Study

The study was done in Kenya and covered the State Corporations in the country. These Corporations are similar having been established under the State Corporation Act Cap 446 (Republic of Kenya, 2012). This Act ensures they have similar foundation and operational modalities. Secondly, the corporations have similar performance measures. (Ministry of Devolution and Planning, 2013). On time period, the study covers the data for the financial year (FY) 2014/ 2015. This period was selected as it was possible for respondents to recall the episodes and developments that took place. In addition, the performance evaluation for this period had already been concluded. Clarke, Fiebig and Gerdtham have argued that increasing the recall period increases the response errors. A recall period of one year was deemed reasonable and has previously been used by other scholars (Heijink, Xu, Saksana & Evans, 2011). On content, the study focused on performance of State Corporations as measured through performance contracting by the Government of Kenya (Executive Office of The President, 2017). For the measurement of predictor variable, the parameters and constructs used are similar to those that have been used by other scholars in this field of study such as Muraga (2015), Islam and Rasad, (2006) and Waiganjo et al (2012). Data collection period was five months. This was sufficient to cover the selected State Corporations.

1.8 Limitations of the Study

In assessing the performance of the State Corporation, the annual performance score and rank as provided by the Performance Contracting Department (PCD) was used. The methodology used in computation of the score is subject to errors, as some agencies provide false information to improve their performance. These errors impact on the accuracy of results from this study as these have been carried over. In mitigation, the study results were compared with other similar studies for consistency. The second limitation is that some institutions failed to provide the required information citing confidentiality. This problem mainly affected the banks. The respondents were assured of confidentiality and that the information was to be used for the study purpose. In addition, they were provided with copies of clearance letters from Jomo Kenyatta University of Agriculture (JKUAT) and the National Council for Science and Technology (NACOSTI).

The third limitation was low quality data provided by some State Corporations. This occurred because of lack of concern in filling the questionnaire in some corporations which required intense follow up. At one point, the principal investigator was described by a guard of one building as a *mails man* because of the many times he had been seen visiting that building while following up on the questionnaires. *“Please allow him to go* *through. He is one of us and normally comes to deliver and collect mails"* said one of the guards. This lack of concern affected the quality of the responses as some officers did not take sufficient time to complete the questionnaire. To address this limitation all communication was directed to the head of the State Corporation who then delegated the task to the relevant officer. In addition, the principal investigator made a personal contact with the office of the head of the State Corporation to explain the importance of the study and agree on time line for getting back the filled questionnaire. Lastly, this was a cross section study based on the FY 2014/ 2015. The events of this FY may not necessarily mirror the exact episodes and developments of the other FYs since the process of performance contracting began. To mitigate the limitation, results obtained from this study have been compared with results from other similar studies for consistency.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing literature relevant to the study objectives and research hypotheses identified in chapter one. The aim is to identify what is already known and the existing gaps. The chapter begins with a review of the relevant theories and models to this subject. These theories and models have informed the conceptual framework and key variables. The key variables in the conceptual framework are also discussed. This is followed by a review of empirical literature. Finally, a critique of existing literature, research gaps and a summary of the chapter are provided.

2.2 Theoretical Framework

Theoretical framework is an explanation provided by existing theories relevant to the research problem. This explanation provides a broader societal perspective of the problem (Kombo & Tromp, 2006). Theoretical framework is not a mere description of the different theories but explains how these assist in the interpretation of the problem.

2.2.1 Contingency Theory

The contingency theory emerged in the 1960s. Fiedler (1967) who is the main proponents of this theory states that, there is no one way of managing and organization. According to this theory, the best management style depends on internal and external environment. This approach is also referred to as the situational theory (Hahn, 2007). The word situation is used to imply the unique environment that organizations operate in at any given time. Thus, decisions made to address a given situation will not apply in another situation as the second situations will have unique characteristics absent in the first situation.

Islam and HU (2012) embrace the principles of this theory. While they are in agreement that there is no one way of management, they highlight that there is a fit that produces the best results for each organization. This fit takes into account the size and structure of the organization as well as the external environment. Organizations should strive to attain this fit, otherwise they will not achieve optimum returns leading to underutilization of factors of production. This raises a number of questions that remain unanswered. One is how would an organization achieve this optimum fit and what mechanism and procedures would be applied to ensure this fit is attained?. The second question arising from this debate is the extent to which the fit once identified would apply in another organization experiencing similar conditions and with what results. This is a challenge that has not been addressed by this theory.

To explain the theory, Ittner and Larcker (2001) have quoted Otley contingency theory framework. This model identifies three sets of variables that affect organization effectiveness. The first set consists of contingent variables. According to Jurevicius, (2013) these variables are external to the organization. They are political, economic, social, technological, environmental and legal (PESTEL). These factors are determined by other agencies that operate in the external environment. Such may include the tax regulatory bodies, insurance regulatory agencies, political parties, judicial system to name a few. Organizations have to make decisions that respond to issues raised by these bodies in a way that it attains the best value for money from decision made. The second set of variables consists of what is referred to as organization control package. These include organization design, accounting information system, management information system, policies, staffing, equipment and other infrastructure. It includes organization material and non-material artifacts that have value. Some of these artifacts may be visible such as furniture and motor vehicles but others may not be visible such as good reputation. The third set is referred to as intervening variables. It is the interaction of these set of variables that determine organization effectiveness.

In a stable environment, contingency theory advocates formalization, centralization and continuity. This is because the situation can fairly be predicted and hence predetermined course of action can be applied to address upcoming challenges. In an unstable environment, the theory emphasizes less formalization, decentralization and flexibility (Burns, Stalker, Lawrence & Lorsch, 2015). This is because issues emerging are likely to be sporadic, unique and unpredictable. There is need for quick innovative solutions to address the uniqueness of each situation. In such situations, a manager will require to apply all the information available to decide on the best course of action. Decisions can also be changed or varied at a short notice in response to emerging new information. The theory states that the relationship between the independent variable and the dependent variable is often affected by other variables. Thus decision such as which organizational structure to adopt whether tall or flat structure depends on the internal and external environment where the organization operates as well as other situational considerations.

Contingency theory has been credited for advocating organizations to achieve the best fit solutions to emerging multifaceted problems. In a bid to understand how the best fit can be achieved, Afridi (2013) did an analysis of solo leadership versus shared leadership with a view to understand which among the two is more likely to achieve this fit. Solo leadership in this case referred to a single manager directing operations. Shared leadership refers to a manager sharing the management role with other staff through consultation. It was argued that shared leadership has a better grasp on the contingency approach as the group is able to view the challenges from different perspectives. This though does not imply that shared leadership does not have challenges. Slowness in decision making is one of the challenges. This is expected as shared leadership emphasizes consultation and participation of others in decision making. Overall, shared leadership is recommended to address the contemporary contingency challenges. This theory has been credited for providing a straight forward argument on managerial differences across different societies (Noorderhaven, Koen & Sorge, 2015). What works in one culture may not work in another culture because of inherent difference in the two situations.

A key limitation of this theory is that, while it points out the need for flexibility, adaptation as well as alteration in decision making, it provides no further guidance on how these can be achieved. Betts (2003) has further identified three limitations of this theory. One is that when a manager applies the theory, it would appear like trial and error exercise which poses a great risk to the organizations. For this reason, most managers are more comfortable trying out what they are familiar with and has worked out in similar setting. Secondly, bureaucracy in formal organizations does not allow the form of flexibility recommended by contingency theory. While managers may be aware of what needs to be done, they still have to operate within certain policy frameworks which sometimes constrain the flexibility anticipated by this theory. Thirdly, the theory is ignorant of the fact that one cannot hold the real world constant. The set of variables affecting an organization internally and externally are constantly changing and cannot be held constant. A decision made today may therefore not achieve the same fit a month later due to the rapid changes in the environment. The best fit concept may therefore be just but a mirage that can never be achieved. Further it is a theoretical and its assumptions cannot be tested (Hahn, 2007). If the assumptions of the theory are tested and proof untrue, it can always be argued that the situation was unique. In addition, the theory assumes there is no need of management theories and experience as every situation is unique. It underemphasizes the need for managers to understand and apply different management theories in various unique situations (Vliet, 2013).

This theory is important in this study as it informs the need to examine the role of strategic planning the moderation variable in performance of State Corporations. Contingency theory states that there is no one best way of managing an organization. It all depends on contingent factors. Strategic planning aims to identify the best way of managing an organization. Like the contingency theory, it takes into consideration the internal as well as external factors (Jurevicius, 2013). A strategic plan has its foundation on Strength, Weakness, Opportunities and Threat (SWOT) analysis. These factors are similar to contingent factors referred to by this theory.

2.2.2 Resource Based View Theory

The theory emerged in the 1980s and was debated much in the 1990s. According to Klung (2006), the theory emerged from the work of Wernerfeldt and Rumert published in 1984 and was informed by the work early economist David Ricardo of 1817. The resource based view (RBV) theory states that a firms performance is influenced by resources available (Madhani, 2010). The argument is that firms with more resources are more likely to achieve better results compared with those with few resources. Resources are also referred to as factors of production and include land, labour, capital and entrepreneurship. Brown (2007) has classified these factors in two categories namely physical resources and human capital. Critics have argued that while availability of these resources is necessary, it is not sufficient for improvement of firms’ performance as these must be used effectively (Priem & Butler, 2001). Efficiency and effectiveness therefore are not determined by the quantity of resources used in the production process but other parameters such as quality control system and organizational policies.

The RBV shifts the focus from the external environment (industrial concentration of firms) and market positioning as a basis for competitive advantage that has been championed by Porter (1998). It further differs from the porters five forces model as this tend to amplify the role of external factors in performance of a firm. Irungu and Marwa (2015) are in agreement with this theory. They state that tangible and intangible resources form the basis of internationalization in Kenyan medium firms. In this case, internationalization implies having business operations beyond the national boundaries. They recommend that medium firms should develop these resources if they seek to internationalize their operations. Specifically, they recommend development of resources that are rare and cannot easily be imitated such as knowledge and networks. Newbert (2007) has added a new dimension to this debate through an argument that it is not the static resources that form the basis of competitive advantage. Rather it is the organization capabilities, valuable, non-imitable and substitutable resources that make the difference.

This view is further emphasized by Foss and Knudsen (1993) when they state that while resources are important, it is more essential to ensure efficient use of the same. In addition, the resources need to be converted into distinctive capabilities and be matched with opportunities in the market to ensure competitive advantage. The assertion of conversion of existing resources into distinctive capabilities is highly appealing but the question is how this could be done as no guidance is provided. According to Barney (1991), for these resources to promote sustainable competitive advantage, they need to satisfy the value, rarity, imitability and non-substitutability (VRIN) criteria. This will ensure protection and insulation from competitors (Brown, 2007). Wade and Hulland (2004) define resources as assets and capabilities that enable a firm to capture the market. Further, they have distinguished the factors in the resource based view theory that allow a firm to achieve competitive advantage in the short and long term. They state that value, rarity and appropriateness of resources have short term gains which cannot be sustained in the long run. It is the low imitability, substitutability and immobility that allow the firm to sustain competitive advantage in the long term.

According to Kamboj, Goyal and Rahman (2015), the marketing capabilities and operation capacity of a firm contribute positively to its financial performance. However the marketing capability has more influence compared with operation capacity. Gaya and Struwig (2016) are of the opinion that understanding firms competitive advantage would be possible if the RBV was merged with the activity based view (ABV) to form activity and resource based view (ARBV). They state that what really matters are the set of activities that a firm engages to meet the customer needs. Meaning that it is not what an organization has or owns, but rather what it does with these endowments. Kabue and Kilika (2016) have stated that since resources in most cases are common, firms can only achieve competitive advantage through adoption of core competencies such as organization culture and values. Since organization culture and values are unique these cannot be easily copied or adopted by competitors. Another dimension of this theory is whether the resources available to a firm have equal, equitable or divergent influence on organization performance. Mutunga, Minja and Gachanja (2014) study established that amongst the resources of a firm, organizational structure had the greatest contribution in enabling attainment of sustainable competitive advantage. They argue that the structure is like the body skeleton that holds the other body parts together. Emanating from the structure are the key positions, pattern of communication as well as decision making process. In this study, organizational structure influenced the variance in the dependent variable (competitive advantage) by 59.1%. The influence using multiple regression for the two variables was significant with a β value of 0.447, $p < 0.05$. Implication is that resources available to a firm have varying influence on performance. A key strength of this theory is provision of a frame work for sustainable competitive advantage and recognition of organization internal resources (Jurevicius, 2013).

Critics have however argued that the theory is tautological (Priem & Butler 2001). This is because it highlights the importance of resource to be valuable. It has been argued that a resource that is not valuable is useless and hence not a resource. The second argument is that the theory pays no attention to the product market (Priem & Butler 2001). Since the focus is on resources that are utilized to make a product, it is erroneous to ignore the final product generated from the input resources. The fourth criticism is that the theory pays attention only on the internal resources. Another criticism is that, it is difficult to find a resource that meets the VRIN criteria thus shedding doubts on the practicality of this theory. Further, the rarity concept is obsolete since a resource that is valuable, non-imitable and non-substitutable is already rare (Hoopes, Malses & Walker, 2003). Foss and Knudsen (1993) have argued that it is very difficult to identify the resources that are behind the success of a firm. More so given that resources work in complementarity. They raise the question as to whether the issue to consider would be a system of resources rather than resources. Further, they state that it will be unclear whether the same resources would have the same effect in another firm.

The challenges in testing this theory are presented by Bromiley and Rau (2015). They state that in testing the theory the dependent variable is competitive advantage. The predictor variables are valuable, rare, non-imitable resources. Measurement of both the predictor and dependent variable is difficult. Recommendations on what needs to be done by the lower performing firms will also not be possible as it will negate competitive advantage of the well performing firms. In order to address this challenge, they recommend a more practical approach to explain firms' performance using transferable practices. This is referred to as practice based view (PBV) as opposed to RBV. Kabue and Kilika (2016) have raised a challenge that the resource based view theory has not been able to address. This is how a firm would be able to attain sustainable competitive advantage in a situation where resources are shared and mobile and more so if the resources belong to one firm in the industry.

The resource based view theory is important in this study. It informs the need to review the role of SHRM practices the predictor variable in this study on performance of State Corporations. Human resources constitute a resource to an organization. Resource based view theory argues that organization performance is determined by resources available. This argument points to the fact that human resources play a role in corporate performance. SHRM practices include the acquisition, development, utilization and maintenance practices. Inclusion of SHRM practices and its constructs in this study is therefore informed by this theory.

2.2.3 Motivation to Work Theory

This theory also known as the two factor theory emerged from the work of Fredrick Herzberg in the late 1950s (Herzberg, 1959). The theory explains that individual motivation to perform can be understood through an analysis of the factors that motivate or demotivate workers (Herzberg, Mauser & Snyderman, 2010). The theory argues that factors which motivate workers also referred to as motivators are independent of those factors whose absence demotivates workers. The latter are referred to as hygiene factors. Motivator factors include achievement, recognition, work itself, responsibility, advancement and personal growth. Hygiene factors include company policy and administration, supervision, relationship with supervisors, work conditions, salary, relationship with peers, personal life, relationship with subordinates, status, and security. Money is classified as a hygiene factor as most people are willing to work to achieve other aspirations such as self-fulfillment and not necessarily to earn money. Thus, the theory clarifies that motivators or intrinsic factors are not the opposite of hygiene or extrinsic factors though they appear to have the opposite effect on workers motivation.

Basset-Jones and Lloyd (2005) support this theory stating that, even though lots of literature has indicated the theory swings like a pendulum, it is still relevant 50 years after it was initially developed. Their organization study in the United Kingdom showed that money and recognition were not among the primary factors of staff motivation. Instead intrinsic factors or what Herzberg et al (2010) refers to as motivators had a greater influence on motivation. Dartey-Baah and Amoako (2011) when studying Ghanian workers, established that this theory does not hold in that context. Their results showed that some hygiene factors according to motivation theory such as salary and job security served as motivation factors. To summarize their observation, they have quoted a popular saying in Ghana that *"a hungry man is an angry man"*. They recommend the blending of both hygiene and motivation factors with more emphasis on the former in order to motivate workers in Ghana. This observation raises the question whether the theory is affected by cross cultural factors as argued by proponents on contingency theory.

Ghazi, Shahzada and Khan (2013) tested whether the principles of motivation theory apply in Pakistan. The study proved that one part of the theory was applicable while another part was not applicable. The findings showed that hygiene factors were a source of motivation and job satisfaction for university teachers. The regression analysis showed hygiene factors had a β value of 0.406, $p = 0.00$ with motivators factors having a β value of 0.397, $p = 0.00$. This means that hygiene factors had more influence on motivation compared with the motivators. The finding contradicts the motivation theory which places the motivators ahead of hygiene factors in ensuring workers motivation. Both motivators and hygiene factors explained 55% of the variance in university teachers' motivation.

Similar results were obtained by Nanayakkara and Dayarathria (2016) in their study of supermarkets in Sri Lanka. They concluded that both hygiene and motivator factors positively influence retention of employees. Hygiene factors had a correlation of -0.748, $p < 0.01$ while motivator factor had a coefficient of -0.729, $p < 0.01$. The two variables combined accounted for 56.8% of the variance in turnover intention which was the dependent variable. The multiple regression analysis further showed that hygiene factors had a higher contribution ($\beta = -0.545$, $p < 0.01$) on the dependent variable variance compared with motivator factors ($\beta = -0.368$, $p < 0.01$). The findings contradict the motivation theory as this places motivators ahead of hygiene factors in ensuring workers motivation.

Smerek and Peterson (2007) are of the opinion that the theory of motivation delineation of two set of factors was based on an event and therefore does not apply when tested in measurement of stable attitude. Their study conducted among non-academic staff employees of a university in Michigan showed that it was only the variable of work itself behaved according to the theory. The other factors did not confirm to the theory. They dismiss the theory as simplistic and general. Similarly, Mitrabasu (2013) study of health care system in Delhi showed that the delineation of the two factor theory ignores a third factor. Accordingly, the study identified a third quality factor meaning there are hygiene factors, motivators as well as factors that serve both as hygiene and motivators.

In spite of these shortcomings, this theory has been credited for providing managers with guidelines on how to motivate employees (Condrey, 2010). A criticism to the theory is that, it does not explain organization performance. Further, it has been argued that it’s a theory of job satisfaction and not motivation (Aswathappa, 2007). Other critics have stated that, the theory ignores situational factors that motivate or demotivate individuals to work (Sapru, 2013). Erkilic (2008) has raised some challenges in application of the two factor theory in classroom management in Turkey. One is that while factory setting has workers, classroom setting has students. In class room setting, student participation has significant influence on student motivation unlike in factory setting. When applied in this study, the theory informs the need to include employees' career development as well as employees' performance review as both constitute motivator factors. Staff performance review creates responsibility on part of the employee as duties are allocated clearly. Similarly employees' career development leads to personal growth. This theory has informed the inclusion of two predictor variables namely employees' career development and employees' performance review. The theory has further informed inclusion of employees' reward in this study which is classified as a hygiene factor.

2.2.4 Performance Prism Model

The performance prism model was developed by Neely, Adams and Kennerley (2002). It lays emphasis on the fact that stakeholders are the most important resource in the success of an organization. There are five facets of the prism namely stakeholders satisfaction, stakeholders contribution, processes, strategies and capabilities. The satisfaction of the stakeholders as well as their contribution constitutes the primary corporate responsibility. The model states that organization strategies should be developed with intention of satisfying the stakeholders. Similarly, the processes adopted by a firm must reflect the stakeholders' needs. Consequently performance measurement should focus on stakeholders needs since those satisfied are able to contribute more to the organization.

Strategies refer to the path identified by an organization to achieve the goal. The path is determined considering organizational strengths, weaknesses, opportunities, threats as well as the external and internal environment. This forms the best option available given all the considerations. Processes refer to procedures of accomplishing tasks. This may include tasks such as recruitment, marketing, distribution, research, customer care or repair of assets. Capabilities are the competencies and aptitudes in an organization. These include personnel, practices, assets, trademarks and infrastructure. Capabilities is a resource that the organization is able to utilize to improve performance.

The stakeholders' contribution refers to the gains or support derived from stakeholders. This is a resource to the organization. Lynch and Cross (1991) state that performance measures should consider a wide range of parameters. These include corporate vision, objectives, market, financial performance, customer satisfaction, flexibility, productivity as well as quality, delivery, cycle, time and waste. According to Roshan and Jenson (2014), the emergence of the performance prism model was a positive development to the traditional method of performance measurement where financial issues were prioritized. They however express the view that the theory is more process than content oriented and hence, it does not provide sufficient information on attainment of performance measures identified. Zeglat, ALRawabdeh, ALMadi and Shrafat (2012) concur with this theory. Their study aimed at reviewing performance measurement system and recommending the most appropriate. They concluded that most measurement have focused on financial performance and operational measures. This is inadequate and a more balanced approach needs to be adopted where the needs of stakeholders are incorporated.

According to Reza (2014), performance prism differs from other performance measures because the focus is on stakeholders. Secondly, it has a very broad definition of stakeholders including any other person or body that interacts with the organization. Striteska and Spickova (2012) have identified three key strengths of the performance prism model. One is that, the theory focuses on stakeholders a very important group in the survival and growth of an institution. Secondly, the theory considers not only the expectation of stakeholders but also their contribution. Thirdly, it ensures a firm foundation for performance measures. They have also identified four weaknesses of this theory. One is that, it offers little information on implementation of performance measures. Secondly, some measures may not very effective in practice. Thirdly, there is no sufficient link between the measures and results. Lastly, the theory does not consider the existing performance management systems.

The model is important in this study as it recognizes stakeholders' contribution, stakeholders' satisfaction and capabilities as determinants of corporate performance. Corporate staff also referred to as human resource therefore constitutes a factor in performance. Further the capability of these staff had been flagged as a key element in this process. This theory therefore informs the need to include human resource management practices and specifically employee career development in this study.

2.2.5 Balanced Score Card Model

This model emerged from the work of Robert Kaplan and David Norton in the early 1990s (Kaplan & Norton, 1992). It was formulated as an approach for measuring corporate performance. The aim was to align corporate activities with objectives, business goal, mission and vision. Kaplan (2010) highlights the conceptual foundation of the balanced scorecard. The approach was formulated to ensure that all aspects of the organization are assessed. The balanced score card has four perspectives namely customer, learning and growth, internal business process and financial perspective. The financial perspective focuses on financial management issues. The customer refers to the stakeholders' who serve and are served by the organization. These include the shareholders, staff, suppliers, members of the public, the Government as well as other interest groups. The learning and growth components mainly address the staff development needs. Internal business process refers to process maps that describe the beginning to the end of the various business activities. These include the personnel required to complete these processes, policies as well as materials, equipment's, finance and other essential resources for each process. These perspectives allow the measurement of tangible and intangible assets. Although the balanced scorecard was originally formulated to meet the needs of the private sector, its application has been extended to the public sector and the not for profit organizations. For the latter, since the ultimate goal is not profit maximization, the financial component is replaced by the core business interest such as poverty eradication, improved health and welfare, increased immunization or community empowerment depending on the institution.

Muiruri and Kilika (2015) conducted an assessment on applicability of balanced score card approach in Kenya public sector. Their study covered ten state owned agencies in the Ministry of Energy and Petroleum. The findings were that the four dimensions of balanced score card explained 71.5% of the variance in the dependent variable which was performance. Customer focus had the highest contribution $\beta = 1.024$, $p < 0.01$ followed by internal business process $\beta = 0.77$, $p < 0.01$. This was followed by learning and growth $\beta = 0.344$, $p < 0.01$ and financial perspective $\beta = 0.205$, $p < 0.05$ respectively. They concluded that this approach for performance measurement is relevant to the public sector in Kenya even though it has not been well understood. They recommend capacity building of public sector employees to embrace this method.

These findings are similar to those of Marete (2015) study on institutions of higher learning. The study established that application of balanced scorecard in these institutions had a positive impact on performance. The study found that that customer focus contributed 51% of the variance in performance and financial perspective contributed 35.8%. Internal process contributed 35.1% while learning and growth perspective contributed 29% of the variance in performance. Musyoki (2015) while studying the Kenya Ports Authority confirmed that the balanced scorecard approach had been fully embraced in this institution. Further, the method added value to the organization. The study described the balanced score card as comprehensive and effective in performance measurement and recommended the same be embraced in other public sector institutions.

According to Kairu, Wafula, Okaka, Odera and Kerele (2013), non-financial measures are as important as financial measures but when the two are combined, they produce better results. Their study conducted in Kakamega Municipality further established that, most firms in the area had embraced the four perspectives of the balanced score card (BSC) approach. Further, the respondents acknowledged that, the four perspectives are complementary and improvement on one leads to improvement in another perspective. In addition, the findings established that, application of this approach had positive influence on profitability, rewards, increased staff participation in corporate affairs, improved public image as well as competitiveness.

Gitonga and Nyambegera (2015) examined the factors that affect implementation of BSC in the public sector, specifically the Kenya Wildlife Services. The findings were that, the customer perspective was hindered by lack of appropriate internal systems and procedures. Financial perspective was constrained by low budget allocation. Learning and growth was limited by low prioritization of this perspective as well as succession planning, while business perspective was limited by lack of supportive environment for innovation. Chimwani, Nyamwange and Otunya (2013) conducted their study on small and medium enterprises in Nairobi on the application of balance score card. They found that, the financial measure was the most commonly used. Internal business process, customer, as well as learning and growth were least applied. Mainly, this was not due to lack of knowledge but a gap between knowledge and practice. They recommended that small and medium enterprises (SMEs) should balance application of financial and non-financial measures.

The model points the need to apply the balanced score card approach in performance measurement in this study. The approach takes into account various parameters in measurement. These include financial and non-financial measures. It is the totality of these measures that matter as they ensure the balance. The performance score used in this study was derived using the balanced score card approach. There is therefore concurrence between the model and the practice applied in the study.

2.3 Review of Study Variables

The independent variable in this study is SHRM practices. Specific parameters of this variable are employees' recruitment and selection, employees' career development, employees' performance review and employees' reward as shown in the conceptual framework. The moderation variable is strategic planning while the dependent variable is performance of State Corporations

2.3.1 Conceptual Framework

A conceptual framework is an abstract of ideas and how these are related together (Mugenda & Mugenda, 2003). It indicates the possible relationship between the predictor variable and dependent variable (Kombo & Tromp, 2006). This model is then tested to assess the strength of the postulated influence. The conceptual frame work for this study is illustrated in Figure 2.1. This shows that the performance of State Corporations in Kenya is influenced by SHRM practices. The moderating variable to this relationship is strategic planning.

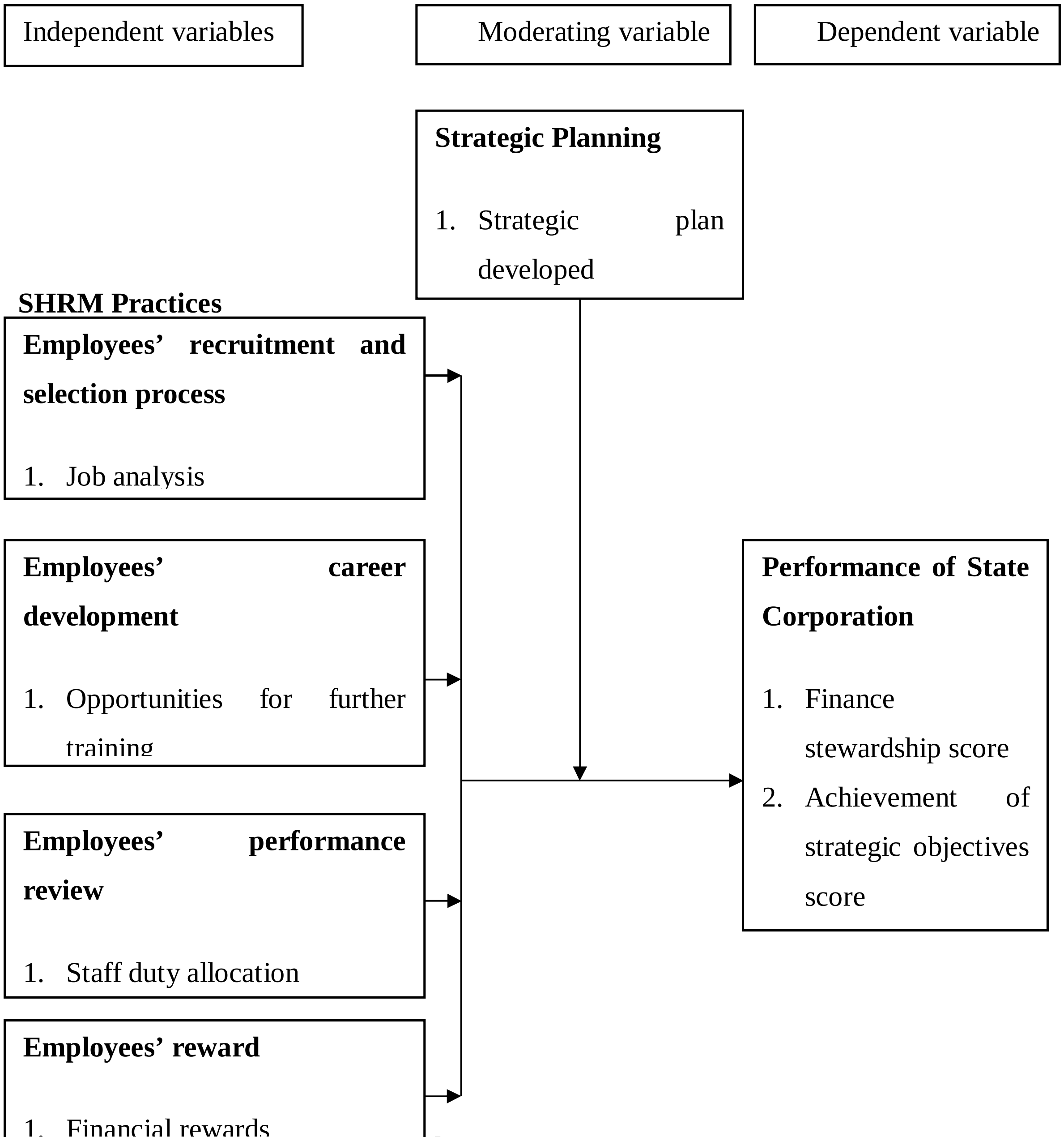

Figure 2.1: Conceptual Framework

2.3.2 Strategic Human Resource Management Practices

These are practices that govern the management of human resources. According to Armstrong (2010), HRM practices deal with how people are employed and managed. The practices may be classified into four categories namely recruitment and selection, career development, staff performance review and rewards. Adresi and Darun, (2017) support this argument. SHRM argues that the human resource practices must be linked with corporate goal and objectives. This way it serves as a basis for competitive advantage. SHRM was been measured in several ways. Muraga (2015) has used four parameters namely recruitment, training, performance management and compensation. Mutua, Karanja and Namusonge (2012) have used four parameters namely recruitment and selection, reward management, training and performance management. Waiganjo et al (2012) have used training and development, teams and decentralization, sharing information and incentives on performance as measures of SHRM. Tan and Nasurdin (2011) have used performance appraisal, career management, training, reward system and recruitment in measurement of HRM practices. Informed by previous studies, this study has used consolidated performance score of the four aspects of human resources namely acquisition, development, utilization and maintenance practices. Specifically the study used employees’ recruitment and selection, employees’ career development, employees’ performance review and employees’ reward as measures of SHRM practices.

2.3.3 Employees’ Recruitment and Selection

Recruitment is the process of defining the human resource requirements and attracting possible candidates to apply for the vacant position. Selection involves choosing the required number of candidates to fill the vacant position. SHRM advocates that recruitment and selection should be informed by organizational goal and strategic objectives (Wright and Mcmahan, 1992). The academic qualifications, professional qualifications, experience and other requirements of potential candidates are defined after agreement on recruitment. Franklin (2005) calls this the job analysis stage of this process.

Another aspect of recruitment is attraction of possible candidates to apply for the vacant position. Compton, Morrisey and Nankervis (2014), have stated that recruitment involves reaching out potential candidates with a view to encourage them to apply for a job vacancy.

Some organizations prefer to advertise vacant positions to members of the public. Advertisement has been defined as the process used by organizations to inform people of the employment needs (Rogelberg, 2007). In some cases, the option taken is internal advertisement whereby the position is not exposed to members of the general public. For some highly specialized positions, some organizations prefer head hunting. In this case, the vacant position is not advertised but suitable candidate identified on the basis of past reputation. This method can easily be abused. After identification of applicants, the next stage is selection of suitable candidate. This is the process through which an institution identifies a suitable candidate from a pool of potential candidates (Hillman & Soderberg, 2008). The interview process is the most commonly used approach. The interview panel is composed based on need and therefore there is no standard format for its composition. The vetting process can be brief or lengthy if the candidate has to be interviewed by several panels. A brief process may not yield the best candidate as opposed to the detailed process. A job offer is made after the panel is satisfied that the candidate is the most appropriate according to the set criteria. One method that has been used in measurement of recruitment and selection is to combine the scores obtained on the various steps of recruitment and selection (Adeyemi, Dumade & Fadare, 2015). This method was adopted in this study. Scores obtained from job analysis, advertisement and composition of the interview panel were combined to form the total score for this variable.

2.3.4 Employees Career Development

According to Farooq (2011), career development involves employees undertaking of correct actions towards skill building in readiness for upcoming jobs as well as growth promotion and self-development. Brown and Lent (2013) have stated that career development spans from birth through childhood, adulthood till death. According to Kroth and Cristensen (2009), career development is very essential in the world today as it determines staff retention to some degree. They have argued that employees' aspirations on career development should be synchronized with corporate aspirations to ensure unison. Some scholars refer to career development as staff training (Muraga, 2015). This is a narrow definition as career development can be achieved in other ways than training for example through mentoring process.

Career development serves several purposes. The first one is that it enables the staff to perform their duties as expected. This is because career development addresses skills required and the organization culture. The second aspect is that it provides employees with psychological satisfaction as it reflects growth and capacity expansion. Saifaislam, Osman and Alqudah (2014) refer to career development as training and development. They have used needs assessment, sharing of new knowledge and provision of training opportunities to measure this variable. Jordan, Lindsay and Schraeder (2012) have measured career development using perceived organizational support and perceived psychological contract support. This approach may lead to subjectivity since its perception based. In this study, career development refers to any action deliberately taken to ensure improvement of employee performance. Such action may include training, coaching, mentoring or any other learning opportunities such as benchmarking visit. Training involves provision of employees with knowledge and skills to perform specific tasks (Kaila, 2005). Coaching is defined as the process that takes a worker from where they are to where they want to be (Kennedy, 2009). Mentoring on the other hand is a guiding, helping relationship where one person is assisted to manage some life situation (Merlevede & Bridoux, 2008). Therefore the study used training as well as coaching and mentoring opportunities to measure this variable.

2.3.5 Employees' Performance Review

Employees' performance review is the process of verifying that staff progress is as per the agreed schedule between the employer and the employee. This is also known as performance evaluation. It involves appraisal of employee performance within a specified time frame (Islam & Rasad, 2006). It could also be stated as the monitoring process done to ensure that the actions and activities by the staff are in line with the set targets. Staff performance review helps to identify if the staff are on track and if not guide corrective actions (Armstrong, 2010). The process is founded on an agreed schedule of activities and interventions apportioned during duty allocation. According to Aswathappa (2013), duty allocation involves assigning specific responsibility to an employee. It is the duties allocated which form performance targets. Zoethout and Jager (2010) have stated that there exists a relationship between task allocation and performance. According to Siddiqui (2014) duty allocation should be done in writing but could be complemented with other methods. In the Kenyan public sector, targets are drawn from the performance contract and cascaded to staff member (Executive Office of The President, 2017). Once the targets have been set, the next stage is to ensure periodic review of performance also known as progress monitoring.

According to Zumeta (2013), this is an assessment that provides information on improvements over time resulting from an intervention. In the Kenyan public service, it is recommended that two reviews be done during the mid-term and end term of the agreed period (Public Service Commission, 2016). Usually staff performance review is done though appraisal. This is a formal way of evaluating employee contribution using several dimensions (Grote, 2002). It is recommended that the appraisal should cover the entire period of appraisal and should not be seen as a punitive session to settle personal scores (Armstrong, 2010). The results of the appraisal should be useful to both the employer and employee and consequently the entire organization. Alvi, Surani and Hirani (2013) have stated that performance evaluation should have review and feedback systems. Islam and Rasad (2006) have used staff performance appraisal as an indicator of staff performance review process. Muraga (2015) used development focus, result based appraisals and behavioral based appraisals as indicators of staff performance review process. This study has borrowed from previous studies and used three parameters to measure the process of staff performance review. These were staff duty allocation, progress monitoring and performance appraisal.

2.3.6 Employees Reward

A reward is a form of appreciation given to staff in recognition of their effort. It is usually provided to increase staff motivation (Njanja, Maina, Kibet & Kageni, 2013). Rewards could be in the form of monetary gain (Rahman, Hussain, & Hussain, 2011). These could also be in the form of non-monetary benefits (Armstrong, 2010). Monetary rewards also known as financial rewards involve transfer of cash. Non-monetary rewards also known as non-financial involve transfer of other benefits than cash. Armstrong and Cummins (2011) advocate staff involvement in designing of the reward system. They state that failure to consult the employees may lead to frustration with the system. For consistency, it is advisable that rewards are based on corporate policy and practice (Armstrong, 2010).

The Kenya Government advocates provision of rewards to staff depending on their performance. The staff appraisal guideline states that rewards should be provided for good performance and sanctions for poor performance (Public Service Commission, 2016). Rewards are therefore pegged on annual staff appraisal. Rewards may be provided to individuals or teams (Zobal, 1999). It has been argued that individual rewards encourage competition while team rewards promote cooperation, team building and collaboration (Zobal, 1999). SHRM has recognized rewards as one of its pillars. It advocates the linking of rewards to business strategy of the organization (Adresi & Darun, 2017). Ali and Ahmed have used nine dimensions in measurement of rewards and recognition systems. These are work content, payment, promotion, recognition, working condition, benefits, personal, leaders/ supervisor and general. Njanja et al (2013) have used cash bonus as the measure for reward. In this study, rewards include the monetary and non-monetary gifts provided to staff in recognition of their good performance. Rewards in this context excludes salary which is a contractual obligation thus focusing on benefits beyond the salary.

2.3.7 Strategic Planning

Strategic plan is a document that guides the organization future direction. According to Mittenhal (2002), strategic plan provides organizational direction towards achievement of its mission and vision. It specifies the organizational goals and resource requirements. The process of developing this document is known as strategic planning. Through this process, executives make thoughtful decision regarding the organization mission, vision and values as well as resource allocation to achieve these aspirations (Rouse, 2013). The strategic plan is a well thought out document that visualizes what the organization would like to be and achieve in future (Poister, 2010). Usually the future may be defined as a period of five years or less. This period allows the document to be revised to capture new emerging trends and events.

It is the future aspirations that inform the vision, mission, values, goals and objectives to be pursued. Objectives are quantifiable, measurable and time bound business needs (Frantz, 2013). From the objectives the specific activities are formulated. This process considers both the external and internal environment (Kaissi, Bengun & Hamiliton, 2008). The external environment constitutes the factors that influence the organization externally. These are also referred to as the PESTEL factors and include political, economic, social, technological, environmental and legal factors (Jurevicious, 2013). Internal environment refers to organizational strength, weakness opportunities and threats. Strategic planning allows an organization to have a clear direction that guides the actions of all stakeholders'. There is clarity on the present actions and these are linked to the future goal. Without a strategic plan, an organization is likely to experience much turbulence. This will emanate from inconsistences in actions by different stakeholders'. Strategic planning process is usually conducted by all stakeholders'. These include staff, board members, government representatives, suppliers, beneficiaries, private sector and any other stakeholders'.

Some scholars have stated that a strategic plan needs to be implemented to attain the full benefits of this process (Poister, 2010). When the plan is not implemented it is as good as no plan. Implementation process begins with a work plan that schedules the various activities with specific time and resource requirements as well as persons responsible. Development of the strategic plan and its implementation provides the full benefits of this process. Kaissi et al (2008) have used four indicators in measurement of strategic planning. These are a comprehensive strategic plan, involvement of physicians and involvement of the board as well as the implementation of the plan. Song, Im, Bij and Song (2011) have used three measures for strategic planning namely existence of a strategic plan, implementation and monitoring of the plan. This study defined strategic planning as encompassing both the development of the strategic plan as well as its implementation in line with previous studies.

2.3.8 Performance of State Corporations

While studying performance of State Corporations in Kenya, Muraga (2015) used four constructs. These were achievement of firms' objectives. Secondly, the optimal transformation of inputs to outputs. Thirdly, ability to meet needs and gain support from key stakeholders' and fourthly, the ability to raise funds to meet firms' requirements. The first construct refers to achievements made by State Corporations and was used in this study. The second and third other constructs were not used because of possible challenges in getting accurate measurements. The fourth construct was not used because fund raising is not a key result area for State Corporations given that all the corporations are mainly funded by the Government. Njanja et al (2013) measured performance of State Corporation using five constructs namely regular attendance to work, working hard to achieve targets, timeliness, undertaking quality work and productiveness. The measurement was based on a three point likert scale. This approach could not be used in this study because its opinion based and secondly the measurements were on staff performance and not corporate performance.

Koech and Namusonge (2012) used the extent to which a State Corporation was able to meet the business objective. Kago (2014) has used a similar approach where performance of State Corporation was measured by the extent to which a State Corporation had achieved the set targets in the last financial year. Similarly, Ogutu (2017) has used balanced score card in measurement of performance of State Corporations in Kenya. Specific constructs used were learning and growth, internal process, customer satisfaction and financial perspective. This study was informed by previous studies especially Ogutu (2017) and used the balanced score card method in measuring corporate performance. This is the approach that has been adopted by the Government of Kenya in measuring performance of State Corporations. The study used the annual composite score assessed by the Kenya Government during the financial year 2014/15. This was by implication adoption of the balanced score card method. The composite score is arrived at through summation of the financial, customer, learning and growth, strategic objectives and internal business process components (Executive Office of The President, 2017)

2.4 Empirical Review

2.4.1 Performance of State Corporations

Public institutions have been under increasing scrutiny to demonstrate impact as well as increased efficiency and effectiveness globally (André, 2010). This has largely been influenced by inefficiencies in the public sector compared with the private sector which has embraced efficient practices in order to survive in a globally competitive environment. However, while global consensus on performance measurement for Public

Institutions is evident, the process of measurement has encountered some challenges. Firstly, there has not been a consensus on the measurement procedures, processes and units. Therefore, results obtained in different countries have been difficult to combine and or compare. Another concern has been that the indices used in performance measurement for public institutions are heavily borrowed from the private sector. Walker (2008) has stated that the use of private sector based indices do not reflect the public sector environment. This leads to measurement errors. This position is reinforced by Anjula (2009) who has argued that, public sector is different from private sector and has unique distinctive capabilities that are absent from the private sector. The capabilities include infrastructure, state regulated resources and huge labour force.

The debate has also expressed doubt on the resultant value of performance measurement in public institutions. The argument is that, more focus has been on measurement of processes and not outcomes indicators. While some institutions are rated very good performers using process indices, citizen's perception of these institutions is different as this is largely based on outcome indices. Aldin, Rahim and Athmay (2008) as well as Evans and Bellamy (1995) state that, the result is more important than process compliance. Berg, Grift and Witteloostuijn (2011) while studying Dutch organizations measured performance using the economic position of a firm. This was classified into healthy/ strong while the second category combined somewhat worrisome and worrisome / weak categories. The main challenge in adopting this approach to Kenya State Corporation is quantification of the economic position of service delivery interventions. Gestel, Voets and Verhoest (2012) have used two parameters in measurement of performance in public private partnerships. These are product performance which is the process of conversion of inputs into outputs. The second parameter is process performance measured in terms of cooperation, partnership and trust. Application of this measure in public institutions is challenging because partnership, cooperation and trust do not constitute a key result area in these institutions.

In some instances, units appropriate for measurement of formal processes and outcomes have been used to measure informal process and outcomes (Fritzen, 2007). Similarly, Theil and Leeuw (2002) have argued that performance assessment often leads to un-intended consequences. Such may include lack of innovation as managers' focus on parameters that would ultimately be measured. Further, Karen, Jiju and Susan (2009), state that performance measurement has not improved transparency, accountability and service delivery in United Kingdom. They argue that, this is because the pressure for performance has been more external than a genuine internally driven desire. This observation has prompted some scholars to call for a review in the performance management process (André, 2010).

In Kenya, performance measurement of public sector institutions is done using the BSC. This approach lays emphasis on a wide range of measures including financial and non-financial parameters. Kirkman, Lowe and Young (1999) have recommended this approach in performance measurement. Some key areas of assessment include finance stewardship, service delivery, non-financial issues, operations, dynamic/ qualitative issues and corruption eradication (Ministry of Devolution and Planning, 2013). The use of BSC in measurement of performance of public institutions is not new. It is widely recognized even though adoption rate is low (Northcott & Taulapapa, 2012). The methodology is one of the most comprehensive measures of performance. In this study, the performance evaluation composite score used by the Government of Kenya was used to measure performance of State Corporations. Some key constructs for this parameter are finance and stewardship, achievement of strategic objectives and service delivery.

The Government of Kenya has identified financial stewardship as one of the variables for measuring performance of State Corporations. The specific indicators of this variable for non-commercial State Corporations, Universities and Tertiary Institutions are compliance with set budgetary levels, cost reduction/savings, appropriation in aid, utilization of allocated funds, development index and debt equity ratio. For commercial State Corporations, the indicators are pretax profit, debt equity ratio, return on invest and development index (Ministry of Devolution and Planning, 2013). Use of financial measures in corporate performance measurement is not new and has been used by many scholars. Reddy, Locke and Scrimgeour (2011) have used Return on Assets (ROA), Return on Equity (ROE), Sales to Total Assets (S2TA) and Total Cost to Net Revenue (C2REV) to measure performance of public sector corporate entities in New-Zealand. While studying firms in the United States of America, Yazici (2011) used budget targets, cost savings and sales growth among other non-financial measures. Similarly Boyne and Gould-Williams (2003) while assessing the influence of Best Value planning on performance of Local Government in Wales used cost efficiency as well as cost effectiveness among other variables. Financial measures have an advantage in performance measurement as these are easily quantifiable and measurable.

Frantz (2013) states that strategic objectives are the quantifiable, measurable and time bound targets of a firm. These define the change required and by what period, thus determining the level of firms aggression to achieve the targets. The Kenya Government has adopted strategic objective as a key measure for performance measurement (Ministry of Devolution and Planning, 2013). The choice of this variable is informed by the fact that public institutions are set up with a clear mandate operationalized through strategic objectives. Specific indicators used during the FY 2014/2015 performance contract are achievement of specific strategic objectives as well as project implementation. Strategic objectives have further been used in measuring performance for the not for profit organizations. Tucker and Thorne (2013) while studying the not for profit organizations used attainment of pre-determined goals and the ability to acquire necessary resources in order to achieve these goals.

The Kenya Government has also used service delivery to assess performance of State Corporations. The key indicators are access to information, access to efficient and quality public service, service delivery improvements (including business process re-engineering), customer satisfaction index and resolution of public complains (Ministry of Devolution and Planning, 2013). Yazici (2011) study in the United State of America measured corporate performance using customer expectations. Boyne and Gould-Williams (2003) while assessing the influence of Best Value planning on performance of Local Government in Wales used the quality of service, as one of the key indicator.

2.4.2 Strategic Human Resource Management Practices and Performance

Human capital is a key resource that leads a firm to enjoy sustainable competitive advantage (Chang & Chen, 2011; Harris, McMahan & Wright, 2012; Bucˇiuniene & Kazlauskaite, 2009). Muraga (2015) while studying parastatals in Kenya concluded that SHRM practices explain 63.79% of the variation in corporate performance. According to Tiwari and Saxena (2012), HRM practices influence employees' attitude, relations, productivity, financial and overall performance. This is therefore a good basis for achieving competitive advantage. They recommend continuous review of human resource management practices and employees involvement in this process. For effectiveness, it is essential to shift from the traditional management of human resource capital to a strategic approach. In this case, management of human resource capital is linked to the firms overall strategy (Hamid, 2013; Collings, Demirbag, Mellahic & Tatoglu, 2010; Gurbuz & Mert, 2011; Azmi, 2011; Buller & McEvoy, 2012). Further, it has been argued that human resource management policies can influence achievement of corporate vision and culture (Berman, 2016)

Specific HRM practices that influence performance include staff recruitment, selection process, employee career development practices and training opportunities (Chang & Chen, 2011; Harris et al, 2012). Collings et al (2010) have further identified employees training, performance based compensation and internal communication as determinants of corporate performance. This opinion is shared by Tan and Nasurdin (2011) when they state that HRM practices such as training and performance appraisal are positively related to firms' innovation. According to Bucˇiuniene and Kazlauskaite, (2009), human resources management practices influence the level of corporate social responsibility and consequently organization performance. Li, Yang and Wu (2008) are of the opinion that

HRM practices influence job attitudes and thus improvements in service delivery. This argument is further supported by other scholars (Mahyuddin, 2010; Mohan, 2011; Bibi, Lanrong, Haseeb, & Ahmad, 2012) who have stated that human resources practices influence job satisfaction and consequently organization performance. Therefore, top management should treat human resource as a distinctive capability and ensure it is protected from competitors (Carmeli & Schaubroeck, 2005).

Moideenkutty, Al-Lamki and Murthy (2009) are of the opinion that SHRM practices do not work in isolation but as a bundle to influence performance. The bundle may include communication process, bonus scheme, recruitment and staff development systems. They argue that capacity building, rigorous recruitment, performance management and empowerment referred to as high involvement human resource practices lead to performance improvement. This view is also held by Waiganjo et al (2012), who have further argued that the bundle should achieve the best fit with the external and internal environment. Further, that the best fit bundle is contextual and may not produce the same results in different firms. Another characteristic of this bundle is that some practices, policies and systems play a more effective role than others in performance improvement (Osman, Theresa, Ho & Galang, 2011). These scholars have further identified the three most influential components in the bundle as employee relations and communication, career planning and job/ work design. According to Kirkman et al, (1999), this bundle is not constant but changes with time to allow the organization meet the changing environment needs. Nandita (2013) has identified knowledge management as an aspect of human resource capital that facilitates improvement of organization performance. This occurs because knowledge management enables the organization to adapt to the changing local and global environment.

According to Ng and Wei (2012), HRM yields different results depending on the nature of the organization. Their study revealed that HRM has greatest positive impact on the performance of private owned enterprises as well as foreign invested enterprises while it had minimal effect on state owned enterprises. On the contrary, some scholars have argued that HRM does not influence firms' performance. Chang and Huang (2005) study established that, the relationship between HRM and performance is moderated by innovative product management strategy. Petrescu and Simmons (2008) further state that, HRM practices only influence job satisfaction amongst non-union staff. The foregoing point at a bundle of HRM practices that influence performance. The key components of the bundle include staff recruitment and selection process, training and employees career development, staff performance review and employees reward. These aspects could be categorized into broad HRM practices namely human resource acquisition practices, human resource development practices, human resource utilization practices and human resource maintenance practices.

2.4.3 Employees' Recruitment and Selection and Performance

Saifalislam, Osman and Alqudah (2014) state that human resource capital is one of the most essential factor of production that influence organization performance. The process of recruitment and selection ensures that the most appropriate human resources are brought on board. Staff recruitment and selection process involves identification of the most appropriate personnel to fill the vacant position. To facilitate the process, it is essential to undertake job analysis to identify the key tasks for each position (Mcbride 2012). This analysis facilitates identification of duties and responsibilities, knowledge, skills and competencies as well as resources needed to do the job (Franklin, 2005).

According to Fulghum (2012), job analysis defines the requirements of a particular job, the characteristics of candidate that are essential to fulfill these requirements and resources needed. Job analysis should be a dynamic process as job requirements change with changing circumstances in the external and internal environment. The ultimate goal of job analysis is to improve corporate performance. Suthar, Chakravarthi and Pradhan (2012) have established a positive association between job analysis and corporate performance. For this reason, Siddique (2004) has argued that job analysis forms a good basis for competitive advantage. The behavioural consistency model is one method used to assess the best candidate for the job. It compares the expected behavior with individual past behavior (Furr & Funder, 2004).

Another important aspect of staff recruitment and selection process is job advertisement. According to Reeve and Schultz (2004) potential applicants for a job rely on the advertisement to gain knowledge of the organization and make decisions on whether to apply or not to apply for the advertised position. It has also been urged that, websites have a stronger attraction compared with print media (Baum & Kabst, 2014). Further, job advertisement affects potential employees differently, with the more experienced ones being more influenced by the content while those with lower experience focus more on presentation of the advertisement (Walker, Field & Giles, 2008). Final selection of the candidate is done through interview and job offer is then made. Ullah (2010) states that, there are certain preparations that needs to be done before, during and after the interview process to ensure success. Among these is ensuring appropriate mix of interviewers. A further argument is that interviews attain the best results when the three dimension (3D) approach is applied. This approach takes into account development, discussion and decision. Lunenburg, (2010) suggests that the interview process could be improved through structuring, training of panel members, recording of each interview, using multiple interviewers and use of additional selection methods. A further argument is that interviews are poor predictors of job performance.

Ofobruku and Iheabunike (2013) are of the opinion that recruitment and selection method influences organization performance. While studying the hospitality industry in Nigeria, they recommend that the industry should embrace appropriate recruitment methods that will attract high performers and consequently improve service delivery. Similarly, a study by Omolo, Oginda and Oso (2012) in Kisumu City established that, the performance of small and medium enterprises can be influenced up to 72.40% through recruitment and selection practices. In this study, recruitment had been grouped in three categories namely good, moderate and poor. Small and medium enterprise with good practices had a mean performance score of 81.9%. Those that had moderate and poor practices scored a mean performance rating of 67.94% and 53.9% respectively meaning that, as the practices improved, so was the mean performance score. This is supported by Kepha, Mukulu and Waititu (2014) study on research institutes in Kenya which established a correlation of 0.374 between recruitment and selection and employee performance. The study further established a causal influence between recruitment and selection with performance ($\beta = 0.271$, $p < 0.01$). Saifalislam et al, (2014) study focused on the influence of staff recruitment on organization performance. The results were that staff recruitment and selection had a strong correlation with organization performance ($r = 0.726$, $p < 0.05$). Regression results of the two variables show a causal effect ($\beta = 0.342$, $p < 0.05$). On the contrary, Muraga (2015) study on parastatals in Kenya concluded that there is no significant influence between staff recruitment and corporate performance.

2.4.4 Employees' Career Development and Performance

Staff training and career development are key practices that influence organization performance (Menon, 2012; Jordan, Lindsay & Schraeder, 2012; Giauque, Anderfuhren-Biget & Varone, 2013). This is more so in public sector organizations where in most cases, salaries and other benefits are lower compared with the private sector. In this case, employees have a high expectation on career development (Jordan et al, 2012). Saifalislam et al, (2014) study revealed that there is a strong correlation between training and development and organization performance ($r = 0.688$, $p < 0.05$). Similarly, the study established a causal influence between training and development as the predictor variable and organization performance as the dependent variable ($\beta = 0.371$, $p < 0.05$). In support of these findings, Muraga (2015) study established that training influences corporate performance positively. The study identified that a unit change in training results to 61.3% change in performance of parastatals in Kenya. According to Newbert (2007), it is the organizational competencies and not the entire resources that form the basis for competitive advantage. One way of addressing training and career development is through adoption of learning and growth strategies (Lee, 2006). These may include coaching and mentoring (Agarwal, Angst & Magni, 2006) as well as benchmarking visits (Kasami, 2016). In support of this view, Munir, Yusoff, Azam, Khan and Thukiman, (2011) advocate coaching and mentoring for staff. They state that, this is one of the oldest methods that is effective and cheap since it is done in the working environment. It requires no additional training resources other than the supervisor and the trainee.

The relationship between training, career development and organization performance is not direct but mediated by job satisfaction (Were, Gakure, Kiraithe & Waititu, 2012; Giauque et al, 2013). According to Panagiotakopoulos (2013), there exists a positive association between job satisfaction and learning opportunities. Odukah (2016) studied staff motivation. The study concluded that training and development has a positive influence on staff motivation and consequently organization performance. The results showed a correlation coefficient of 0.2376 $p < 0.05$ between training and development with staff motivation.

2.4.5 Employees' Performance Review and Corporate Performance

Staff performance review is an important process that brings together the employer and employee to reflect and share the performance of the latter. Performance review brings into light the issues that hindered or facilitated the employee performance (Post, 2017). The process involves setting clear goals, task allocation, establishment of key performance indicators and monitoring system to ensure objectivity. This process can only be effective if employee duties and tasks were clearly allocated at the beginning of the review period. Lashley (2011) argues that in addition to ensuring duty allocation, employees should be involved in the process as this empowers the staff to perform. In Kenya, the performance contract guidelines lay emphasis on duty allocation to facilitate performance review and further prescribes three tiers to ensure this is achieved. The first level is the signing of performance contract duties between the principal secretary and the board of the State Corporation. The second level involves signing of the contract between the board and the chief executive officer of the State Corporation. The third level is the signing of the task in the performance contract document between the chief executive officer and heads of units (Ministry of Devolution and Planning 2014). The Government further recommends that the unit heads cascade the tasks to the middle and lower level staff. This process provides a solid foundation for staff performance review.

Another aspect of staff performance review is development of a monitoring schedule. Singh, Chandurkar and Dutt (2017) state that this schedule also known as framework or plan is useful in defining the indicators, periodicity, frequency, milestone, target as well as responsibility. The schedule provides information on whether the set goals are continually being met or not. Sanusi, Sh and Pel (2016) study of State-Owned Enterprises in Jakatra established that monitoring and evaluation was related to staff productivity. This underscores the role of progress monitoring schedule. Other factors that were related to productivity included communication, work ethics, internal controls and risk management practices.

Performance appraisal has a positive influence on employee performance with motivation serving as a moderating factor (Iqbal, Ahmad, Haider, Batool & Qurat-ul-ain, 2013). Their study established that performance appraisal has a correlation of 0.590 with employee performance. When this influence was moderated by motivation it was enhanced to 0.672. According to Kumar (2014), performance appraisal influences capability of employee and corporate performance positively. However, the influence of performance of appraisal on employee performance is dependent on how this is done and the level of transparency (Mehta, 2014). According to Jamil and Raja (2011), performance evaluation is positively associated with employees’ performance in the public and private sector. On the contrary, Alvi, Surani and Hirani (2013) argue that there is no relationship between performance evaluation and job satisfaction. This argument is supported by Culbert (2008) who states that, staff performance review does not add any value on corporate performance.

Boachie-Mensah and Seidu, (2012) state that some employees perceive staff performance review as subjective and biased process. They further established that performance appraisal system had very little input from staff and feedback was rare except in the case of poor performers. They recommend continuous documentation of employees' performance for the entire appraisal period. Performance appraisal is one component of staff performance review. It influences employees' motivation towards work as well as innovation (Tan & Nasurdin, 2011). According to Islam and Rasad (2006), performance appraisal is usually done to achieve some objectives. These include pay increase, reward, recognition as well as training. They recommend continuous appraisal and where one appraisal is done this should consider the entire appraisal period. Further, they support continuous monitoring of the appraisal process to ensure relevance. Muraga (2015) states that staff performance management has a positive influence on corporate performance. The study argues that a unit increase in performance management leads to 36.3% increase in performance of parastatals in Kenya.

2.4.6 Employees Reward and Performance

The impact of rewards on the overall performance of public institution remains controversial (Yannis, Elisabetta & Vurain, 2011). On one hand, Gohari, Ahmadloo, Boroujeni and Hosseinipour (2013) have stated that rewards improve staff performance. They further divide the rewards into intrinsic and extrinsic and conclude that, the former has a greater influence on performance. According to their classification intrinsic rewards include empowerment, delegation, identification and appreciation. Extrinsic rewards include fridge benefits, bonus, promotion, and salary. They conclude that employee rewards such as empowerment, delegation and appreciation have a correlation of 0.777, 0.614 and 0.450 respectively with employee performance. Staff salary, promotion, bonus and fridge benefits have a correlation of 0.511, 0.557, 0.394 and 0.378 respectively with employee performance. Edirisooriya (2014) study also examined the association between staff rewards and performance. The study established that intrinsic rewards had a stronger association with performance compared with intrinsic rewards. The correlation coefficient for extrinsic rewards and performance was 0.636 while intrinsic rewards had a correlation of 0.567 with performance. In this case, intrinsic rewards were defined as recognition, career advancement, responsibility and learning opportunities while extrinsic rewards were defined as bonus, benefits and promotion.

Non-financial rewards such as employee recognition have also been cited to influence employees motivation and hence performance (Jordan et al, 2012; Ali & Ahmed, 2009). According to Kulchmanov and Kaliannan (2014), money serves as a motivator up to where, it enables the employees attain the basic needs. Once the basic needs are satisfied, money ceases to be a motivator. In this case, to achieve staff motivation, other interventions are required. These include improvements in job security, improved working relationship and transparency in decision making. Muranga (2015) study of parastatals in Kenya shares similar results. The study concluded that, a unit increase in employee compensation increases the performance of parastatals in Kenya by 43.9% units. Odukah (2016) results established that the relationship between performance recognition and staff motivation was 0.2082, $p < 0.01$. The study argued that performance recognition motivates staff to perform leading to improved corporate performance. The view that rewards motivate employees to work harder improving organizations performance is supported by other scholars (Ali, Ali & Raza, 2011; Jamil & Raja, 2011; Rahman, Hussain & Hussain, 2011; Armstrong, 2004).

Though it has been argued that financial rewards improve employee’s performance, another view is that financial rewards do not have a positive effect on organization performance (Njanja, Maina, Kibet & Kageni, 2013; Tan & Nasurdin, 2011; Waal & Jansen, 2013). Proponents of this view argue that financial rewards tend to kill innovativeness as employees focus on those parameters that are measured. The process is often perceived to be unfair especially by those who do not receive the rewards. According to Zobal (1999), rewards work best when they target team based compensation system rather than individual performance. This ensures cooperation and collaboration.

Weibel, Rost, and Osterloh (2009) have stated that performance rewards have both the negative and positive influence on performance. Another view is that, incentives influence the quantity of outputs but not necessarily the quality (Verbeeten 2007). Performance based reward schemes have further been criticized that, these are not designed to improve customer needs but rather employee's needs (Botshabelo, Barry, Beverley & Jay, 2013). The Kenya Government supports provision of rewards based on staff performance. The appraisal system recommended by the Public Service Commission for use by State Corporations provides for rewards and sanctions depending of employee performance (Public Service Commission, 2016).

2.4.7 Moderation of Strategic Planning on SHRM Practices and Performance

Most of the literature has focused on the linkage between strategic planning and firms' performance with very little information on the moderation role of strategic planning. Planning is defined as the process of establishing a need, what is required to fulfill this need, how, duration required to reach the desired destination and resources (Litman, 2013). Planning therefore enables the organization to move in a coordinated, systematic manner and have a long term forecast avoiding abrupt decision making. It clarifies the organizational goal thus influencing performance (Savelsbergh, Van der Heijden & Poell, 2010). Most studies linking planning and performance of public sector institutions have focused on the role of strategic planning (Boyne & Gould-Williams, 2003; Song, Im, Bij & Song 2011; Schwenk & Shrader, 1993). A study by Olanipekun, Abioro, Akanni, Arulogun and Rabiu (2015), in a bottling company in Nigeria established that strategic planning forms a good basis for competitive advantage.

Strategic planning involves identification of organization future goals and aspirations and development of means to achieve these targets (McNamara, 2010). This is founded on the techniques used in military to wage a war (Blackerby, 2003). It relies on understanding of the external and internal environment. Schwenk and Shrader (1993) have argued that strategic planning is beneficial to the performance of small firms. A similar argument is presented by Kaissi et al (2008) though focusing on the hospital setting. Ownership of strategic plan has also been cited as one of the factors influencing corporate performance. Maanya (2012) underscores participation of stakeholders' in development of strategic plan and recommends development of a strategy to ensure this is realized.

According to Kaissi et al (2008), high level management buy including support from the Chief Executive Officer and the Board is essential for the success of strategic plan. Another important task in cascading of strategic plan is to ensure that a broad range of stakeholders' are involved in the implementation process (Enos, 2010). To achieve this, Childress (2010) advocates' broad publicity for the strategic plan so that all staff in the institution get to know about it. Consequently its implementation is not confined to a few staff members. This ensures that there is integration of the plan into the business plans of the various units (Haines, 2000). According to Kangethe, Bwisa, Muturi and Kihoro (2017), adoption of strategic planning is low in small and medium size enterprises compared to large private and public firms in Kenya.

Equally, Argue (2015) states that strategic recruitment and selection of employee's impacts positively on business performance. This position is supported by Makhamara, Waiganjo and Kwasira (2016) assertion that strategic recruitment and selection process positively affects performance of the health sector in Kenya. This argument mirrors the results of Leitao, Silva and Ubeda (2016). They state that strategic compensation serves as an attraction for students graduating in business administration as they seek employment opportunities. Davis and Gabris (2008) have also stated that increased salary compensation in the public sector is associated with increased reputation of services provided. Hurwich (1986) recommend strategic compensation design to promote performance improvement.

However, Song et al, (2011) contradict this argument by stating that strategic planning has a negative influence on development of new products and hence corporate performance. They argue that new product development requires innovation which is inhibited through rigid strategic planning. Hopkins and Hopkins (1997) have argued that strategic planning has a reciprocal relationship with performance in the banking sector. They state that banks with a strategic plan tend to perform better while those that perform better tend to prioritize strategic planning. Mittenhal (2002) has identified ten criteria for successful strategic plan. These are realistic analysis of external opportunities as well as assessment of organization strength and limitation, inclusive approach, empowered working committee, involvement of senior leadership, sharing responsibility amongst board and staff, learning from past experience, clear implementation plan, patience and commitment to change.

Critics have emphasized that it is not sufficient to formulate a strategic plan, implementation is equally important. Ogunmokun and Tang (2012) are of the opinion that variations in firms' performance are explained by the process of strategic plan implementation. Thus, organizations that have a sound implementation process perform better than others. According to Poister (2010), there is need to shift from strategic planning to strategic management while ensuring strategic plans are implemented in order to realize improvements in corporate performance. It has further been argued that strategic plan implementation enhances a firm's competitive advantage against rivals (Hill & Jones, 2009). Further, Mittenhal (2002) underscores implementation of the strategic plan to improve corporate performance and thus the need for clear implementation plan.

There are few studies on or related to the moderation influence of strategic planning and firm performance. Moderation is said to occur if the strength of a relationship between the predictor and dependent variable is altered by a third variable. The alteration could enhance, decrease or eliminate the relationship (Frazier, Tix & Barron, 2004). Gathenya (2012) focused on the moderation role of strategic management on strategic planning practices and enterprise performance. The study established that strategic management processes had a negative moderation effect on performance of small and medium enterprises. Waiganjo et al (2012) study examined the moderation influence of competitive strategies on the relationship between SHRM practices and firms performance. The competitive strategies included in the study were cost reduction, quality improvement and innovation. The findings were that competitive strategies enhance the relationship between SHRM practices and firms performance.

Ouche, Oima and Oginda (2016) study examined the moderation role of strategic planning intensity on strategic planning practices and firms performance. The findings were that strategic planning intensity has an enhancing moderation on the relationship between strategic planning (predictor variable) and financial performance (dependent variable). It has also been argued that the relationship between strategic planning and performance of State Corporation is moderated by firms' characteristics. These characteristics are identified as size, age, diversification, ownership, board size and competence (Ogutu, 2017).

2.5 Critique of Literature Reviewed

The current theories and studies do not provide conclusive answer to the question raised in this study. However, these provide useful leads for further investigation. Contingency theory has been criticized for its failure to explain the role of accumulated experience in management as it states that each situation is unique requiring specific management style (Vliet, 2013). The RBV theory has been criticized by Priem and Butler (2001) for tautology by emphasizing that the resource should be valuable since a resource that is not valuable is not a resource. The second argument is that the theory pays no attention to the product market. Since the focus is on resources that are utilized to make a product, it is erroneous to ignore the final product. According to Rihan (2015), RBV theory does not pay sufficient attention to resource depreciation and further, resources that meet the VRIN criteria are almost impossible to find.

Motivation to work theory has been criticized as some hygiene factors have been proven to have a bigger contribution on motivation compared with motivation factors (Nanayakkara & Dayarathria, 2016). The performance prism model has been criticized for offering little information on implementation. Further, it has been stated that there is insufficient link between the measures and results. (Striteska & Spaickova, 2012). One challenge affecting implementation of the balanced score card is that this theory has not been well understood and therefore its application is limited (Muiruri & Kilika, 2015).

There are few studies done on moderation role of strategic planning. None of these studies provide adequate information being sought in this study. The study by Gathenya (2012) though relevant focused small and medium size enterprises. The study by Ouche (2016) explored moderation role of strategic planning intensity on strategic planning and financial performance. Likewise, the study by Waiganjo et al (2012) examined relationship between SHRM and firm performance in Kenya and not the moderation influence of strategic planning. Ogutu (2017) study concentrated on the moderation role of firm characteristics. This is different from this study whose focus is moderation influence of strategic planning.

With regard to performance measurement, the use of financial measures by Reddy et al, (2011) as well as Yazici (2011) for assessing organization performance has limitation when applied to service delivery organizations as these do not generate revenue. Yazici (2011) study was perception based, done in the US and largely focused on private sector organizations with only 10% of the respondents from the public sector. Tucker and Thorne (2013) use of attainment of pre-determined goals for performance measurement assumes that, institutions set up clear measurable and time bound goal an assumption that may not hold for most organizations. The second indicator would not be applicable because, the corporations do not conduct resources mobilization as a key result area. Service delivery has been used for performance measurement by Yazici (2011), Boyne and Gould-Williams (2003) as well as the Republic of Kenya (2013). Each report has however used different indicators for measuring service delivery and therefore the results cannot be easily compared and or contrasted. Boyne and Gould-Williams (2003) have used subjective measure in their study of Local Government in Wales. This approach may be criticized for subjectivity.

On HRM practices, the studies by Ofobruku and Iheabunike (2013) and Saifalislam, et al (2014) may not explain the case of State Corporations in Kenya since these were not done in country. The former targeted the hospitality industry in Nigeria while the latter focused on public universities in Jordan. Similarly, Omolo et al (2012) study covered small and medium enterprises in Kisumu Municipality while Kepha et al (2014) study targeted research institutions in Kenya. Giauque et al (2013) study was done in Switzerland and had a cultural bias with the German speaking population represented at 92.6% in the sample as opposed to 65% in the general population. Further, measurement of HRM practices was done using a single indicator. The study by Boachie-Mensah and Seidu, (2012) is limited as it was conducted in one polytechnic in Ghana. Generalization of results is therefore not possible.

Menon (2012) study targeted the supply chain and was based on expert opinion exposing the results to subjectivity arising from same source bias. Jordan et al (2012) study was done in the United States of America while Tan and Nasurdin (2011) study was done in Malaysia and focused on the manufacturing industry. As such, none of the findings can be used to accurately explain performance of State Corporations in Kenya. The study by Kumar (2014) was conducted in Solan District in India and focused on companies while Alvi et al (2013) study was done in Pakistan and targeted the Pakistan Airline Corporation. For the latter, the sample size was very small with a total of 34 questionnaires. Mehta (2014) study targeted cooperative banks in Nagpur City in Pakistan while Jamil and Raja (2011) study was done in Pakistan targeting employees of the public and private sector. Culbert (2008) presents a theoretical argument devoid of scientific evidence.

Ali et al, (2011) study was done in Pakistan while Verbeeten (2007) study covered 93 public institutions in the Netherlands. Rahman et al, (2011) study was done in Bangladesh and focused on private companies where self-reported data was collected. Edirisooriya (2014) study was done in Sri Lanka and targeted one public sector institution. Weibel et al (2009) study is based on highly controlled field experiment which does not reflect the real setting. Njanja et al (2013) study even though done in Kenya focused on one State Corporation namely Kenya Power and Lighting Company Limited while Ali and Ahmed, (2009) study targeted 80 employees of Unilever a private company. The study by Waal and Jansen, (2013) targeted academics and practitioners and therefore does not accurately reflect the status of State Corporations in Kenya.

The study by Schwenk and Shrader (1993) focused on small firms of less than 100 employees in the United States. Similarly, Ogunmokun and Tang (2012) targeted small and medium firms of less than 200 employees in Singapore. For both studies, the findings may not fully explain the case of State Corporations in Kenya some of which have employed over 1000 employees.

2.6 Research Gaps

There is lack of consensus on the influence of SHRM practices on performance of State Corporations in Kenya with some scholars arguing that this has a positive influence of performance (Tiwari & Saxena, 2012; Tan & Nasurdin, 2011; Bucˇiuniene & Kazlauskaite, 2009; Moideenkutty et al, 2009; Waiganjo et al, 2012; Muraga, 2015). Others scholars are of the contrary view. Chang and Huang (2005) study established that the influence of human resource management practices on corporate performance is not universalistic but contingent on various factors. These contradictions are reflected in some constructs of human resource management practices as well. With regard to staff recruitment and selection, Kepha et al (2014) study on research institutes in Kenya established causal influence between recruitment and selection with performance ($\beta = 0.271$, $p < 0.05$). Similarly, Omolo et al (2012) study in Kisumu City established performance of small and medium enterprises can be influenced up to 72.40% through recruitment and selection practices. These findings also concur with Suthar et al (2012) study. However, the results differ from those of Muraga (2015) who established no significant influence between recruitment and corporate performance.

There are also contrary views on the role of employee's performance review on organizational performance. Jamil & Raja (2011), Tan and Nasurdin (2011) and Muraga, (2015 state that, there is a relationship between employees' performance reviews and corporate performance Culbert (2008) as well as Alvi et al (2013) state the contrary. Further, there are varying opinions on the role of financial rewards in organization performance. Edirisooriya (2014) study established a relationship between employee rewards and corporate performance. The results of Njanja et al (2013) study established no relationship between staff bonuses and corporate performance. The other gap is lack of data on the moderating influence of strategic planning on the relationship between SHRM practices and performance of State Corporations in Kenya. Finally, the views on the role of strategic planning on corporate performance are different. Some scholars have argued that strategic planning implementation enhances a firm's competitive advantage against rivals (Hill & Jones, 2009; Olanipekun et al, 2015). The results contradict the findings of Song et al (2011). These scholars have stated that new product development requires one to think outside the box which negates the principles of strategic planning. In addition, some scholars (Njanja et al, 2013; Osman et al, 2011; Ofobruku & Iheabunike, 2013) have recommended further research on human resource management practices and organization performance. A summary of the previous studies and gaps is provided in Appendix 2.

2.7 Summary

This chapter has reviewed the existing literature relevant to this study with the aim of identifying what is already known on the subject and the existing gaps. Though existing literature does not fully explain the problem of this study, it provides useful insights to be pursued. The study is informed by several strategic management theories. The contingency theory states that there is no one best way of managing and organization. That, each situation is unique and requires specific management solution. The resource based view theory states that performance of an organization is influenced by resources available to the firm. The motivation to work theory provides a distinction between motivation and hygiene factors. The former motivate the workers to perform while absence of the latter serves as de-motivators.

The performance prism explains that there are five determinants of corporate performance namely process, strategies, stakeholders contribution, stakeholders satisfaction as well as capabilities. The balanced score card model advocates a balance of performance measures including financial, customer, internal business processes as well as learning and growth. It has been argued that SHRM practices act as a bundle to influence performance. This bundle includes employees' recruitment and selection process, employees' career development, employees' performance review and employees reward. Strategic planning is related to and influences corporate performance. Strategic planning indicators include development and implementation of the plan. Therefore the conceptual frame work stipulates that performance of State Corporations in Kenya is influenced by SHRM practices and moderated by strategic planning. The dependent variable is performance of State Corporation. The indicators for dependent variable are finance stewardship, achievement of strategic objectives and service delivery

The existing literature though useful in explaining the problem of this study exhibit several limitations. Some literature presents tautological arguments that raises logical dilemma. In some cases, arguments have presented arguments based on armchair theorizing lacking scientific data. In other cases, literature is based on studies done in countries other than Kenya creating doubts on applicability of the findings in the local setting. Another limitation is exhibition of contradictory results by different studies. In some cases, sample size is small to warrant scientific conclusion to be drawn from the results. Overall, the literature does not provide sufficient evidence to explain the performance of State Corporations in Kenya.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter describes the methods used for this study. These include the research design, population, sampling frame, sample size and sampling technique, data collection instrument, data collection procedures and pilot testing of the study instrument. Further, the chapter includes the methods of data processing and analysis which are discussed as per the research objectives.

3.2 Research Design

This is a cross-sectional descriptive study where data was collected at one point in time. Cross- sectional design was selected because it is simple, affordable and ensured completion of the study within the given period. The study is quantitative and qualitative though largely quantitative. The study was guided by the positivist philosophical orientation. This is a theoretical orientation that emphasizes verifiability of knowledge and truth (Philips & Burbules, 2000). This orientation recognizes that which can be evidenced or verified using the senses. It is argued that knowledge that is not verifiable through senses should be verifiable using proxy indices in the form of behaviour. The early thinkers David Hume and August Comte viewed positivism as a higher level of intellectual development after theology and metaphysics (Cazeaux, 2017). Positivism believes that reality is external and can be accessed using standard scientific tools and methods. Further, that causal relationship can be studied and described. Scientific methods play a crucial role in understanding reality (Copleston, 2003). The researchers are assumed to operate independent of the study object, exercising rationality and logical reasoning aided by statistical and mathematical techniques.

3.3 Study Population

The target population for this study was all State Corporations in Kenya. State Corporations in Kenya are governed under the State Corporation Act Cap 446 of 1st November 1986, which serves as a distinguishing factor from other organizations. The accessible or survey populations were the 200 State Corporations that were evaluated during the FY 2014/2015. These corporations have an estimated population of 94,500 staff (Kenya National Bureau of Statistics, 2017).

3.4 Sampling Frame

Kothari, (2011) refers to sampling frame as the source list with emphasis that, it must be appropriate, reliable comprehensive and correct. In this study there was a major challenge to get an accurate sampling frame mainly because the Government has not released the results of the 2014/15 performance evaluation. There was no official document released in this regard. All Government officials requested for the information were not comfortable releasing a document which officially has not been released. This was based on fear that the study results which border on performance of State Corporations may be published before the Head of State of State officially launches the performance report. The list that was available was for the FY 2013/14 (Ministry of Devolution and Planning, 2014). This has a total of 200 State Corporations that were involved in performance contract during the FY. This was used as a sampling frame for the study (Appendix 6).

Three challenges were experienced in using this list. One was that a corporation such as Kenya Wine Agency that was listed had ceased being State Corporations and instead was now operating as a private company. This was therefore dropped from the sample. Secondly, some State Corporations such as the Coffee Fund, Coffee Research Foundation, Cotton Development Authority, Kenya Agricultural Research Institute, Sugar Research Foundation and Kenya Sugar Board had been amalgamated under the Agricultural Food and Fisheries Authority (AFFAR). The agencies though amalgamated were asked to provide the information of their performance contract for 2014/15 which was prior to amalgamation. The third challenge was that an agency such as the Information and Communication Technology (ICT) Authority had not been listed as it had not implemented a performance contract in 2013/14. This agency was included in the sampling frame after identification.

3.5 Sample Size and Sampling Technique

The study used a scientific method of computing sample size as recommended (Mugenda and Mugenda, 2003).

$$n = \frac{(z^2).pq.N}{c^2\,(N-1) + z^2\,.p.q}$$

Where n is the sample size, z is the z value at 95% confidence level, p = sample proportion with the desired characteristic, q = 1-p, c = confidence interval and N = sampling frame. This formula was adopted in this study and the symbolic values in the formula substituted with the actual values as follows:

$$n = \frac{1.96^2 \;\; x\ 0.5\ x\ 0.5\ x\ 200}{0.05^2\,(200-1) + 1.96^2 \;\; x\ 0.5\ x\ 0.5}$$

The calculated value of n = 132 State Corporations.

Having computed the sample size, the next stage was to select the sample from the population through a sampling process. Simple random sampling method was used in selection of the State Corporations to be included. This method was selected because it provides every case in the population an equal chance of being selected (Mugenda and Mugenda 2003). The process involved writing the names of all the State Corporations on pieces of papers which were folded and mixed thoroughly. Using lottery method, 132 pieces of papers were picked at a random to form the sample. This method ensured that each State Corporation had an equal chance of being represented. In this case, bias in selection was avoided as the principal investigator had no way of manipulating the lottery to ensure that certain cases were selected or not selected as argued by (Kothari, 2011). There were a total of 132 State Corporations selected for the study. Each State Corporation provided one respondent making a total of 132 respondents.

Kothari (2011) has advocated for simple random sampling (SRS) where the population if finite. It has also been argued that SRS is suitable where the population is defined and small (Kombo & Tromp, 2006). Homogeneity is another consideration for SRS method as stated by Chambers and Clark (2012). They have indicated that homogeneity is assumed if there is no auxiliary information indicating that relationship between the predictor variable and the dependent variable would vary for different respondents. Further, the assumption for homogeneity was based on the fact that all State Corporations in Kenya are governed under the State Corporation Act Chapter 446 (Republic of Kenya, 2012). The sampling method was selected in consideration of these criteria.

3.6 Data Collection Instrument

The study adopted use of the questionnaire for data collection. This is widely used especially in economic and business research (Kothari, 2011). Questionnaires have also been used in health and nutrition surveys (Scrimshaw & Hurtado, 1987). In this study, a structured questionnaire was developed. This had a list of questions that were ordered in a way that each respondent was presented with the questions in the same manner. Responses were therefore standardized. The process of developing the questionnaires ensured that the basic principles were observed as stated by Kothari (2011). The questionnaire had both closed and open questions. The instrument was informed by the study objective and hypotheses. This is attached as appendix 1.

3.7 Data Collection Procedures

Data was obtained using a self-administered questionnaire. Initially the questionnaires were mailed with a self-addressed stamped envelope. The response was very low. To address the shortcoming, the principal investigator adopted a different approach of delivering the self-administered questionnaire. In this case, a questionnaire was delivered in every sampled State Corporation. There was also a cover letter addressed to the head of the institution introducing the study and providing contact details of the principal investigator. At the time of dropping the questionnaire, a brief overview of the study was done with emphasis on the importance. On few occasions where it was not possible to deliver the questionnaire, postal and email services were used followed with phone conversation.

Since it was not possible to provide the brief to the head of institution, this was done to the secretary or personal assistant who communicated the same to the head. This also served as a way of identifying a contact person for further follow up which was done after a few days to establish the position of the questionnaire. In most cases, it took a short time of about two days for the work to be delegated to specific officer. However, it took a long time for the officer to fill the questionnaire as most of them stated that they were busy with other activities. Continuous follow up and persuasion were the key motivators applied by the principal investigator. In some cases, these methods worked but failed in other cases. In total 102 responses were obtained with each Corporation having filled one questionnaire. The use of self-administered questionnaires has previously been used to collect data from State Corporations successfully by Kago (2014) as well as Koech and Namusonge (2012).

3.8 Pilot Study

The questionnaire developed for the study was pretested before adoption. This was done with a group similar to the study population, while using procedures similar to those used in the study as recommended by Mugenda and Mugenda, (2003). A total of 12 State

Corporations were involved in the pretest. This represents 8.96% of the sample size. This is sufficient according to Mugenda and Mugenda (2003) who have recommended a pretest sample of between 1% and 10% of the sample size. The questionnaire was pretested to assess understanding, time taken, reliability and validity of the instrument. Reliability test was done using the cronbach's alpha. Validity test was computed using the factor analysis and specifically the Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity.

3.9 Data Processing and Analysis

The process of data analysis involved five steps. The first step was to assign a number to each questionnaire and assess completeness of the data. In this case, simple errors that could be amended using the existing data were corrected. The second stage was assignment of codes for each response. For open questions, coding was done according to the responses obtained. Where there were similar responses, these were grouped under one code. The third step was data entry using the codes assigned. Using statistical package for social sciences (SPSS), data was entered into the computer in readiness for analysis. The fourth step was data cleaning to weed out irrelevant responses. This was done by reviewing the codes entered for consistency. The final step was data analysis which was done using descriptive statistics and multiple regressions. Descriptive statistics was used to analyze the characteristics of State Corporations and study data. Multiple regression was used to analyze the influence of independent variables on the dependent variables. Further, multiple regression was used to analyze the influence of the moderating variable on the relationship between the independent and dependent variables. The choice of these methods was informed by their strengths in performance of the required statistical test.

3.9.1 Diagnostic Testing

Diagnostic testing was done to assess if the data confirms to statistical assumptions that would affect the validity of statistical tests. If the data negates the assumptions, conclusions made would be biased. The data was tested for Multicollineality, heteroscedasticity, normality, autocorreration and lineality. Multicollineality occurs when two or more predictor variables are strongly related (Kothari, 2011). This was assessed using the variance inflation factor. Heteroscedasticity occurs if variations of residuals in a distribution do not show constant variance (Berry & Feldman, 1985). This was assessed using the Breusch-Pagan and Koenker test. Heteroscedasticity weakens the regression model. Normality in data can be inferred if the values are distributed around the mean. Normality was assessed using skewness or kurtosis. Autocorrelation is said to be present if the residuals errors in a distribution are correlated. Durbin Watson statistic was used to assess autocorrelation. Linearity assumes that predictor variables are related to the dependent variable (Katz, 2006). This was assessed using the correlation coefficient between the predictor and dependent variables.

3.9.2 Measurement of Performance of State Corporations

Performance was measured using the scores assigned to each State Corporation during the FY 2014/15. The scores had already been computed by the Government of Kenya for each State Corporation after the FY 2014/ 2015 performance contract evaluation. The process of measuring performance is stipulated in the performance contract guidelines for each financial year (Executive Office of The President, 2017). The guideline recommends a mid-term review of the progress. However, the final assessment is done when the year is over. This is done by an independent person appointed by the Department of Performance Contracting (Office of the Prime Minister, 2012). Since performance is informed by the balance score card, the assessment includes financial stewardship, strategic objectives and service delivery. Other areas included are internal business process as well as learning and growth. All targets set are assessed individually and a composite score computed through summation. The lower the score the better the performance and the higher the score the worse is the performance (Executive Office of The President, 2017). Table 3.1 summarizes the grading of the various scores.

Table 3.1: Criteria Value Range

Performance grade	**Criteria value range**	**Span**
Excellent	$1.00 \leq X \leq 2.40$	1.40
Very Good	$2.40 < X \leq 3.00$	0.60
Good	$3.00 < X \leq 3.60$	0.60
Fair	$3.60 < X \leq 4.00$	0.40
Poor	$4.00 < X \leq 5.00$	1.00

Source: Executive Office of The President (2017, p. 13)

From Table 3.1, performance score greater than or equals to 1 but less than or equals to 2.40 is termed excellent. A score greater than 2.40 but less than or equals to 3.0 is termed very good. A score greater than 3.0 but less than or equals to 3.60 is rated good. A score greater than 3.60 but less than or equals to 4.0 is rated fair while a score greater than 4.0 and less than or equals to 5.0 is rated poor. In this study, the computed scores of each corporation during the FY 2014/ 15 were used to measure performance. The composite score was provided by each State Corporation based on annual assessment for the financial year 2014/15. The process involved in getting the composite score has four steps as shown in Appendix 3.

3.9.3 Influence of Recruitment and Selection Process on Performance

Descriptive statistics were computed to provide summary measures for the constructs and parameters of this variable. This mainly involved computation of frequency as well as percentages of each construct and parameter. The influence of the predictor variable on dependent variable was measured using multiple regression. This analysis was done using the following formula:

$P = f\,(ERSP)$ and therefore $P = \alpha + \beta ERSP + e$

Where P = Performance of State Corporations and

ERSP = Employees’ recruitment and selection process.

The same formula was applied when assessing the influence of the constructs of the predictor variable on the dependent variable.

3.9.4 Influence of Employees’ Career Development on Performance

Employees’ career development descriptive statistics such as frequencies and percentages were computed. Multiple regression was used to assess the influence of employees’ career development on the performance of State Corporation. This was analyzed as follows:

$P = f\,(ECD)$ and therefore $P = \alpha + \beta ECD + e$

Where P = Performance of State Corporations and

ECD = Employees’ career development.

The same formula was applied when assessing the influence of the constructs of the predictor variable on the dependent variable.

3.9.5 Influence of Employees’ Performance Review on Performance

Analysis on this variable began with descriptive statistics. These provided the summary measures namely frequencies and percentages for the parameters and constructs for this variable. The influence of employees’ performance review on performance of State Corporation was done using multiple regressions. The following formula was used:

$P = f\,(EPR)$ and therefore $P = \alpha + \beta_o EPR + e$

Where P = Performance of State Corporations and

EPR = Employees performance review.

The same formula was applied when assessing the influence of the constructs of the predictor variable on the dependent variable.

3.9.6 Influence of Employees' Reward on Performance

Descriptive statistics for this variable namely frequencies and percentages were computed to obtain the summary measures. Influence of employees' reward on performance of State Corporations was measured using multiple regressions. Analysis was done using the following formula:

P = f (ER) and therefore P = α + βoER + e

Where P = Performance of State Corporations and
ER =Employees reward.
The same formula was applied when assessing the influence of the constructs of the predictor variable on the dependent variable.

3.9.7 Moderating Influence of Strategic Planning on SHRM and Performance

Moderation effect exists where upon introduction of a third variable the relationship between the predictor and dependent variable changes (Baron & Kenny, 2008). The strength of the relationship may be enhanced, decreased or reversed. Moderation analysis was done using the linear multiple regression analysis. In order to quantify the influence of a moderator variable in the multiple regression analyses, an additional term was added to the model. The additional term is the interaction between x_1 and the moderator variable. The response in the dependent variable Y was given by the two variables x_1 and moderator variable x_2.

$$Y = b_0 + b_1 x_1 + b_2 x_2 + b_3(x_1 \times x_2) + \varepsilon$$

Where Y= Performance, X_1 = strategic human resource management practices and X_2 = strategic planning. In this equation, the role of moderator variable was known by evaluating b_3, which is the interaction term parameter estimate (Frazier, Tix & Barron, 2004).

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the study and discussion of the findings. It covers the pilot test, response rate, characteristics of the sample and data management including diagnostic tests. In addition, the results of each study objective and discussion are presented. These results include descriptive statistics on the variables investigated as well as regression analysis on each predictor variable and the dependent variable. Further, data on the moderation influence of strategic plan on the relationship between SHRM and performance of State Corporation is presented. The chapter ends with a narration on the optimum model based on the study findings.

4.2 Pilot Test

The questionnaire developed for the study was pretested before adoption. This was done with a group similar to the study population, while using procedures similar to those used in the study as recommended by Mugenda and Mugenda, (2003). A total of 12 State Corporations were involved in the pretest. This represents 8.96% of the sample size. This is sufficient according to Mugenda and Mugenda (2003) who have recommended a pretest sample of between 1% and 10% of the sample size. There was one questionnaire to be filled by each selected State Corporation. The questionnaire was pretested to assess understanding, time taken, reliability and validity. On understanding, some questions that were difficult to understand were identified and corrected. Similarly, additional information required to promote clarity of the questionnaire was identified and provided. Further, additional writing space was provided where necessary. With regard to time taken to fill the questionnaire, each took on average one hour to fill which was considered reasonable time.

4.2.1 Instrument Reliability

The pretest sought to establish reliability of the questionnaire. Fisher and Foreit (2002), state that a reliable instrument of data collection will give the same results if used to collect the same data several times. The questionnaire achieved an overall cronbach's alpha of 0.790 on reliability as shown in Table 4.1.

Table 4.1: Reliability Test.

Parameter	**Cronbach's Alpha**	**Number of items**
Employees' career development	0.849	4
Employees' rewards	0.783	3
Employees' recruitment and selection process	0.704	5
Employees' performance review	0.728	5
Strategic planning	0.773	7
Overall	0.790	24

n= 12

For the specific variables, employees' career development had the highest value of 0.849 followed by employees' rewards with a value of 0.783. This was followed by strategic planning and staff performance review with values of 0.773 and 0.728 respectively. Employees' recruitment and selection had the lowest value of 0.704. The values for the individual variables and the overall score exceeded the 0.7 level recommended by Sekaran and Bougie (2009) as well as Fraenkel and Wallen (2006). The tool was considered to be reliable.

4.2.2 Instrument validity

According to Fisher and Foreit (2002), validity refers to accuracy and truthfulness of the data or in other words measurement of what is intended to be measured. To address validity, a team of 3 experts reviewed the questionnaire before and after the pretest. The expertise included a statistician, strategic management professional and a research professional. This approach is recommended by Mugenda and Mugenda (2003). Factor analysis was applied in testing validity of the instrument and specifically the KMO and Bartlett's test of sphericity as shown in Table 4.2.

Table 4.2: Validity Test

Variable	**KMO**	**Bartlett's test of sphericity**		
		Approx. Chi-Square	**Df**	**Sig**
Staff recruitment and selection process	0.582	14.219	6	0.027
Employee career development	0.728	17.849	6	0.007
Staff staff performance review	0.538	24.933	15	0.049
Employee reward	0.532	14.379	3	0.002
Strategic planning	0.575	19.001	6	0.004

n=12, $p < 0.05$

In testing validity using the factor analysis, the values for KMO test should exceed 0.5 and the values for Bartlett's test should be significant. Table 4.2 shows that for all the variables the values for KMO test ranged from 0.532 to 0.728. The values for Bartlett's test are all significant ranging from 0.002 to 0.007. This is less than 0.05 confirming validity of the questionnaire. Another use of the pretest results was that data was entered using SPSS and analyzed. The results of the various statistical tests confirmed that data could be analyzed without posing a major challenge.

4.3 Response Rate

The computed sample size for this study was 132 State Corporations. A total of 132 questionnaires were distributed to 132 State Corporations, with each receiving one questionnaire. A total of 102 State Corporations responded by filling the questionnaires representing 77% of the sampled State Corporations. Effort was made to cover all the sampled State Corporations but some declined citing confidentiality of information, while others failed to complete the questionnaire in spite of repeated follow up. The 77% response rate is sufficient as argued by Mugenda and Mugenda (2003) as well as Kothari (2011). They have stated that a response rate of 70% and above is adequate. This is further supported by Babbie and Mouton (2002), who have stated that response rate of 50% is appropriate.

4.4 Sample Characteristics

This section covers the categories of State Corporations studied and the regional distribution. Also included is the number of staff as well as the period that the State Corporations had been in existence.

4.4.1 Categorization and Regional Distribution of State Corporations

The categories and regional distribution of State Corporations that responded to the questionnaire is as shown in Table 4.3. Majority of the State Corporations (67.6%) were non-commercial as there were more corporations in this category compared with other categories in the sampling frame. This was followed by commercial State Corporations (17.6%), public universities (9.9 %) and tertiary institutions (4.9%)

Table 4.3: Categories and Regional Distribution of Respondent State Corporations

Category and Regional Distribution	Percent
Category	
Commercial State Corporation	17.6
Non - commercial State Corporation	67.6
Public university	9.8
Tertiary institution	4.9
Total	100
Regional Distribution	
Nairobi	84.3
Coast	0.98
Western	1.96
Nyanza	3.92
Eastern	1.96
North Eastern	0
Central	5.88
Rift valley	0.98
Total	100

n=102

In terms of geographical distribution, majority 84.3% of the State Corporations are located in Nairobi. Central Region had the second highest representation of 5.88%, followed by Nyanza Region with 3.92%. Rift Valley and Coast Region had the lowest representation of 0.98% each mainly due to poor response in spite of intense follow up that was done. There was no representation from North Eastern Region as the selected corporation did not respond to the questionnaire. The main reason why the sample had many respondents based in Nairobi is that, most State Corporations have their headquarters in Nairobi. From the sampling frame, approximately 74.5% of the State Corporations have their headquarters in Nairobi. All the questionnaires were filled at the headquarters of specific State Corporation.

4.4.2 Staff establishment in State Corporations

The State Corporations had varying staff establishment with a mean of 470 staff members (minimum 16 and maximum 11,186) and a standard deviation (SD) of 1239.782 as shown in Table 4.4. The mean number of men was 316(SD=982) and for women 155 (SD=322) implying there were more males compared with female staff. The high SD for staff means that there was a wide range in staff establishment amongst different corporations. This is because the corporations differ in size depending on their mandate.

Table 4.4: Staffing

	Minimum	**Maximum**	**Sum**	**Mean**	**SD**
No of male staff	8	8960	32272	316.39	981.723
No of female staff	6	2226	15790	154.80	322.347
Total staff	16	11186	47952	470.12	1269.399

n=102

4.4.3 Period State Corporation Existed

The data shows that the State Corporations had been in existence for a mean period of 24.63 years (minimum 3 and maximum 106) with SD of 22.041. This implies a high variability in the years that the State Corporations have been in existence. Some corporations such as Kenya Power and Lighting Company, National Housing Corporation, National Museums of Kenya, East Africa Portland Cement Company and Kenya Animal Genetic Resources were established before Kenya independence in 1963.

Others such as the Information Communication and Technology (ICT) Authority, Kenya Water Towers Agency, Kenya Nuclear Electricity Board, Council for Legal Education, National Biosafety Authority and Murang’a University Collage were established few years ago.

4.5 Data Management

All the questionnaires were reviewed to ensure completeness. In addition, errors that could be corrected using other information in the questionnaire were adjusted as recommended by Kothari, (2011). Questionnaires that were missing substantial information were discarded to avoid distortion of results. The data was entered using SPSS. Cleaning of the data was done after entry to remove errors in preparation for analysis.

4.5.1 Test for Multicollinearity

Multicollineality occurs when two or more independent variables are strongly correlated ($r = 0.90$ and above). In this case, one variable does not add any predictive value over another. Variance inflation factor and collineality tolerances for each of the predictor variables were computed to assess the multicollineality in this study. Table 4.5 shows that the predictor variables had a variance inflation factor (VIF) ranging from 1.087 to 1.139 which is less than 10. The VIF values rule out multicollineality problem. Bryman (2012) states that multicollineality becomes a problem if the VIF exceeds 10.

Table 4.5: Multicollineality Test

	Collinearity Statistics	
Variable	**Tolerance**	**VIF**
Staff recruitment and selection process	.892	1.122
Employees career development	.902	1.108
Staff performance review	.878	1.139
Employee reward	.920	1.087

n= 102

Runkle, DeFusco, Anson, Pinto and McLeavey (2013) have argued against retaining two or more predictor variables in with VIF exceeding 5 in a model.

4.5.2 Heteroscedasticity Test

Heteroscedasticity occurs when the cluster of points widens with increasing values of the predicted variable. The opposite is homoscedasticity which assumes approximately equal residuals for all predicted dependent variables. Using both the Breusch-Pagan and Koenker test statistics, the study established that there was no problem of heteroscedasticity with the data suggesting homoscedasticity.

The null hypothesis in this case was that:

Ho= Heteroscedasticity is not present in the data.

H_1=Heteroscadasticity is present in the data.

The null hypothesis is rejected if the test results have a significance level of less than 0.05. Table 4.6 shows results for both Breusch-Pagan and Koenker test.

Table 4.6: Heteroscadasticity Test

Test	Value	Significance
Breusch-Pagan	2.573	0.632
Koenker	3.714	0.446

n=102

In this case, the null hypothesis is accepted since the Breusch-Pagan and Koenker tests values have a significance of 0.632 and 0.446 respectively which are above significance of 0.05 level. The value of Breusch-Pagan test further does not exceed 9.2 and therefore the data does not suffer heteroscadasticity.

4.5.3 Normality Test

Normality is a key assumption of a regression model. This is an assumption that the data is fairly distributed around the mean forming a bell shaped curve. While there are several approaches of determining normality of data, this study opted computation of skewness and kurtosis. Skewness measures the symmetry of the data, while kurtosis measures the flatness or peakness of the data as stated by Mugenda and Mugenda, (2003). It has further been argued that a perfect normal distribution has zero skewness and kurtosis (Alexander, 2008). Table 4.7 shows the skewness and kurtosis values for the key variable in this study. It is evident that none of the values exceed +1 or -1. This therefore confirms the normality of the data as argued by Aluja, Blancha and Garcia, (2005).

Table 4.7: Normality Test

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Staff recruitment and selection process	101	-.088	.240	.714	.476
Staff performance review	101	.661	.240	.572	.476
Employee career development	101	.123	.240	.946	.476
Employee reward	101	-.312	.240	.812	.476
Strategic plan	101	-.609	.240	.744	.476
Performance	101	-.816	.240	.333	.476
Valid N (list wise)	101				

n=102

4.5.4 Autocorrelation Test

Autocorrelation is said to be present if the residuals errors in a distribution are correlated. This may therefore create a spurious relationship between two unrelated variables the variability of estimated regression coefficient is underestimated. Field (2005) as well as Levine, Fustephan, Krehbiel and Berenson (2004), have argued for independence of residuals amongst the predictor variables. This study used the Durbin Watson statistic to determine if the predictor variables are auto correlated. According to Gujarati (2003), a coefficient close to 4 signifies negative autocorrelation. A coefficient close to zero points at positive autocorrelation. Coefficients ranging from 1.5 to 2.5 signify absence of autocorrelation.

Table 4.8: Autocorrelation Test

Predictor variables	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Staff recruitment and selection process	.554	.307	.286	.849	1.994
Employees career development	.464	.215	.199	.899	1.958
Staff performance review	.491	.241	.218	.889	1.983
Employees reward	.461	.213	.188	.905	2.133
Strategic planning	.361	.131	.113	.946	2.094

n=102

Table 4.8 shows Durbin Watson values ranging from 1.958 to 2.133. This indicates that there is no autocorrelation amongst the predictor variables.

4.5.5 Linearity Test

Linearity was measured using the Pearson correlation coefficient. Table 4.9 shows that improvements in the constructs of SHRM are associated to improvements in performance of State Corporations by reducing the value of the composite score.

Table 4.9: Linearity Test

		Performance of State Corporation	Conclusion
Employees' recruitment and selection process	Pearson Correlation	-.452**	Linear
	Sig. (2-tailed)	.000	
	N	101	
Employees' career development	Pearson Correlation	-.512**	Linear
	Sig. (2-tailed)	.000	
	N	101	
Employees' performance review	Pearson Correlation	-.463**	Linear
	Sig. (2-tailed)	.000	
	N	101	
Employees' reward	Pearson Correlation	-.472**	Linear
	Sig. (2-tailed)	.000	
	N	101	

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

n=102

The correlation coefficient ranges from $r = -0.452$, $p < 0.05$ for Employees' recruitment and selection process to $r = -0.512$, $p < 0.05$ for employee career development. The data is linear and therefore suitable for statistical analysis.

4.6 Employees' Recruitment and Selection Process and Performance

The first specific objective of this study was to establish the influence of employees' recruitment and selection process on the performance of State Corporations in Kenya. This section provides the findings on this variable.

4.6.1 Descriptive Statistics on Employees’ Recruitment and Selection Process

There were three constructs for this variable. These are job analysis, job advertisement and interview panel composition. Job analysis involves identification of the requirements for a specific job prior to recruitment. The State Corporations were required to indicate the percentage recruitments where job analysis was done before recruitment and selection process began. Table 4.10 shows that most organizations (67.6%) did a job analysis for 81% - 100% positions prior to recruitment and selection process.

Table 4.10: Job Analysis and Justification

Job Analysis Done Before Recruitment	Percent
0%	2.9
1-20%	7.8
21-40%	2.0
41-60%	4.9
61-80%	2.9
81-100%	67.6
No recruitment done	11.8
Total	100
Reasons for Job Analysis	
Analysis defined qualities of potential employee	19.6
It is a policy to have job specification before recruitment	45.1
Non response	21.6

Job Analysis Done Before Recruitment	Percent
0%	2.9
1-20%	7.8
21-40%	2.0
41-60%	4.9
61-80%	2.9
81-100%	67.6
Recruitment process not put in place	2.0
No recruitment done	11.8
Total	100

n=102

There were very few organizations (2.9%) that did not do job analysis prior to recruitment. A total of 7.8% of the organizations did job analysis for 1%-20% of all positions before recruitment and selection process. These results show that job analysis was prioritized in most organizations underscoring the importance of this task. Table 4.10 further shows that majority of the corporation's (45.1%) indicated that they conducted job analysis to conform to policy requirement. A significant number (19.6%) stated that job analysis was done to define the qualities of potential candidates. There were 2% corporations which reported that, they did not do job analysis because recruitment process had not been put in place while 21.6% did not respond to this question.

Further information was obtained on aspects of the job that were emphasized during job analysis. Most corporations (56.9%) emphasized qualifications as shown in Table 4.11. A substantial number of Corporations (52.9%) emphasized experience while 34.3% emphasized competencies. The three aspects were considered to be the most essential in determination of the right candidate.

Table 4.11: Job Specifications

Job specifications	Percentage
Qualification	56.9
Experience	52.9
Competencies	34.3
Statutory requirements	3.9
Duties and responsibility	11.8
Terms of service	1
Membership of professional organization	10.8
Communication skills	5.9
Job title	28.4
Salary	3.9
No recruitment done	11.8

n=102

There was low emphasis on terms of service as reported by 1% respondents, statutory requirements 3.9% and salary 3.9% respondents respectively.

The second construct for employees' recruitment and selection was job advertisement. This construct establishes the first contact between the employer and potential employees. Respondents were asked to state on a likert scale the frequency of advertising vacant jobs in their corporation. Table 4.12 shows that job advertisement was done all the time in 39.2% State Corporations. There were 18.6% corporations that advertised most of the time and 10.8% advertised half of the time. There were very few organizations (2.9%) that did not advertise jobs while 16.7% advertised on few occasions. The results demonstrate a high commitment towards advertisement by approximately half of the State Corporations.

Table 4.12: Characteristics of Job Advertisement

Characteristics of Job Advertisement	Percent
Frequency of advertisement	
Not at all	2.9
Few occasions	16.7
Half of the time	10.8
Most of the time	18.6
All the time	39.2
No recruitment done	11.8
Total	100.0
Reasons for Job Advertisement	
Organization had internal capacity	14.7
It is a policy to give equal opportunity	48
Senior positions advertised	2.9
Non response	20.6
Costly to advertise	2
No recruitment done	11.8
Total	100.0

n=102

A second question posed on this construct sought to provide reasons for job advertisement. Table 4.12 shows that approximately half (48%) corporations advertised because they have a policy to give equal opportunity to all people. A total of 14.7% corporations stated the reason for not advertising all the time was that, they had internal staff to fill some of the vacant positions. Few organizations (2.9%) stated that only senior positions were advertised, while 2% corporations said that it is costly to advertise for positions. 20.6% corporations did not respond to this question.

The third construct for employees' recruitment and selection was interview panel composition. In measurement of this construct, the study sought information on who was included in the interview panel. The results show that 34.3% corporations involved Board and Management as shown in Table 4.13. There were 28.4% corporations that involved Management only while 11.8% corporations involved the Board only.

Table 4.13: Interview Panel Composition

Interview panel	**Percentage**
Board only	11.8
Management only	28.4
Consultant only	1
Board and consultant	0
Board and management	34.3
Management and consultant	1
Board management and consultant	7.8
Non response	3.9
No recruitment done	11.8

n=102

This observation may be explained by the fact that in some State Corporations, it is clearly specified that senior positions are interviewed by the Board. Middle and lower positions are interviewed by Management. There was 1% corporation that used consultants only in staff selection, while 1% corporation used management and consultant.

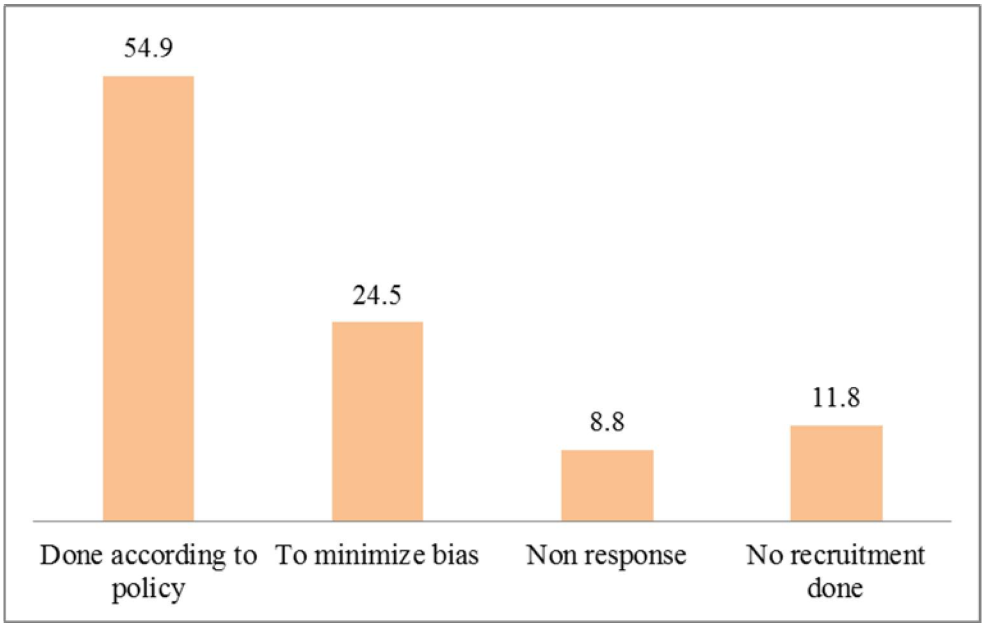

Figure 4.1: Percentage Explanation for Composition of Interview Panel

A further question was posed on how the corporation settled on the composition of the interview panel. Figure 4.1 shows that composition of the interview panel was mainly done according to policy (54.9%) corporations. Further, 24.5% corporations stated that this was done to minimize bias in staff selection. A total of 8.8% corporations did not respond to this question. The respondents were also asked to state the key considerations while offering a job to a candidate. As shown in Table 4.14, most corporations 77.5% considered integrity while selecting a staff for a job. Other key considerations were salary 74.5% and attitude 71.6% respectively. There were 49% corporations that considered overall interview score. Disability was least considered by 7.8% corporations.

Table 4.14: Consideration in Selection of Staff

Consideration in Selection of Staff	Percentage
Key Considerations	
Gender	19.6
Regional balancing	19.6
Disability	7.8
Qualification and skills	20.6
Experience	30.4
Internal candidate	15.7
Attitude	71.6
Integrity	77.5
Interview score	49
Salary	74.5
No recruitment done	11.8
Explanation for Key Considerations	
To ensure disadvantaged persons are included	7.8
To gain maximum output	34.3
Done as per the policy	27.5
Non response	18.6
No recruitment done	11.8
Total	100.0

n=102

When the respondents were asked to state why they took the above considerations into account, Table 4.14 shows that 34.3% stated they wanted to recruit staff, who would provide maximum output. A question arises as to which individual characteristics would be able to deliver the maximum output expected. From the Table, it appears that the top characteristics are integrity, attitude and acceptance of salary provided. The Table further shows that a substantial number of respondents (27.5%) mentioned that this was done according to policy, while few respondents (7.8%) mentioned the need to ensure disadvantaged persons were included. This assertion further enhances the postulated role of policies in strengthening implementation of SHRM practices. There were 18.6% corporations that did not respond to this question. Finally on this variable, the study sought to obtain opinion data on the influence of recruitment and selection process on corporate performance. The findings were that in almost all corporations (99%), there was a popular belief that recruitment and selection process influence corporate performance. That good process will lead to positive performance and vice versa. There was only 1% corporation that did not respond to this question.

4.6.2 Regression of Recruitment and Selection Process with Performance

The first objective of this study was to establish the influence of employees' recruitment and selection process on the performance of State Corporations in Kenya. The hypothesis was that:

H_{01}: *There is no influence of employees' recruitment and selection process on performance of State Corporations in Kenya.*

The model $Y= \beta_0 + \beta_1 X_1 + \varepsilon$ was applied in order to test this hypothesis.

Where Y = Performance of State Corporation

β_0 = Performance of State Corporation in absence of employees' recruitment and selection

β_1 = Coefficient of employees' recruitment and selection

X_1 = Employees' recruitment and selection

ε = Error term

Table 4.15 shows that performance of State Corporation is explained by the constant ($\beta_0 = 0.181$, $p < 0.05$) and coefficient of employees' recruitment and selection process ($\beta_1 = -0.366$, $p < 0.05$).

Table 4.15: Regression of Employees' Recruitment and Selection with Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.452	.204	.196	.84588	1.991

Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.139	1	18.139	25.351	.000
	Residual	70.836	99	.716		
	Total	88.975	100			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.181	.085		2.133	.035
	Recruitment and selection	-.366	.073	-.452	-5.035	.000

Note: n=102, p< 0.05.

When the beta symbols are substituted with values from the model, the causal relationship for the two variables is depicted as follows:

$$Y = 0.181 - 0.366 X_1 + \varepsilon$$

The equation shows that as the value of the employees' recruitment and selection increases, there will be a reduction in the value of performance of State Corporation score. Since a lower performance score is preferred, the implication is that improvements in employees' recruitment and selection practices will lead to improvements in performance of State Corporation. The prediction power of this model is significant since both the constant and employees' recruitment and selection process have $p < 0.05$. In the model, recruitment and selection process explains about 20.4% of the variance in performance of State Corporations. The model is a good fit as shown by ANOVA since the F value equals 25.351 and $p < 0.05$. Based on these results, the null hypothesis is rejected and alternative hypothesis accepted that, there is a statistically significant influence of employees' recruitment and selection process on performance of State Corporations in Kenya.

When individual constructs were considered, Table 4.16 shows that job advertisement had the greatest contribution on the variance in the dependent variable with a coefficient of -0.313. This is followed by interview panel composition with a coefficient of -0.189. Job analysis has a coefficient of -0.179.

Table 4.16: Multiple Regression Staff Recruitment and Selection Constructs

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.194	.086		2.267	.025
	Job analysis	-.179	.090	-.215	-1.989	.049
	Job advertisement	-.313	.077	-.346	-4.057	.000
	Interview panel composition	-.189	.090	-.229	-2.100	.038

Note: n=102, $p< 0.05$.

The implication is that job advertisement should be given more emphasis in order to influence more change in the dependent variable. This should be followed by interview panel composition and job analysis respectively.

4.6.3 Discussion on Staff Recruitment and Selection Process with Performance

This study sought to assess the influence of staff recruitment and selection practices on performance of State Corporations in Kenya. The predictor variable was measured using three constructs namely, job analysis, job advertisement and interview panel composition. The results indicate that job analysis is one step towards staff recruitment and selection. According to Mcbride (2012), job analysis is a crucial stage in recruitment process. Further, job analysis assists the employee to fit well in the new position (Fulghum, 2012). This study established that most corporations did job analysis prior to recruitment. This is important as it has been argued that job analysis forms a good basis for competitive advantage (Siddique, 2004). Job analysis was mainly done to define the qualities of potential candidate and conform to policy requirement of the corporation. These results therefore emphasize the need to have policies in place to guide the stages of employees' recruitment and selection process as recommended by Gill and Meyer (2014). The need to conduct job analysis was also informed by the belief that this would lead to improved corporate performance, a fact that is confirmed in the current empirical literature (Suthar et al, 2012). This is supported by Franklin (2005) who has stated that job analysis improves the quality of staff recruited. In conducting job analysis, there was more emphasis on qualification, experience and competencies.

From the results, it is evident that there is mixed reaction on advertisement for vacant positions with approximately half of the State Corporations advertising vacant position all the time. The fact that approximately half of the corporations were not advertising all the time means potential candidates were not getting equal opportunity. According to Reeve and Schultz (2004) potential candidates rely on advertisement to know about vacant positions in an organization. The desire to comply with corporate policy was the main driving force motivating advertisement. This is in agreement with the argument by Gill and Meyer (2014). Current literature has established that advertisement influence job seekers in various ways. Experienced job seekers are more influenced by the content, while the less experienced job seekers are more influenced by presentation (Walker, 2008). Advertisement therefore informs the job seekers in decision making (Reeve & Schultz, 2004).

The data on interview panel composition practices show a heavy involvement of the Board and Management in selection process. This concurs with the argument by Lunenburg (2010) for multiple interviewers. It was mainly done to conform to the policy direction as recommended by Berman (2016) and further minimize bias in staff selection. The main considerations while selecting staff are integrity, attitude and salary. These were considered important to ensure staffs recruited provide maximum output. Integrity has been highlighted in the constitution as a key characteristic expected of officers serving in the public service (Republic of Kenya, 2010). There was little focus on disability even though this is a key consideration as stated in the constitution. Most respondents were of the opinion that staff recruitment and selection process influences the performance of a State Corporation positively. This opinion is confirmed by Ombui, Mukulu and Waititu (2014).

From the results of multiple regression, staff recruitment and selection process explains 20.4% of the variance in performance of State Corporations. Amongst the individual constructs for the predictor variable, job advertisement had the greatest contribution on the change in the dependent variable. This is followed by interview panel composition and job analysis. The findings are in support of the work of Saifalislam et al, (2014) as well as Suthar et al, (2012). Ofobruku and Iheabunike (2013) study confirms these findings that employees' recruitment and selection method influences organization performance. Similarly, a study by Omolo et al (2012), established staff recruitment and selection practices influence 72.40 performance in small and medium enterprises thus supporting the findings of this study. It confirms a popular opinion made by most respondents that employees' recruitment and selection process has a positive influence on performance of State Corporations. The findings differ from Muraga (2015) study which established that, there is no significant of recruitment on corporate performance. This difference may be explained by use of different constructs in measurement of the parameter in the two studies. Secondly, while performance contract score was used to measure performance in this study, Muraga study used opinion measurement on a five point likert scale.

The findings of this study that employees' recruitment and selection process influences performance of State Corporations in Kenya is in agreement with various theories and models. One of these is the resource based view theory which states that a firm's resource forms a good basis for sustainable competitive advantage (Madhani, 2010; Brown, 2007). This theory holds the view that a firm with more resources or improved resources has an advantage over the one that has little or less improved resources. Resources here are not defined and could be in any form including land labour, capital or entrepreneurship. Even though the theory has been criticized, its basic principle is that, it is resources that determine how well a firm performs. According to the findings of this study, recruitment and selection process influence corporate performance. This means that corporates that have improved recruitment and selection processes perform better than those with less improved processes. The link between this finding and resource based view theory is that recruitment and selection process contributes to acquisition of human resources. If the processes are very good, this will ensure the staffs recruited are of high caliber and competence. Therefore according to resource based view theory such staff will promote the performance of State Corporation. There is therefore a strong linkage between the resource based view theory and the finding of this study. The results have confirmed the credence of the theory.

The findings also concur with the performance prism model which recognizes the role of stakeholders in corporate performance (Neely et al, 2002). The definition of stakeholders in this case includes employees of a corporation. Employees' recruitment and selection determines the caliber and quality of employees and consequently corporate performance in line with performance prism model. The findings of this study therefore confirm the arguments of the performance prism model.

4.7 Employees' Career Development and Performance

The second specific objective of this study was to determine the influence of employees' career development on the performance of State Corporations in Kenya. This section provides the findings on this variable.

4.7.1 Descriptive Statistics on Employees' Career Development

Two constructs were identified for the measurement of this variable. These are opportunities for further training and opportunities for coaching and mentoring. This section provides descriptive characteristics on these constructs. With regard to the first construct, Figure 4.2 shows that most corporations (89.2%) had opportunities for further training. There were 10.8% corporations that did not have training opportunities.

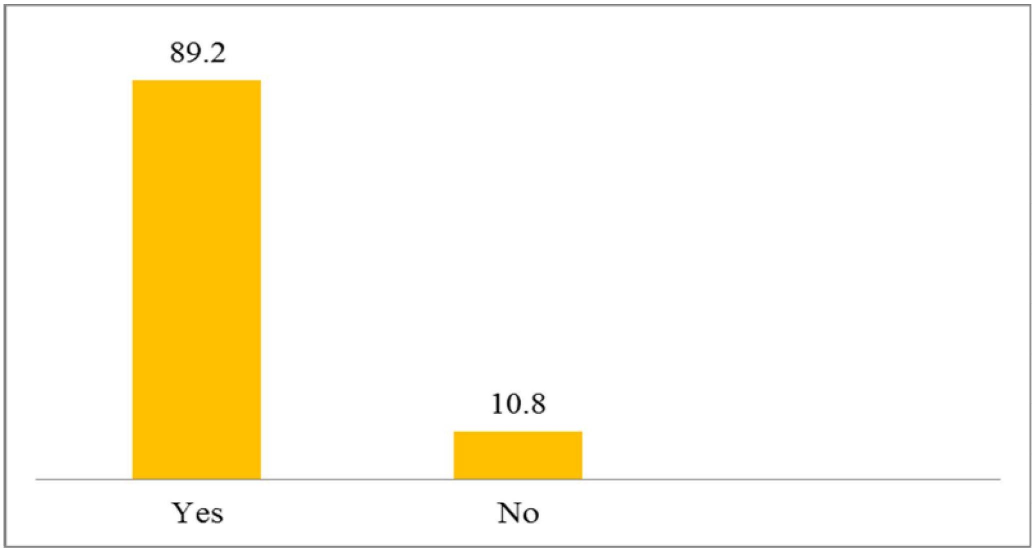

Figure 4.2: Percentage Opportunities for Further Training

A further review of the opportunities available is shown in Table 4.17. This shows that majority (88.2%) of the opportunities were short term training.

Table 4.17: Types and Rating of Training Opportunities

Types and Rating of Training Opportunities	Percent
Types of Training	
Short term training	88.2
Study leave	7.8
Long term training	30.4
Bench marking	2.9
International training	11.8
Reimbursement of training cost	13.7
Training Opportunities Rating	
None	2.9
Very poor	2.0
Fair	17.6
Good	57.8
Excellent	19.6
Total	100.0

n=102

This is followed by long term training 30.4% and international training 11.8% respectively. The least opportunities available were benchmarking 2.9% and study leave 7.8% respectively. Majority (57.8%) of the respondents rated the opportunities for further training in their corporations as good. A substantial number (19.6%) rated the opportunities as excellent, while 17.6% rated these as fair. Therefore, most respondents fall in the good and excellent category rating, implying the trainings were well appreciated. There were very few respondents (2%) who rated these as very poor. Only 2.9% respondents said that such opportunities were nonexistent in their corporation.

The second construct for measurement of employee's career development was opportunities for coaching and mentoring. Figure 4.3 shows that, most corporation's (63.7%) had coaching and mentoring opportunities.

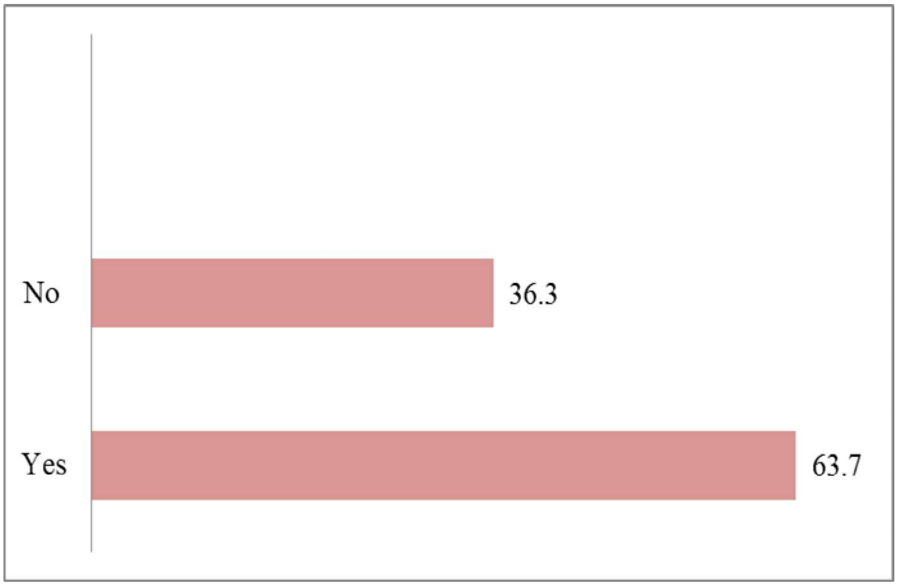

Figure 4.3: Percentage Opportunities for Coaching and Mentoring

There were 36.3% corporations that did not have these opportunities. Compared with training opportunities, coaching and mentoring opportunities were fewer. The specific opportunities available are shown in Table 4.18. Most were working under supervision 28.4% followed by internship 25.5%. Orientation programme was reported by 24.5% respondents. Few corporations (8.8%) stated that they identify coaching and mentoring needs and respond appropriately.

Table 4.18: Coaching and Mentoring Opportunities

Coaching and mentoring opportunities	Percent
Acting appointment	10.8
Involvement of other staff	19.6
Training Needs Assessment (TNA) and intervention	8.8
Working under supervision	28.4
Internship	25.5
Orientation program	24.5

n=102

The opportunities for coaching and mentoring were rated fair in 36.3% corporations as shown in Table 4.19. The same were rated good and excellent in 29.4% and 14.7% corporations respectively.

Table 4.19: Rating Coaching and Mentoring Opportunities

Rating	Percent
None	12.7
Very poor	1.0
Poor	5.9
Fair	36.3
Good	29.4
Excellent	14.7
Total	100.0

n=102

In 5.9% corporations, these were rated very poor and the same were nonexistent in 12.7% corporations. The rating is poor compared with the rating for training opportunities. This may be due to the fact that coaching and mentoring has not been a key result area in performance contracting. It is less developed and appreciated in State Corporations. Majority of the respondent (95.1%) were of the opinion that employee career development has a positive influence on corporate performance. Only 1% of the respondents said that there is no positive influence while 3.9% did not respond to this question.

4.7.2 Regression on Employees' Career Development and Performance

The second objective of this study was to determine the influence of employees' career development on the performance of State Corporations in Kenya. The study hypothesized that:

H_{02}: There is no influence of employees' career development on performance of State Corporations in Kenya.

The model $Y = \beta_0 + \beta_1 X_1 + \varepsilon$ was applied in order to test this hypothesis. Where Y = Performance of State Corporation

β_0 = Performance of State Corporation in absence of employees' career development

β_1 = Coefficient of employees' career development

X_1 = Employees' career development

ε = Error term

Table 4.20 shows that the ability of career development to explain the variance in performance of State Corporation is explained by the constant ($\beta_0 = 0.310$, $p < 0.05$). It is further explained by the coefficient of employee career development ($\beta_1 = -0.504$, $p < 0.05$).

Table 4.20: Regression of Employees' Career Development and Performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	0.512	0.262	0.255	0.81439	1.956	
ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.315	1	23.315	35.154	.000
	Residual	65.660	99	0.663		
	Total	88.975	100			
Coefficients						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.310	0.081		3.831	.000
	Career development	-0.504	0.085	-0.512	-5.929	.000

Note: n=102, p< 0.05.

When the beta symbols in the equation are substituted with values from the model, the causal relationship for the two variables is depicted as follows:

$$Y = 0.310 - 0.504 X_1 + \varepsilon$$

The equation shows that as the value of the employees' career development increases, there will be a reduction in the value of performance of State Corporation score. Since a lower performance score is preferred, the implication is that improvements in employees' career development will lead to improvements in performance of State Corporation. The prediction power of this model is significant since both the constant and career development have $p < 0.05$. In the model, employees' career development explains approximately 26.2% of the variance in performance of State Corporations. The model is a good fit as shown through ANOVA since the F value equals 35.154 and $p < 0.05$. Based on these results, the null hypothesis is rejected and alternative hypothesis accepted that, there is statistically significant influence of employees' career development on performance of State Corporations in Kenya.

When individual constructs are considered, Table 4.21 shows that coaching and mentoring has a bigger influence on the change in the dependent variable with a β coefficient of -0.269, compared with training opportunities which has a β coefficient of -0.240.

Table 4.21: Employees' Career Development Constructs

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.245	.089		2.740	.007
	Training opportunities	-.240	.089	-.261	-2.713	.008
	Coaching and mentoring opportunities	-.269	.087	-.298	-3.103	.002

Note: n=102, $p< 0.05$.

4.7.3 Discussion on Employees' Career Development and Performance

The data on employees' career development shows that most corporations had opportunities for further training. This may be explained by the fact that staff training is a key result area in State Corporations. It is an item reflected in the performance contract in various sections including competency development, cross cutting issues and projects among others (Ministry of Devolution and Planning, 2013). Inclusion of training in the performance contract is mainly based on assumption that staff performance will improve after the training. This assumption is confirmed by empirical literature that has established a positive association between training and performance (Oduka, 2016; Muraga, 2015). The trainings were mainly short term due to the fact that those recommended in the performance contract are short term in nature. Secondly, following the Government freeze on new employments since 2013 (Olick, 2013), most State Corporations do not have adequate staffing to allow some staff undertake long term training. Most respondents rated the trainings in the good category. There were very few opportunities for benchmarking visits reported. Probably, this is because of the high cost involved since most employees prefer international benchmarking (Kasami, 2016).

Most corporations have established coaching and mentoring programmes. This pattern concurs with Munir et al (2011) argument in support of coaching and mentoring. This approach has also been recognized as one of the learning and growth strategy (Agarwal et al, 2006). There were fewer opportunities for coaching and mentoring compared with training opportunities. This may be explained by the fact that unlike training, coaching and mentoring is not a key result area in performance contracting (Ministry of Devolution and Planning, 2013). Coaching and mentoring have mainly assumed the form of working under supervisions and internship. This may be due to the fact that working under supervision is easy to implement requiring very little effort. Internship is a key result area in performance contracting and therefore gets prioritized (Ministry of Devolution and Planning, 2013). Approximately one third of the respondents rated these opportunities as fair, while almost a similar number gave the rating as good. Most respondents were of the opinion that employee career development has a positive influence on corporate performance as stated by Kennedy (2009).

The regression analysis shows that employees' career development accounts for 26.2% of the variance in the dependent variable. The ANOVA confirms that this model has a good fit and exists. Regarding individual constructs for the predictor variable, coaching and mentoring has a bigger influence on the change in the dependent variable compared with training opportunities. These findings are in agreement with those of Saifalislam et al (2014), Jordan et al (2012), Giauque et al (2013), Marete (2015) as well as Menon (2012). The scholars have established that staff training and career development are key practices that influence organization performance especially in the public sector organizations where usually, salaries and other benefits are lower compared with the private sector. The results are also in agreement with Muraga (2015) study findings.

The results of this study that employees' career development influences the performance of State Corporations in Kenya concurs with theoretical literature in strategic management. The motivation theory identifies employee advancement and growth as one of the motivators for performance (Herzberg et al, 2010). There is a close resemblance between employee growth and career development. The balanced score card model identifies several components that need to be assessed (Kaplan, 2010). One of these is the learning and growth component which examines training needs, training, coaching and mentoring as well as benchmarking visits among others. These components are elements of employees' career development. Performance prism model recognizes the role of stakeholders' capability in corporate performance. These capabilities can be enhanced in several ways amongst these training, coaching and mentoring or simply by addressing employees' career development. The balanced score card model identifies several components that need to be assessed in performance measurement (Kaplan, 2010). One of these is the learning and growth component. The findings of this study that career development influences corporate performance reinforces the principles of the balanced score card that learning and growth is essential component in performance measurement.

Career development is part of learning and growth. Therefore if career development influences performance of State Corporations, it follows that learning and growth cannot be ignored in performance measurement.

4.8 Employees' Performance Review and Corporate Performance

The third specific objective for the study was to ascertain the influence of employees' performance review on performance of State Corporations in Kenya. This section provides the findings on this variable.

4.8.1 Descriptive Characteristics on Employees' Performance Review

There were three constructs of employees' performance review. These are staff duty allocation, progress monitoring and staff performance appraisal. The first construct staff duty allocation, sought to assess whether tasks were allocated to the staff of the State Corporation and if so when, why and how this was done. The respondents were first required to state the quarter of the FY 2014/15 when duties outlined in the performance contract were allocated in the corporation. Table 4.22 shows that most corporations (85.3%) allocated duties in the first quarter, followed by those that allocated in the second quarter 10.8%. There were very few organizations that allocated duties in the third quarter (2%) and fourth quarter (1%) respectively.

Table 4.22: Staff Duty Allocation

Duties allocation period	**Percent**
Not allocated	1.0
Quarter 4	1.0
Quarter 3	2.0
Quarter 2	10.8
Quarter 1	85.3
Total	100.0
Reasons for duty allocation period	
Non response	6.9
Delays in signing performance contract	9.8
To ensure employees are clear with target	42.2
It is a policy	40.2
Organization newly established	1.0
Total	100.0

n=102

It is noteworthy that almost all the corporations with the exception of one allocated duties to staff members. Various reasons were given as to why the allocation of duties in the performance contract was done at a specific quarter. The most prominent reason mentioned by 42.2% respondents was to ensure that employees were clear with the target. Another key explanation stated by 40.2% respondents was that, it was a policy of the corporation to allocate duties at the period when this was done. Few respondents (9.8%) cited delays in signing performance contract as the main reason why there were delays in duty allocation, while 1% respondent indicated that the delay was due to the fact that the organization was newly established.

The study further investigated the methods used in allocation of the duties to staff members in the various State Corporations. Table 4.23 shows that in most corporations (64.7%) this was done in writing. This is the method that is mostly recommended in public service.

Table 4.23: Methods of Duty Allocation

Methods of Duty Allocation	Percent
Method	
N/A	1.0
Orally	4.9
In writing	64.7
Both in writing and orally	29.4
Total	100.0
Reasons for Method of Duty Allocation	
To ensure there was evidence of allocation	42.2
Non response	8.8
Complement work plan	7.8
Ensure understanding and commitment of employee	21.6
N/A	1.0
As per policy	18.6
Total	100

n=102

A substantial number of corporations (29.4%) allocated duties both in writing and orally, while few corporations (4.9%) allocated duties orally. The main reason for choice of method of duty allocation reported by 42.2% respondents was to ensure there was evidence of duty allocation. The second main reason reported by 21.6% respondents was to ensure staff understanding and commitment. This is so because staff can read the written communication several times and even clarify with their colleagues when issues are unclear. The third main reason was that this was done according to corporate policy as reported by 18.6% respondents. Few corporations cited the need to complement the work plan as reported by 7.8% respondents.

On the second construct which was progress monitoring a schedule is an important tool for ensuring that monitoring is done in a systematic, consistent and objective manner. It defines the aspects of staff performance that would be monitored, when, why this would be done including the indicators (Singh et al, 2017). The respondents were required to state the period in the FY when performance monitoring schedule was developed. Table 4.24 shows that in most cases, this was done in the first quarter as reported by 62.7% respondents, followed by the second quarter as reported by 26.5% respondents. These results underscore the importance that State Corporations attach to this schedule. There were few corporations (6.9%) where this was done in the third quarter while in 3.9% corporations, this was not done at all.

Table 4.24: Progress Monitoring

Progress Monitoring Schedule Development Period	Percent
N/A	3.9
Quarter 3	6.9
Quarter 2	26.5
Quarter 1	62.7
Total	100
Reasons for the Period of Developing Monitoring Schedule	
To facilitate timely monitoring of activities	46.1
Non response	9.8
It is the policy of the organization	30.4
Dependent on performance contract (PC) signing	3.9
To ensure staff clarity with the tool	5.9
N/A	3.9
Total	100
Rating Compliance with Progress Monitoring Schedule	
N/A	3.9
21%-40%	1
41%-60%	20.6
61%-80%	8.8
81%-100%	65.7
Total	100

n=102

The main reason reported by 46.1% respondents for the period of development of the progress monitoring schedule was to facilitate timely monitoring of activities. The second main reason was that, this was done according to corporate policy as reported by 30.4% respondents. The two reasons complement each other as they emphasize the need to develop the progress monitoring schedule early. Few respondents (3.9%) reported that development of the schedule was dependent on the signing of the performance contract.

The respondents were further asked to rate compliance with progress monitoring schedule. Majority of the corporation's (65.7%) reported compliance level of between 81% and 100%. This was followed by compliance level of between 41% and 60% reported by 20.6% respondents. There were 3% corporations that reported compliance level of between 61% and 80%. Very few organizations (1%) reported compliance level of between 21% and 40%. The results show high commitment to compliance with progress monitoring schedule by most corporations. This may be due to perception that monitoring is associated with corporate performance.

The third construct of staff performance review practices was performance appraisal. Table 4.25 shows that 74.5% corporations appraised between 80% and 100% of the staff during the FY 2014/15. There were 13.7% corporations that covered between 61% and 80% staff. There were very few corporations (3.9%) that covered less than 41% staff members. The high number of staff appraised reflects the Government policy that staff in all public institutions should be appraised.

Table 4.25: Staff Performance Appraisal

Staff Performance Appraisal	Percent
Staff Appraised	
0%-20%	2.9
21%-40%	1.0
41%-60%	7.8
61%-80%	13.7
81%-100%	74.5
Total	100.0
Justification for Staff Performance Appraisal	
Staff to be appraised by Chief Executive Officer or Board of Directors not appraised	1.0
Non response	15.7
Some staff did not fill the self-appraisal form due to various reasons	13.7
It is a policy to appraise all staff	58.8
Don’t Know	1.0
Too much work	2.9
Appraisal newly introduced	3.9
Some heads of staff slow in conducting appraisal	2.9
Total	100.0

n=102

The main reason for the percentage staff appraised was the policy to appraise all staff as reported by 58.8% respondents. There were 13.7% respondents who said that some staff did not fill the appraisal forms due to various reasons. Other reasons given by 3.9% and

2.9% respondents were that appraisal was newly introduced and there was too much work respectively. Further, 2.9% respondents said that some heads of departments were slow in conducting appraisal. Overall, most respondents (97.1%) were of the opinion that staff performance review improves corporate performance. Only 1% respondent stated that staff performance review has no effect on corporate performance, while 2% respondents did not answer this question.

4.8.2 Regression on Employees' Performance Review and Performance

The third objective of this study was to ascertain the influence of employees' performance review on performance of State Corporations in Kenya. It was hypothesized that:

H_{03}: There is no influence of employees' performance review on performance of State Corporations in Kenya.

The study applied model $Y = \beta_0 + \beta_1 X_1 + \varepsilon$ to test this hypothesis. Where Y = Performance of State Corporation

β_0 = Performance of State Corporation in absence of employees' staff performance review

β_1 = Coefficient of employees' staff performance review

X_1 = Employees' performance review

ε = Error term

Application of the model to predict the dependent variable using the independent variable is constructed using the constant ($\beta_0 = 0.180$, $p < 0.05$) and coefficient of staff performance review ($\beta_1 = -0.453$, $p < 0.05$) as shown in Table 4.26.

Table 4.26: Regression on Employees' Performance Review and Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.463	.214	.206	.84041	2.002

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.053	1	19.053	26.977	.000
	Residual	69.922	99	.706		
	Total	88.975	100			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
1	(Constant)	.180	.084		2.147
	Staff performance Review	-.453	.087	-.463	-5.194

n=102, $p< 0.05$.

When the beta symbols in the equation are substituted with values from the model the causal relationship for the two variables is depicted as follows:

$Y = 0.180 - 0.453X_1 + \varepsilon$

The equation shows that as the value of the employees' performance review increases, there will be a reduction in the value of the performance of State Corporation score. Since a lower performance score is preferred, the implication is that improvements in staff performance review will lead to improvements in performance of State Corporation. The prediction power of this model is significant since both the constant and rewards have $p < 0.05$. The model results show the predictive power of the independent variable over the dependent variable. From the model summary, employees' performance review explains 21.4% of the variance in the performance of State Corporations. The analysis of variance F statistics measures 26.977, with p value less than 0.05 meaning the model is true and exists. Therefore, the null hypothesis is rejected and alternative hypothesis accepted that, there is a significant influence of employees' performance review on performance of State Corporations in Kenya.

Regression of the constructs of the predictor variable of the dependent variable is shown on Table 4.27. The results indicate that staff duty allocation has greater influence on the dependent variable (β = -0.209) compared with other constructs. This is followed by performance appraisal (β = -0.193) and progress review (β = -0.181) respectively.

Table 4.27: Regression of Employees' Performance Review on Performance

		Unstandardized Coefficients		**Standardized Coefficients**		
Model		**B**	**Std. Error**	**Beta**	**T**	**Sig.**
1	(Constant)	.197	.089		2.215	.029
	Staff duty allocation	-.209	.094	-.225	-2.218	.029
	Progress monitoring	-.181	.087	-.202	-2.084	.040
	Performance appraisal	-.193	.091	-.213	-2.130	.036

Note: n=102, p< 0.05.

4.8.3 Discussion on Employees' Performance Review and Performance

Duty allocation to staff is recommended by the Government and highlighted in the guidelines for performance contracting (Ministry of Devolution and Planning, 2013). The process involves assigning of responsibilities to employees (Aswathappa, 2013). The data on employees' performance review practices shows that duties outlined in the performance contract were mainly allocated in the first quarter in most corporations. This was to ensure the staffs were clear with the targets. It was also in accordance with the policies of most corporations. Early allocation of duties allowed staff sufficient time to integrate the duties in their annual work plan. It is also in line with the findings of the study by Zoethout and Jager (2010) that established a relationship between task allocation and performance. In most cases, the duties were allocated in writing in order to ensure evidence of allocation and maintain a permanent record. This serves as a point of reference which is essential during staff performance appraisal as it provides the basis for this process. Duty allocation in writing is the recommended method in official business though there is no harm in complementing this approach with other methods (Siddiqui, 2014).

Most corporations developed progress monitoring schedule in the first quarter of the FY. This concurs with the recommendation made by Singh et al (2017). The main reason why it was done at this time was to ensure timely monitoring of activities. The second aspect of doing this early was to give staff more time to internalize and use the schedule. A probe on monitoring of performance schedule indicated over 80% compliance in most corporations. This is high compliance underscoring the importance attached to this process, probably because of the general perception that it has a significant influence on corporate performance. This is very important since empirical literature has established a relationship between monitoring and evaluation in State–Owned Enterprises and performance (Sanusi et al, 2016).

Most corporations stated that they conducted staff appraisal covering over 80% staff members. The high percentage of staff appraised was motivated by existing Government policy framework. This required all staff to be appraised (Ministry of Devolution and Planning, 2013). The framework recommends that performance contract duties be linked to staff appraisal. Most respondents expressed the opinion that staff performance review has a positive influence on performance of State Corporations. This view is confirmed by existing empirical literature (Iqbal et al, 2013; Tan & Nasurdin, 2011; Kumar, 2014; Jamil & Raja, 2011).

The multiple regression model show that, employees' performance review explains 21.4% of the variance on performance of State Corporation. Further, it was established that staff duty allocation has more influence on the dependent variable. Performance appraisal was second followed by progress review. These findings are similar to those of Tan and Nasurdin, (2011) and Muraga, (2015). The results differ from those of Alvi et al, (2013) study which established no relationship between performance review and corporate performance. This difference may be explained by the fact that the scholars conducted their study in a private company namely Pakistan International Airline and the sample size was very small constituting 34 respondents. Culbert, (2008) has also expressed that staff performance review does not improve performance. Though the opinion contradicts the findings on this study, it cannot be taken seriously as it is not based on empirical data. These results support the theoretical literature in strategic management. The contingency theory states that there is no one way of managing an organization as each situation is unique (Fiedler, 1967).

Performance of an organization is dependent on the best combination of factors for each situation. The theory states that organizational designs and other management information systems interact with contingent and intervening variables to determine performance (Islam & HU, 2012). The components of organizational control package include accounting information system, management information system, organization design and other control arrangements. The management information system addresses monitoring processes put in place in line with the finding of this study that staff performance review influence corporate performance. The results of the study thus confirm the argument of contingency theory.

The RBV theory states that resources are the most essential ingredients in an organization (Madhani, 2010). The argument is that organizations with more resources perform better compared with those with fewer resources. Critics have argued that while resources are important, most important is utilization of the same. The argument is that if resources are not well utilized, this will not have significant impact on performance. Staff performance review essentially addresses utilization of human resources. Through staff performance review, corporate and individual targets are set. A monitoring process is put in place and appraisal done to assess performance. This process enhances proper resource utilization. This supports the RBV theory which emphasizes the role of resources in this case human resource in performance improvement. Finally, the performance prism model identifies five factors that influence corporate performance (Neely et al, 2002). One of these factors is organizational processes which include staff performance review in agreement with the results of this study.

4.9 Employees' Reward and Performance

Employees' rewards are the benefits or gains enjoyed by employees in the work environment. This section provides the findings on this variable.

4.9.1 Descriptive Statistics on Employees Reward

Two constructs were identified for the measurement of employees' reward. These are financial rewards and non-financial rewards. This section presents descriptive statistics on these constructs. Most corporations (77.5%) were providing performance rewards (financial or non-financial) to staff as shown on Table 4.28. These rewards were offered over and above the salary pay. Reward types differed in different organizations though these could be categorized as financial and non-financial. Financial rewards were provided in 53.9% corporations while non-financial rewards were provided by 68.6% corporations. There were 45.1% corporations that provided both financial and non-financial rewards.

Table 4.28: Employees Reward

Reward Type and Target	**Percent**
Reward type	
Financial reward	53.9
Non-financial reward	68.6
Financial or non-financial reward	77.5
Financial and non-financial reward	45.1
Target	
Individual	70.6
Group	49
Both individual and group	42.1

n=102

Rewards in State Corporations were provided to individuals, groups and in some cases both benefited. However, most rewards were targeted at individuals (70.6%), followed by groups (49%). The least target was both individuals and groups at 42.1%. The respondents recommended various rewards to promote corporate performance as shown in Table 4.29. Cash and vouchers were mentioned by most respondents (39.2%). This was followed by recognition (24.5%), promotion (23.5%) and holiday (17.6%) respondents.

Table 4.29: Additional Rewards Recommended

Additional rewards	Percentage
Promotion	23.5
Team building	3.9
Recognition	24.5
Training	11.8
Cash and vouchers	39.2
Holiday	17.6
Certificate	5.9
Team reward	1

n=102

These results show that some respondents advocated financial while others were for non-financial rewards. The main reasons why some corporations did not provide rewards as shown in Table 4.30 were that policy had not been developed 10.8% and budgetary constraints 9.8% respondents respectively.

Table 4.30: Reason for not Providing Rewards

Reason	Percent
Policy not developed	10.8
N/A	77.4
Budget constraint	9.8
Not approved by the corporation	1.0
Don’t know	1.0
Total	100.0

n=102

These are genuine concerns for without a policy, management would be contravening the rules if they provide rewards. It would also not be clear on who to get the rewards as setting the criteria would be a challenge. Similarly without a budget provision, it would not be possible to provide rewards especially the tangible ones. Almost all the respondents (96.1%) said that provision of rewards improves corporate performance. The argument is that rewards increase the level of staff motivation. There were very few respondents (3.9%) who did not answer this question.

4.9.2 Regression on Employees Reward and Performance

The fourth objective of this study was to identify the influence of employees reward on performance of State Corporations in Kenya. It was hypothesized that:

H_{04}: There is no influence of employees' reward on performance of State Corporations in Kenya.

The model $Y = \beta_0 + \beta_1 X_1 + \varepsilon$ was fitted to test this hypothesis.

Where Y = Performance of State Corporation

β_0 = Performance of State Corporation in absence of employees' rewards

β_1 = Coefficient of employees' rewards

X_1 = Employees' Rewards

ε = Error term

Application of the model ability to predict the dependent variable using the predictor variable is constructed using the constant ($\beta_0 = 0.179$, $p < 0.05$) and coefficient of employees' reward ($\beta_1 = -0.405$, $p < 0.05$) as shown in Table 4.31.

Table 4.31: Regression of Employees' Reward and Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.472	.223	.215	.83557	1.979

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.856	1	19.856	28.440	.000
	Residual	69.119	99	.698		
	Total	88.975	100			

Coefficients						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	.179	.084		2.144	.034
	Employees' Reward	-.405	.076	-.472	-5.333	.000

Note: n=102, $p < 0.05$.

After substitution of the beta values in the equation with the actual values from the model, the causal relationship for the two variables is depicted as follows:

$$Y = 0.179 - 0.405 X_1 + \varepsilon$$

The equation shows that as the value of the employees' reward increases, there will be a reduction in the value of performance of State Corporation score. Since a lower performance score is preferred, the implication is that improvements in rewards will lead to improvements in performance of State Corporation. The prediction power of this model is significant since both the constant and rewards have $p < 0.05$. Thus, the null hypothesis is rejected and alternative hypothesis accepted that, there is a statistically significant influence of employees' reward on performance of State Corporations in Kenya. The model shows that employees' rewards explain 22.3% of the variance observed in performance of State Corporation. The ANOVA indicates that the model is a good fit and exists ($F = 28.440$, $p < 0.05$).

When the constructs for employees' rewards were considered, financial reward had a greater influence on performance with a β value of -0.349 compared with non- financial reward with a β value of -0.292 as shown on Table 4.32.

Table 4.32: Regression for Employees' Reward Constructs on Performance

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	.271	.091		2.984	.004
	Financial reward	-.349	.098	-.377	-3.551	.001
	Non-financial reward	-.292	.112	-.321	-2.611	.010

Note: n=102, $p< 0.05$.

4.9.3 Discussion on Employees' Reward and Performance

Most corporations provided employees with rewards. Provision of rewards is supported by Government policy and hence included in the performance appraisal guideline recommended for use by State Corporations (Public Service Commission, 2016). Therefore, those corporations that provided rewards were merely complying with the policy. This is also consistent with the popular belief which has also been confirmed through empirical literature, that provision of rewards will lead to improvements in performance score (Edirisooriya, 2014). Rewards were mainly targeted at individuals followed by teams. Though some literature has argued that rewards targeted at teams are more effective compared to those that are targeted at individuals (Zobal, 1999), this point of view does not seem to have influenced the management in most State Corporations. It was noted that some organizations provided rewards to both teams and individual staff.

The main additional rewards recommended were cash and vouchers followed by recognition. It is interesting to note that money features highly as a motivator in this context. Current literature has mixed signals on the role of money as a motivator. The main argument is that money serves as a motivation as far as the basic needs have not been met (Kulchmanov & Kaliannan, 2014). These needs include food, water, and shelter according to Maslow hierarchy of needs. Once these needs are satisfied, money ceases to be a motivator. It is therefore possible that respondents who advocated cash as additional reward are still struggling to meet the basic needs, while those that advocated non cash rewards have already satisfied the basic needs. The main reasons for not providing rewards were lack of policy and financial constraints. These reasons are self-afflicted as State Corporations are responsible for planning their own budgets. Therefore, failure to include rewards in the budget cannot be blamed on any other party. Secondly, there is a Government policy that State Corporations should provide rewards to staff for good performance (Public Service Commission, 2016). Therefore, failure to develop an internal policy on the same can only be attributed to weaknesses in the particular State Corporations. Majority of the respondents were of the opinion that provision of rewards improves the performance of State Corporation. This view has been confirmed by existing empirical literature (Muraga, 2015).

Regression results show that employees' rewards explain 22.3% of the variance in performance of State Corporation with ANOVA confirming the model is good fit and exists. Similarly, regression of the constructs for employees' rewards show that, financial reward had a greater influence on performance compared with non- financial rewards. Employees' rewards can therefore be used to predict the dependent variable. This finding is supported by other scholars (Muraga, 2015; Ali & Ahmed, 2009). The results contradict the findings of Njanja et al, (2013) study that established no relationship between staff bonuses and corporate performance. The difference may be due to the fact that the scholars studied only one State Corporations in Kenya.

The finding of this study that employees reward influences performance of State Corporations confirms the principles of theories in strategic management. The motivation to work theory states that there are motivation and hygiene factors. Recognition is acknowledged as one of the motivation factors (Herzberg et al, 2010). Recognition constitutes a reward to workers. The performance prism model identifies five determinants of performance (Neely et al, 2002). These are stakeholders' satisfaction, strategies, processes, capabilities and stakeholders' contribution. Stakeholders include corporate employees. Acknowledging stakeholders' satisfaction is an appreciation of factors contributing to this satisfaction and therefore rewards recognition.

4.10 Influence of Strategic Human Resource Management Practices on Performance

This section provides the findings on strategic human resource management practices. It includes descriptive statistics, regression analysis and discussion of results.

4.10.1 Descriptive Results on Performance of State Corporations

The results of State Corporation performance are shown in Table 4.33. According to performance evaluation guidelines FY 2014/15, a high score means poor performance and vice versa. The mean performance on the overall composite score was 2.860 (SD=0.367). The gap between the best and worst performers ranged from 1.982 to 3.929.

Table 4.33: Performance of State Corporation

Parameters	Minimum	Maximum	Mean	SD	Skewness	Kurtosis
Finance and stewardship	0.027	2.063	0.440	0.412	2.813	7.202
Service delivery	0.047	0.888	0.454	0.109	-1.444	8.09
Achievement of strategic objectives	0.15	2.2	1.323	0.384	-0.747	0.052
Performance contract composite score	1.982	3.929	2.860	0.367	0.675	1.045

n=102

Finance and stewardship scored a mean of 0.440(SD = 0.412). Service delivery scored a mean of 0.454(SD = 0.109) while achievement of strategic objectives attained a mean of 1.323 (SD = 0.384). Most respondents (61.8%) did not recommend additional areas for evaluation as shown in Table 4.34. For those who made recommendations, key areas were corporate impact 16.7% respondents and staff/ students' welfare matters 5.9% respondents.

Table 4.34: Recommended Parameters of Corporate Performance Evaluation

Recommended parameters	Percent
Collaboration with other stakeholders	1.0
Sustainability of operations	1.0
Utilization of social media	1.0
Staff commitment	2.0
Performance of Board of Directors	2.0
Organization structure and staff establishment	2.0
Strategic planning	2.0
Stakeholders perception of organization	2.0
Value for money/ efficiency	2.9
Staff and student welfare maters	5.9
Corporation impact	16.7
None	61.8
Total	100

n=102

4.10.2 Regression of SHRM Practices on Performance

Table 4.35 shows regression analysis of the predictor variable on the dependent variable. The predictive power of the model is derived from the constant and coefficients of the specific SHRM practices parameters. The negative sign on the variables of SHRM means that improvement in SHRM practices is associated with reduction in performance of State Corporation score. Therefore, as the SHRM practices improve, there is improvement in performance of State Corporation score as lower score is preferred.

Table 4.35: Regression of SHRM on Performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.758	.575	.558	.627	1.997	
ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	51.183	4	12.796	32.504	.000
	Residual	37.792	96	.394		
	Total	88.975	100			

Coefficients						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	.177	.063		2.802	.006
	Recruitment and selection process	-.194	.057	-.239	-3.399	.001
	Career development	-.371	.069	-.377	-5.378	.000
	Staff performance review	-.234	.069	-.239	-3.360	.001
	Rewards	-.298	.060	-.347	-5.004	.000

$n=102$, $p< 0.05$.

The model is thus constructed as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: Y = Performance of State Corporation

β_0 = Performance of State Corporation in absence of SHRM practices

β_1 = Coefficient of employees' recruitment and selection

β_2 = Coefficient of employees' career development

β_3 = Coefficient of employees' performance review

β_4 = Coefficient of employees' rewards

X_1 = Employees' recruitment and selection process

X_2 = Employees' career development

X_3 = Employees' performance review

X_4 = Employees' reward

ε = Error term

Substituting the beta values with the coefficients derived from the regression model changes the model as follows:

$$Y = 0.177 - 0.194 X_1 - 0.371 X_2 - 0.234 X_3 - 0.298 X_4 + \varepsilon$$

The predictor variable explains 57.5% of the variance in the performance of State Corporation. This model is true and exists as reflected by the ANOVA, F value of 32.504, $P < 0.05$.

4.10.3 Discussion on SHRM Practices and Performance

The results of State Corporation performance show that the mean composite score was in the very good category. There is a big range between the best and poor performers meaning some institutions could learn from others. Regression results show that human resource management explains 57.5% of the variance in the dependent variable. The ANOVA confirms that the model has a good fit and exists. These findings are significant at 95% confidence level. The model can be used to predict the dependent variable. The results are supported by the current empirical literature (Tiwari & Saxena, 2012; Tan & Nasurdin, 2011; Bucˇiuniene & Kazlauskaite, 2009; Moideenkutty et al, 2009; Waiganjo et al, 2012; Muraga, 2015). These findings contradict the results of Chang and Huang (2005) study which established that the relationship between human resource management practices and corporate performance is not universalistic but contingent on various factors. The difference in results could be explained by the fact that the study targeted Taiwanese 235 private firms.

The results that human resource management practices influence performance of State Corporations in Kenya are consistent with theoretical literature in strategic management. The contingency theory (Fiedler, 1967) recognizes organizational process as determinants of corporate performance. These are grouped under the umbrella named organizational control package. This package includes human resource practices implying this has influence on corporate performance. The resource based view theory recognizes the role of resources available to a firm in determining performance (Madhani, 2010). Human beings constitute resources available confirming the importance of this resource in corporate performance. Performance prism model recognizes the value of stakeholders' satisfaction and contribution in determining corporate performance (Neely et al, 2002). Stakeholders include the staff of an organization and therefore the theory indicates human resources influences corporate performance.

4.11 Strategic Planning and Performance of State Corporations

The fifth strategic objective for the study was to establish the moderating influence of strategic planning on the relationship between SHRM practices and performance of State Corporations in Kenya. This section provides the findings on strategic planning.

4.11.1 Descriptive Statistics on Strategic Planning and Performance

There were two parameters for strategic planning namely strategic plan developed and strategic plan implementation. This section presents descriptive statistics on these constructs. With regard to the first construct, the respondents were required to state whether the corporation had a valid strategic plan during the FY 2014/15. The data shows that out of the 102 corporations, most (97.1%) had a valid strategic plan with only 2.9% not having a plan. This is expected as the Government has laid much emphasis on development of strategic plan for all State Corporations. This has been included in performance contract guideline as a key result area. The plan provides the future corporate direction while minimizing deviations. The respondents were required to state who was involved in the development of the strategic plan. Figure 4.4 shows staff members in 100% corporations took part in the development of the strategic plan. Board members took part in 60.6% corporations while other stakeholders and consultants took part in 30.3% and 28.3% corporations respectively.

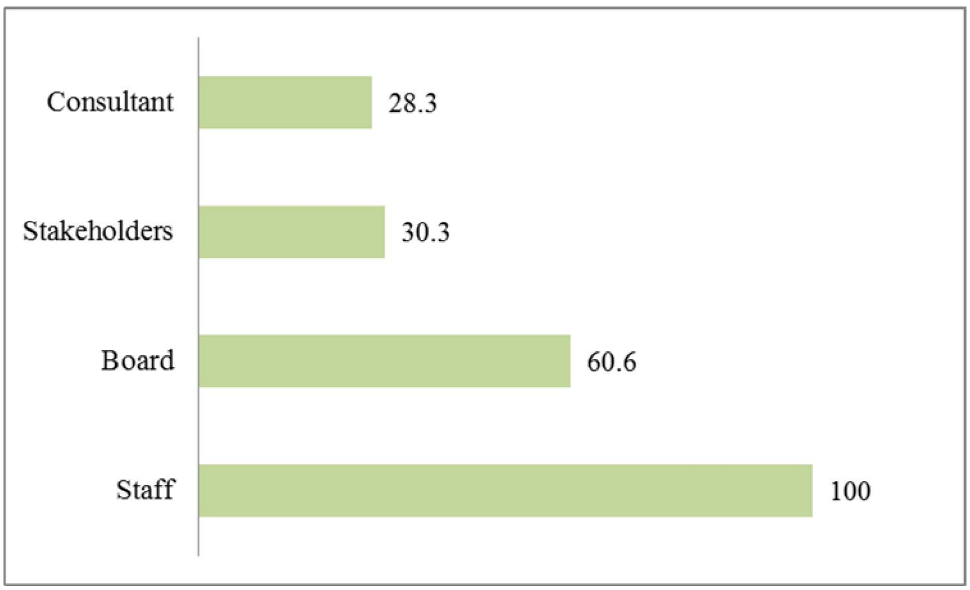

Figure 4.4: Percentage Involvement in Development of Strategic Plan

It is surprising to note that significant Board members did not participate in the development of strategic plan in some corporations. This being a document that guides the corporate entity, its development fits well within the mandate of the Board.

With regard to the second construct strategic plan implementation, Table 4.36 shows the various methods used to cascade strategic plan. Cascading where sensitization forums/meetings were used has the highest score at 57.6% respondents, followed by email/memos and distribution of hard copies at 35.4% and 27.3% respondents respectively.

Table 4.36: Cascading of Strategic Plan

Method and period of cascading strategic plan	**Percent**
Method of cascading strategic plan	
Launch	15.2
Email/ memo	35.4
Hard copy	27.3
Sensitization forum/ meeting	57.6
Website	19.2
Period of cascading strategic plan	
Not cascaded	5.1
Quarter 4	2.0
Quarter 3	4
Quarter 2	14.1
Quarter 1	74.7
Total	100.0

n=99

Further, respondents were required to provide information on the quarter of the FY 2014/2015 when the strategic plan was cascaded to staff members. In most corporations, (74.7%) respondents said that cascading was done in the first quarter, followed by the second quarter reported by 14.1% respondents. There were very few corporations that cascaded strategic plan in the fourth and third quarter as reported by 2.0% and 4% respondents respectively. The reasons why the strategic plan was cascaded at the period when it was done are provided Table 4.37. In most cases (47.5%), this was done in order to align the activities with the performance contract and annual work plan. Another key reason was to allow staff to plan for activities to be undertaken during the FY as mentioned by 22.2% respondents. Few respondents (8.1%) stated that this period was dictated by corporation policy.

Table 4.37: Reason for Period of Cascading Strategic Plan

Reasons for period of cascading strategic plan and methods	Percent
Reason for period of cascading strategic plan	
It was aligned to PC and work plan	47.5
This is when it was finalized	7.1
Non response	11.1
To allow staff plan activities for FY	22.2
Done as per policy	8.1
Done after negotiation for the PC	3
Done during launch/ induction	1
Total	100
Method of cascading strategic plan	
Orally and in writing	44.4
In writing	37.4
Orally	13.1

Reasons for period of cascading strategic plan and methods	Percent
Reason for period of cascading strategic plan	
It was aligned to PC and work plan	47.5
This is when it was finalized	7.1
Non response	11.1
To allow staff plan activities for FY	22.2
Done as per policy	8.1
Done after negotiation for the PC	3
Done during launch/ induction	1
Non response	5.1
Total	100

n=99

Cascading of the strategic plan was mainly done orally and in writing 44.4% respondents. There were also incidences when this was done in writing 37.4% respondents and also when it was done orally 13.1% respondents. The respondents were also asked to state the percentage of strategic planning activities that were implemented during the FY 2014/15. The responses are shown in Table 4.38. This shows that 41.4% corporations accomplished between 81% and 100% of the planned activities.

Table 4.38: Percentage of the Strategic Plan Implemented and Involvement

Strategic plan implementation and involvement	Percent
Strategic plan implementation	
0%-20%	8.1
21%-40%	10.1
41%-60%	17.2
61%-80%	23.2
81%-100%	41.4
Total	100.0
Involvement in strategic plan implementation	
Stakeholders	9.1
Board	12.1
Staff	99

n=99

There were 23.2% corporations that accomplished between 61% and 80% of the activities while 17.2% corporations accomplished between 41% and 60% activities. On the same construct, the respondents were asked to state who took part in the implementation process. Majority of the corporation's 99% involved staff in the implementation of the strategic plan. Board members were involved in 12.1% corporations while stakeholders were involved in 9(9.1%) corporations. Most corporations (97.1%) had a valid strategic plan during the FY 2014/15. The few that did not have a valid strategic plan (2.9%) explained that this was in the process of being developed and hence not completed. Finally, the respondents were asked to state the influence of strategic planning on corporate performance. Majority (98%) reported that strategic planning has a positive influence on corporate performance. There were 2% corporations that did not respond to this question.

4.11.2 Correlation on Strategic Plan and Performance

The correlation results in Table 4.39 show that as strategic plan improves, there is a reduction in the performance composite score. Since a lower score is preferred, improvement in the predictor variable improves the dependent variable and vice versa. This is significant at 95% confidence level ($r = -0.448$, $p < 0.05$). Similarly, the constructs of the predictor variable have a similar relationship with the dependent variable. Strategic plan has a correlation coefficient of -0.304, $p < 0.05$ while strategic plan implementation has a coefficient of -0.300, $p < 0.05$.

Table 4. 39: Correlation on Strategic Plan and Performance

Variable	Type	Coefficient	Performance
Strategic plan	Predictor variable	Pearson Correlation	-.448**
		Sig. (2-tailed)	0.00
Strategic plan developed	Construct	Pearson Correlation	-.304**
		Sig. (2-tailed)	.002
Strategic plan implementation	Construct	Pearson Correlation	-.300**
		Sig. (2-tailed)	.002
**. Correlation is significant at the 0.05 level (2-tailed)			

n=102

This means that strategic plan development and implementation reduces the performance contract composite score implying improved performance since lower scores are more preferred.

4.11.3 Regression on Strategic Plan and Performance

The moderating variable for this study was strategic planning. The study sought to first identify the influence of strategic planning on performance of State Corporations in Kenya. The ability of strategic planning to explain the variance in performance of State Corporation is explained by the constant (β_0 = 0.266, $p < 0.05$) and coefficient of strategic planning (β_1 = -0.380, $p < 0.05$) as shown on Table 4.40.

Table 4.40: Regression of Strategic Plan and Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.448	.200	.192	.90307	2.020

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.448	1	20.448	25.073	.000
	Residual	81.553	100	.816		
	Total	102.000	101			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.266	.090		2.946	.004
	Strategic planning	-.380	.076	-.448	-5.007	.000

Note: n=102, p< 0.05.

Thus, the causal influence for the two variables is depicted as $Y= \beta_0 + \beta_1 X_1 + \varepsilon$. Where Y = Performance of State Corporation

β_0 = Performance of State Corporation in absence of strategic planning

β_1 = Coefficient of strategic planning

X_1 = Strategic planning

ε = Error term

When the values in the model are fitted, it reflects as follows:

$Y = 0.266 - 0.380 X_1 + \varepsilon$

The models shows that improvements in strategic planning will lead to improvements in performance of State Corporation score as lower scores are preferred. The prediction power of this model is significant at 95% confidence level since both the constant and strategic planning have $p < 0.05$. This implies there is a statistically significant influence of strategic planning on performance of State Corporations in Kenya. The model summary shows that the predictor variable explains 20% of the variance in the independent variable namely performance of State Corporation. The model is a good fit and exists ($F = 25.073$, $p < 0.05$). When the construct for the predictor variable were regressed on the dependent variable the results were as shown on Table 4.41. These shows that development of a strategic plan has a bigger influence ($\beta = -0.203$) on performance compared with strategic plan implementation ($\beta = -0.193$).

Table 4.41: Regression of Strategic Planning Constructs on Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.198	.094		2.096	.039
	Strategic plan developed	-.203	.094	-.220	-2.153	.034
	Strategic plan implementation	-.193	.093	-.212	-2.077	.040

Note: n=102, $p < 0.05$.

4.11.4 Discussion on Strategic Plan and Performance

Most corporations had a valid strategic plan. This is because the Kenya Government policy recommends each State Corporation to have a strategic plan. The performance contract guidelines for the 10th cycle recommended organizations that did not have a strategic plan to include this as an activity during the FY 2013/14 (Ministry of Devolution and Planning, 2013). Staff members in all corporations took part in the development of the plan while Board members took part in slightly over a half of the State Corporations. The low involvement of Board members is worrying as this may affect ownership of this document. Kaissi and Bengun, (2008) have emphasized the need for different stakeholders to own the strategic plan document. Low participation of stakeholders in strategic planning is not unique to Kenya and has been observed in South Africa by Maanya (2012). Strategic plan was mainly communicated through sensitization forums/ meetings. According to Childress, (2010), it is very important to publicize the strategic plan widely so that its implementation is taken up by many stakeholders. Failure to do so confines implementation to few people. In most corporations, the plan was cascaded in the first quarter of the FY. This was mainly to allow alignment to the performance contract and work plan. This is in line with the views of Haines (2000) that strategic plan should fit with the business plans of the various units. Cascading of strategic plan is important to allow a wide range of stakeholders participate in its implementation. Enos (2010) recommends that strategic plan should be cascaded to cover all employees of the organization. There is emphasis that the vision and specific objectives should be prioritized. The plan was mainly cascaded orally and in writing. The two methods complemented each other to ensure better understanding.

On implementation of the plan, almost a half of the State Corporations achieved performance of over 80% of the target set during the FY. Mostly, it was staff members who were involved in the implementation of the strategic plan. This may be due to the fact that according to *"Mwongozo"* code of conduct, management undertakes the day to day operations while the board is mainly involved in strategic matters (Republic of Kenya, 2015). The few organizations that did not have a strategic plan explained that it was being developed. Majority of the respondents were of the opinion that strategic planning has a positive influence on corporate performance. This view is confirmed by existing empirical literature (Kaissi & Bengun, 2008; Schwenk & Shrader, 1993)

Correlation analysis shows that strategic planning improvements lead to improvements in performance of State Corporations. Similarly, the constructs for strategic planning namely strategic plan developed and strategic plan implementation had a similar relationship with the dependent variable. The former has a stronger relationship compared with the latter. These findings are supported by the current literature (Ogunmokun & Tang, 2012; Poister, 2010; Kaissi & Bengun, 2008)

The regression model shows that strategic planning explains 20% of the variance in the dependent variable. This model is a good fit and significant at 95% confidence level meaning strategic planning influences performance of State Corporations. The results are similar to those of other scholars who have stated that strategic plan implementation enhances a firm's competitive advantage against rivals (Hill & Jones, 2009; Olanipekun et al, 2015). The results contradict the findings of Song et al (2011). These scholars have stated that new product development requires one to think outside the box which is contrary to the principles of strategic planning. Their study covered 227 private firms and this may explain the differences in results with this study. Gathenya (2012) study findings also established a negative moderation effect of strategic management process on performance probably because the study targeted small and medium enterprises.

These finding that strategic planning influences performance of State Corporations in Kenya concur with several theories in strategic management. The resource based view theory (Madhani, 2010) states that corporate performance is influenced by resources available. Strategic plan is one of the resources and therefore by extension this does influence corporate performance. The performance prism model recognizes strategies as one of the elements of a firms' performance. The balanced score card model (Kaplan, 2010) states that performance should be assessed from the financial, internal business process, learning and growth and customer focus. These elements should be linked to corporate vision and strategy underscoring the need for strategic planning.

4.12 Moderation of Strategic Planning on SHRM and Performance

The fifth objective of this study was to establish moderation influence of strategic planning on the relationship between SHRM practices and performance of State Corporations in Kenya. This section provides the findings of the study.

4.12.1 Moderation Analysis

Baron and Kenny (2008) state that moderation occurs if a relationship between two variables changes significantly with the introduction of a third variable in a model. The fifth hypothesis was that:

H05: There is no significant moderation influence of strategic planning on the relationship between SHRM practices and performance of State Corporations in Kenya.

Table 4.42 show the moderation effect of strategic planning on the relationship between SHRM practices and performance of State Corporations. Model 1 shows the results of the SHRM practices on performance of State Corporations. The correlation results r = -0.758 depict a strong correlation.

Table 4.42: Moderated Regression of Strategic Planning against SHRM

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.758	.575	.558	.62743	.575	32.504	4	96	.000
2	.805	.649	.614	.58598	.074	3.812	5	91	.004

n=102, p< 0.05

The variance in the dependent variable explained by the predictor variables is 57.5%. This model is significant (F = 32.504, p < 0.05). Model 2 shows the effect of introduction of strategic planning as a moderating variable. This changes the correlation coefficient from r = 0.758 to r = 0.805. The variance in the dependent variable explained by the predictor variables also changes from 57.5% to 64.9%. This model is significant (F = 3.812, p < 0.05). This implies that State Corporations that had a valid strategic plan and implemented the same well achieved better results. Analysis of variance was conducted to assess the significance of this model. Table 4.43 shows that both model 1 and 2 are true models and exist. This is confirmed by the ANOVA F = 32.504, p < 0.05 for model 1 and F = 17.597, p < 0.05 for model 2 respectively.

Table 4.43: Moderated Regression of Strategic Planning against SHRM

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	51.183	4	12.796	32.504	.000
	Residual	37.792	96	.394		
	Total	88.975	100			
2	Regression	56.506	9	6.278	17.597	.000
	Residual	32.469	91	.357		
	Total	88.975	100			

n=102, $p < 0.05$

The model $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 (X_1 \text{ x } X_2) + \varepsilon$ was applied in order to test the hypothesis.

Where Y= Performance of State Corporations

X_1 = SHRM practices

X_2 = Strategic planning.

β_0 = Performance of State Corporation in absence of SHRM practices and strategic planning

β_1 = Coefficient of SHRM practice

β_2 = Coefficient of strategic planning

β_3 = Coefficient of the SHRM and strategic planning interaction parameter

ε = Error term

The response in the dependent variable Y was given by the two variables X_1 and moderator variable X_2. In this equation, the role of moderator variable was known by evaluating β_3, which is the interaction term parameter estimate. Introduction of the moderation of strategic planning changes the equation as follows:

$$Y = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 (X_1 \times X_5) + \beta_7 (X_2 \times X_5) + \beta_8 (X_3 \times X_5) + \beta_9 (X_4 \times X_5) + \varepsilon$$

Where: Y = Performance of State Corporation,

X_1 = Recruitment and selection process,

X_2 = Career development,

X_3 = Staff performance review,

X_4 = Reward

X_5 = Strategic plan.

Table 4.44: Moderated Coefficients of Strategic Planning against SHRM

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.177	.063		2.802	.006
Recruitment and selection process	-.194	.057	-.239	-3.399	.001
Career development	-.371	.069	-.377	-5.378	.000
Performance review	-.234	.069	-.239	-3.360	.001
Rewards	-.298	.060	-.347	-5.004	.000
2 (Constant)	.143	.064		2.219	.029
Recruitment and selection process	-.138	.066	-.170	-2.088	.040
Career development	-.345	.070	-.351	-4.937	.000
Staff performance review	-.258	.067	-.263	-3.845	.000
Rewards	-.257	.059	-.300	-4.361	.000
Strategic plan	-.145	.054	-.192	-2.700	.008
Recruitment and selection process x strategic plan	-.182	.071	-.239	-2.568	.012
Career development x strategic plan	-.142	.070	-.191	-2.026	.046
Performance review x strategic plan	-.147	.068	-.200	-2.165	.033
Rewards x strategic plan	-.137	.057	-.222	-2.395	.019

n=102, $p< 0.05$

The coefficients of the regression model are depicted in Table 4.44. When these are fitted in this equation, the resulting moderation causal analysis is as follows:

$$Y = 0.143 - 0.138\,X_1 - 0.345\,X_2 - 0.258\,X_3 - 0.257\,X_4 - 0.145\,X_5 - 0.182\,(X_1 \times X_5) - 0.142(X_2 \times X_5) - 0.147\,(X_3 \times X_5) - 0.137(X_4 \times X_5) + \varepsilon$$

In this equation, the p value < 0.05 for all the variables meaning the relationship is statistically significant. Based on these results, the null hypothesis is rejected and alternative hypothesis accepted that, there is a significant moderation influence of strategic planning on the relationship between SHRM practices and performance of State Corporations in Kenya.

4.12.2 Discussion on the Moderating Analysis of Strategic Planning

The moderation of strategic planning on the relationship between human resource management practices and performance of State Corporation increases the capability of the predictor variable in explaining the variance in the dependent variable. The regression analysis show that with moderation, the predictor variable explains 64.9% of the variance in the dependent variable as opposed to 57.5% when there is no moderation effect. The ANOVA shows that this model has a good fit in predicting the dependent variable. The implication is that State Corporations that have a valid strategic plan and implement the same experience better performance. This finding is similar to that of a study done by Richard and Johnson (2001) where they established that strategy moderation enhances the relationship between strategic human resource management practices and performance. They have argued that the moderation reduces staff turnover thus improving market performance. The results are also in agreement with the strategic human resource management theories which emphasize the need to link the human resource management practices and corporate strategy (Armstrong, 2006).

4.13 Determination of the Optimum Model

The conceptual model has been revised to reflect the optimum model shown as Figure 4.5. In this model, employee career development is placed on top as it has the greatest contribution to the variance in dependent variable (β = -0.345). This is followed by employees' performance review (β = -0.258), employee rewards (β = -0.257) and employees' recruitment and selection process (β = -0.138) respectively. The constructs for employees' career development are arranged according to their influence of the variance in the dependent variable beginning with opportunities for coaching and mentoring, followed by opportunities for further training in that order**.** The constructs for employees' performance review arranged from the most influential on the variance in the dependent variable beginning with staff duty allocation followed by performance appraisal and progress monitoring respectively. Regarding employees' reward, financial has a greater contribution than non-financial rewards as reflected in the ordering of these variables. Among the constructs of employees' recruitment and selection process, job advertisement has the greatest influence on the variance in the dependent variable followed by interview panel composition and job analysis respectively. Regarding strategic planning, the construct strategic plan developed has a greater influence on the dependent variable compared with strategic plan implementation.

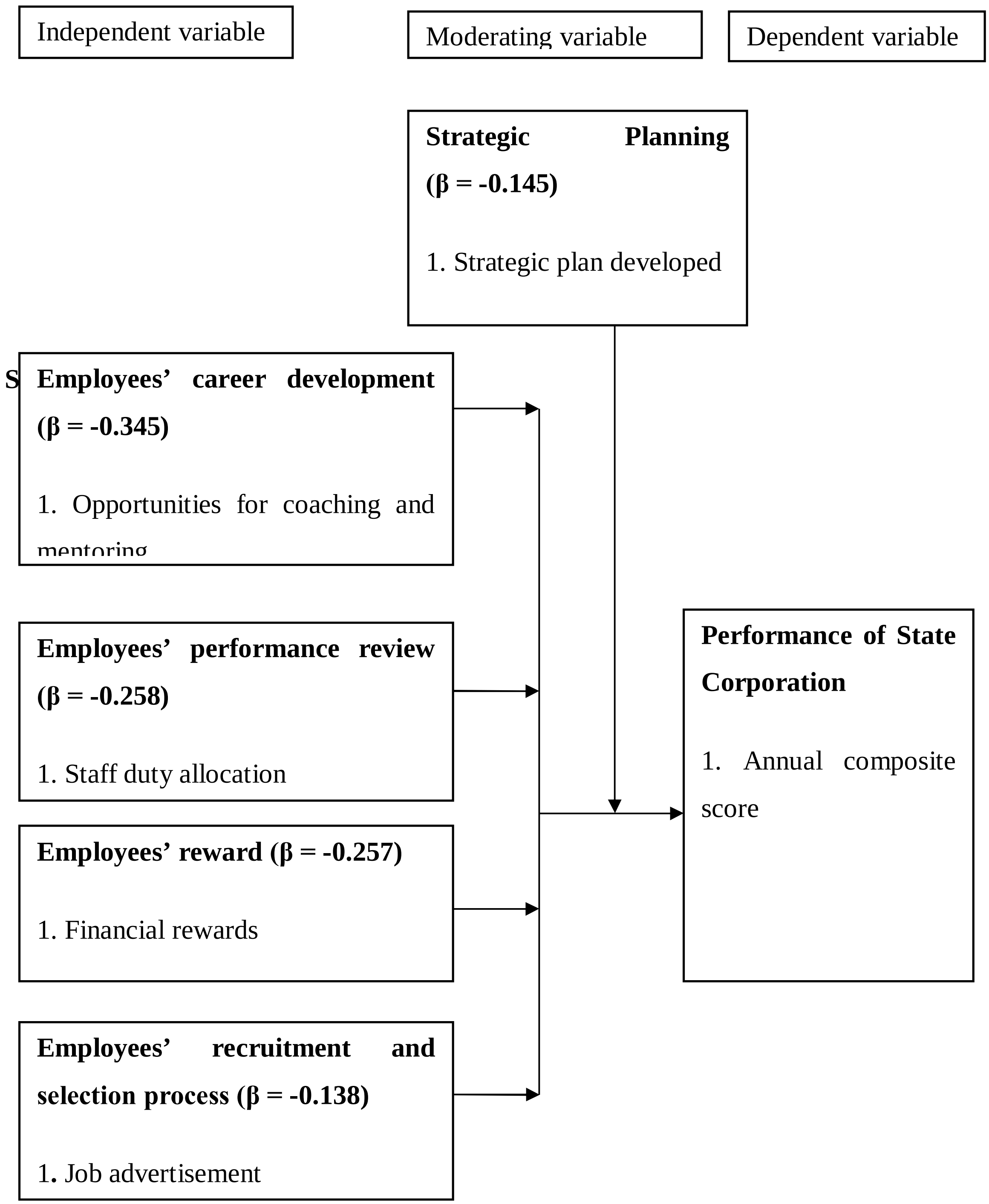

Figure 4.5: Revised Conceptual Framework

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the study, conclusions, recommendations and areas for further research. It includes a brief on the problem statement, literature review, methodology, results as well as conclusions and recommendations.

5.2 Summary

This study sought to establish the influence of strategic human management practices on performance of State Corporations in Kenya. The study was anchored on contingency, resource based view and motivation to work theories. It was further informed by performance prism and balanced score card models. This was a cross sectional descriptive study that targeted quantitative and qualitative data. The study population was 200 State Corporations that signed performance contract and were evaluated during the financial year 2014/15. A sample of 132 State corporations was drawn using simple random sampling method. A total of 102 State Corporations provided the required information by completing the questionnaire which was the study instrument. The data was tested and passed for normality, multicollinearity, autocorrelation, linearity, reliability and validity. The main results are discussed as per the study objectives.

5.2.1 Staff Recruitment and Selection and Performance

The first objective of this study was to establish the influence of employees' recruitment and selection process on performance of State Corporations in Kenya. The predictor variable was measured using three constructs namely job analysis, job advertisement and interview panel composition. The study established that improvements in recruitment and selection lead to improvements in performance of State Corporation. The three constructs of recruitment and selection were also found to have a similar effect on the dependent variable. Regarding the constructs for the predictor variable, job advertisement had the greatest contribution on the variance in the dependent variable followed by interview panel composition and job analysis respectively. It was also evident from the data that most actions taken to achieve good practice in recruitment and selection were motivated by policy and regulations.

5.2.2 Employees' Career Development and Performance

The second objective of this study was to determine the influence of employees' career development on the performance of State Corporations in Kenya. The predictor variable was measured using two constructs namely opportunities for further training as well as opportunities for coaching and mentoring. The study established that improvement in employees' career development is associated with improvements in performance of State Corporation. Among the constructs of the predictor variable, opportunities for coaching and mentoring had a higher influence on the change in the dependent variable compared with opportunities for further training.

5.2.3 Employees' Performance Review and Corporate Performance

The third objective of the study was to ascertain the influence of employees' performance review on performance of State Corporations in Kenya. The predictor variable was measured using three constructs namely staff duty allocation, progress monitoring and staff performance appraisal. The results were that improvement in employees' performance review is associated with improvements in performance of State Corporations. A similar observation was made amongst the constructs for the predictor variable where change in staff duty allocation had the highest influence on dependent variable followed by staff performance appraisal and progress monitoring.

5.2.4 Employees Reward and Performance

The fourth objective of the study sought to identify the influence of rewards on performance of State Corporations in Kenya. This variable was measured using financial and non-financial rewards. The results show an increase in rewards is associated with improvements in performance of State Corporation. Similarly, the constructs of predictor variable had a similar influence on the dependent variable. Financial reward had a greater influence on the dependent variable compared with non- financial reward.

5.2.5 Strategic Human Resource Management Practices and Performance

The mean composite score for all State Corporation was 2.860 which fall in the very good category. There was however a wide range of almost two points between the best and worst performing State Corporations. It was further established that human resource management practices is related with performance of State Corporation. The regression model shows that the predictor variable explains 57.5% of the change in the dependent variable. The analysis of variance confirms that the model has a good fit and exists with results valid at 95% confidence level.

5.2.6 Strategic Planning and Performance

Strategic planning was the moderating variable in this model. Most corporations had a valid strategic plan as recommended by the Kenya Government. There were few corporations that reported they were in the process of developing strategic plan. The results show that improvements in strategic planning had a similar effect on performance of State Corporations. Further, improvements in the constructs for strategic planning had a similar effect on the dependent variable. Amongst the construct of strategic planning, strategic plan developed had a higher influence on performance of State Corporation compared with strategic plan implementation.

5.2.7 Moderating Effect of Strategic Planning

The study has established that human resource management practices which is the predictor variable influences performance of State Corporations. The moderation effect of strategic planning improves the explanatory power of the predictor variable. When moderated, the variance in the dependent variable explained by the predictor variable changes from 57.5% to 64.9%. The moderated model exists as confirmed by ANOVA and is significant at 95% confidence level.

5.3 Conclusions

The first objective of this study was to assess the influence of employees' recruitment and selection process on performance of State Corporations in Kenya. The study concludes that a positive change in employees' recruitment and selection process positively influences corporate performance and vice versa. This is also the case when the constructs of the predictor variable are measured separately and even when these are combined together. Among the constructs, job advertisement had the greatest contribution on the change in the dependent variable followed by interview panel composition and job analysis respectively. It was also evident from the data that most actions taken to achieve good practice in staff recruitment and selection were motivated by policy and regulations.

The second objective of the study was to determine the influence of employee's career development on performance of State Corporations in Kenya. This study concludes that a positive change on the predictor variable has a positive influence on the dependent variable and vice versa. This was evident when the predictor variable was regressed with the dependent variable. It was also confirmed when the constructs of the predictor variable were regressed with the dependent variable. Amongst the constructs of the predictor variable, a unit change in coaching and mentoring had a bigger influence on the change in the dependent variable compared with a unit change in training opportunities.

The third objective was to ascertain the influence of employees' performance review on performance of State Corporations. The study concludes that improvements in employees' performance review lead to improvements in performance of State Corporations in Kenya. This was proven when the predictor variable was regressed with the dependent variable. It was further confirmed when the constructs of the predictor variable were regressed with the dependent variable. Regarding the constructs for the predictor variable, a unit change in staff duty allocation has greater influence on the dependent variable. This is followed by a unit change in performance appraisal and a unit change in progress monitoring respectively.

The fourth objective was to identify the influence of employees' rewards on performance of State Corporations. The study has established that a positive change in the predictor variable positively influences the dependent variable. The constructs of the predictor variable had similar influence on dependent variable. Regarding the constructs for the predictor variable, the study has also established that a unit change in financial rewards had greater influence on the dependent variable compared with a unit change in non-financial rewards. Another conclusion was that provision of rewards in some State Corporations was constrained by lack of policy and budget provision.

The fifth objective of the study was to establish the moderating influence of strategic planning on the relationship between SHRM practices and performance of State Corporations in Kenya. This study concludes that moderation increases the ability of the predictor variable to explain the variance in the dependent variable. This underscores the importance of strategic planning in performance of State Corporation.

5.4 Recommendations

Based on the results of the first objective, State Corporations should conduct staff recruitment and selection professionally as this has a positive impact on performance. Priority should be accorded to job advertisement, interview panel composition and job analysis in that order to maximize the gains. State corporations should also ensure they establish the necessary policy and legal framework to support human resource management practices. State corporations could ride on the existing policy documents such as the constitution, M*wongozo* code of conduct, performance contract guidelines as well as guidelines on performance appraisal. This way, it will be easy for these corporations to provide a justification for the policies developed.

With regard to the findings on the second objective, it is recommended that State Corporations should emphasize employee career development in order to achieve performance improvement. Specifically, effort should be directed at coaching and mentoring as well as expansion of training opportunities in that order. Prioritization of coaching and mentoring is essential because this has more impact as demonstrated by the data. This study recommends that coaching and mentoring be made a key result area in performance contracting. This will guarantee its implementation. It is cheap to do and provides relevant knowledge and skills for the employee to perform the duties assigned. Further, it allows the employees to get clarity on one to one basis on areas where they are challenged.

Guided by the findings of the third objective, this study recommends State Corporations should underscore employees' performance review for improved performance. Priority should be given to staff duty allocation, followed by staff performance appraisal and progress monitoring respectively. These aspects of staff performance review should be grounded on policies to ensure their realization.

Based on the results from the fourth objective, State Corporations should consider provision of employees' rewards in order to promote performance. Financial rewards should be accorded higher priority compared with non-financial rewards. The former has a greater influence on performance according to the findings of this study. It is recommended that relevant policy framework and budgets are provided by each State Corporation to support provision of rewards. This should not be difficulty as State

Corporations can easily ride of the existing Government policies to establish these frameworks.

Informed by the results of the fifth objective, this study recommends that all State Corporations should have a valid strategic plan to guide operations. A broad range of stakeholders should be involved in its development with emphasis on participation of members of the board. State Corporations should also ensure adequate human resource management policies are developed and implemented. Finally, strategic plans should be implemented in order to realize the gains arising from moderation as has been established in this study.

The study has specific recommendations for the PCD, as well as the Kenya Institute for Public Policy Research and Analysis (KIPPRA) and other research institutions including individual researchers. The PCD is responsible for development of performance contracting guidelines. This study has established that coaching and mentoring influences performance of State Corporations more than training opportunities. However, the former is not a key result area in performance contracting. It is recommended that the performance contract guideline needs to include coaching and mentoring so that it is evidenced based. This will ensure that coaching and mentoring is a key area of result.

Similarly, the ranking of the influence of the different constructs in this study, informs this department on what to prioritize when developing performance contract guideline. In particular, this information is essential when allocating weights to the different priority areas instead of relying on gut feeling. Finally, the role of policy has featured prominently in this study. The Department of Performance Contracting should emphasize policy development in human resource management as a key result area. This will ensure that what requires to be done is actualized. KIPPRA, other research institutions as well as individual researchers should pursue the areas identified for further investigation.

5.5 Areas for Further Research

This study has established that human resource management practices moderated by strategic planning explain 64.9% of the variance in performance of State Corporations. It however remains unclear what variables explain the remaining 35.1% of the variance. This is a substantial proportion and therefore further research in essential to fill this gap. The second area of concern is the applicability of these study results in the private sector, Government Ministries, County Governments and the not for profit organizations since the study focused on State Corporations. It is essential to conduct a similar study covering the private sector, Government Ministries, County Governments and the not for profit organizations since they are governed by different regulations and have different infrastructure compared with State Corporations. The third area of concern is the role of policy in performance of State Corporation. It was evident that most of the interventions accomplished in human resource management were done because there were existing policies in place. This begs the question as to whether policy forms a basis for competitive advantage in State Corporations an area that should be subjected to further investigation.

5.6 Contribution to Policy, Theory and Practice

Discussion in this section centers on the contribution of this study to policy, theory and practice. This is an important area as it describes the value addition of the study to the wider society beyond academic benefit to the principal investigator.

5.6.1 Policy

This study has identified that in Kenyan State Corporations, SHRM practices and strategic planning were implemented due to existence of policy framework. This underscores the need for policy formulation and implementation to achieve desired results. On this basis, the study has recommended policies that guide SHRM practices and strategic planning should be a key result area in performance contracting. Since State

Corporations are guided by performance contracting guidelines, inclusion of policy development in this document will ensure compliance. This will contribute to performance improvement in these corporations. In view of the finding, the study recommends further research on whether policy formulation and enforcement forms a basis for competitive advantage in State Corporations.

5.6.2 Theory

The study has contributed to theory by establishing that strategic planning has a positive moderation effect on the relationship between SHRM practices and performance of State Corporations. Even though there are many studies that have examined the role of strategic planning in performance of State Corporations, few have focused on the moderation role of strategic planning on SHRM practices and performance of State Corporation. Further the study recommends a similar study to cover the private sector, county Governments and the not for profit organization. This is because the results of this study cannot be generalized to cover these organizations.

5.6.3 Practice

The study has identified the role of SHRM practices and strategic planning as well as specific constructs in corporate performance. The key variables identified are recruitment and selection, career development, staff performance review and rewards. In these variables the key constructs that influence performance of State Corporations are job advertisement, coaching and mentoring, employees' duty allocation, financial rewards and strategic plan developed. This information provides practitioners in State Corporations and other corporate bodies with evidence for performance improvement. It has also provided guidance on future review of performance contracting guidelines to ensure it is evidence based and therefore more effective.

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APPENDICES

Appendix I: Questionnaire for Study

For Research Purpose Only

Study Title: Influence of Strategic Human Resource Management Practices on Performance of State Corporations in Kenya

Introduction

The overall objective of this study is to establish the influence of strategic human resource management practices on performance of State Corporations in Kenya. The study findings will provide useful information on why some State Corporations perform better than others in the annual performance contract assessment. The questionnaire is intended to be answered by the State Corporation and covers the FY 2014/15. All the information provided will be treated with outmost confidentiality.

1.0 Background Information

1.1 Name of the organization: ____

1.2 Category of the organization:

Commercial State Corporations ☐ Public University ☐

Non-Commercial State Corporations ☐ Tertiary institution ☐

1.3 Number of staff: Male____________ Female _______________

1.4 Year of establishment:_____________

1.5 Title of staff filling the questionnaire______________________________________

2.0 Employees Recruitment and Selection Process

2.1 Specify percentage of recruitments where job specifications was developed before recruitment began (FY 2014/15).

0% ☐ 1% - 20% ☐ 21%-40 % ☐ 41%-60% ☐

61%-80% ☐ 81-100% ☐

2.2 Please explain your response to Q H2.1

____

____

2.3 Indicate 4 job specifications your organization identified for each position before recruitment began during the financial year 2014/15.

a. ____

b. ____

c. ____

d. ____

2.4 How often did your organizations advertise vacant positions to the public (FY 2014/15)?

All the time ☐ Most of the time ☐ Half of the time ☐

Few occasion ☐ Not at all ☐

2.5 Please give reasons to Q. H2.4

____

____

2.6 Who conducted interviews for potential candidates in your organization during FY 2014/15?

____

2.7 Kindly state the reasons for your response to Q. H2.6

____

____

2.8 What were the three key considerations in your organization while offering a job to candidates?

a. ____

b. ____

c. ____

2.9 Kindly explain the answer to Q. H2.8

____

____

2.10 In your opinion, how does the process of staff recruitment and selection influence performance of your organization?

____

____

3.0 Employees Career Development

3.1 What opportunities for further training did your organization have for the employees (FY 2014/ 15)?

a. ____

b. ____

c. ____

If none skip to Q. H3.3

3.2 Please rate the opportunities for further training in your organization (FY 2014/15).

Excellent	□	Good	□	Fair	□
Poor	□	Very poor	□		

3.3 Please explain the available opportunities in your organization for coaching and mentoring employees (FY 2014/15)?

a. ____

b. ____

c. ____

If none skip to Q. H3.5

3.4 Please rate the opportunities for coaching and mentoring employees in your organization during FY 2014/15.

Excellent □ Good □ Fair □ Poor □ Very poor □

3.5 In your opinion, how do the opportunities for career development influence performance of your organization?

____

____

4.0 Employees Performance Review

4.1 When were the performance contract 2014/15 duties allocated to specific staff?

Quarter 1 □ Quarter 2 □ Quarter 3 □ Quarter 4 □

Not allocated □

4.2 Please give reasons for your response to Q H4.1.

____

4.3 How were the performance contract duties for FY 2014/15 allocated to staff?

In writing □ Orally □ Both in writing and orally □

4.4 Kindly give reasons for Q. H4.3 response__________________________________

____

4.5 When was a progress monitoring schedule for the performance contract developed (2014/15)?

Quarter 1 ☐ Quarter 2 ☐ Quarter 3 ☐ Quarter 4 ☐

Not at all ☐

4.6 Please explain your response to Q. H4.5

____

____

4.7 Please rate your ranking on your organization compliance with progress monitoring schedule (FY 2014/15).

0-20% ☐ 21%-40 % ☐ 41%-60% ☐ 61%-80% ☐ 81%-100%

4.8 What percentage of staff was appraised during the financial year 2014/15?

81%-100% ☐ 61%-80% ☐ 41%-60% ☐ 21%-40% ☐

0- 20% ☐

4.9 Please give reasons for the response to Q. H4.8

____

____

4.10 In your opinion, how does staff performance review practices influence performance of your organization?

____

____

5.0 Employees Reward

5.1 What rewards did your organization provide to staff for good performance (FY 2014/15)?

a. ____

b. ____

c. ____

If no rewards were provided skip to Q. H5.4

5.2 Who were targeted for the reward?

Individual ☐ Teams ☐ Both individual and teams ☐

5.3 What additional rewards would you recommend?

a. ____

b. ____

c. ____

5.4 Why did your organization not provide rewards for performance during FY 2014/15?____
____

5.5 In your opinion how does rewarding employees influence performance of your organization?

____
____

6.0 Strategic planning

6.1 In your organization, did you have a valid strategic plan during the FY 2014/2015 period?

If no please skip to Q.6.9

6.2 Who was involved in development of the strategic plan?____
____

6.3 How was the strategic plan communicated to staff and partners?

____

____

6.4 When were the activities in the strategic plan cascaded to all staff during the FY 2014/15?

Quarter 1 □ Quarter 2 □ Quarter 3 □ Quarter 4 □

Not cascaded □

6.5 Please explain your response to Q. P2.3 ____________________________________
____
____

6.6 How was the strategic plan cascaded to staff during FY 2014/15

In writing □ Orally □ Orally and in writing □ Not cascaded □

6.7 What percentage of all activities stated in the strategic plan for the financial year 2014/2015 was implemented?

0%-20%□21%-40%□41%-60%□61%-80%□81%-100%□

6.8 Who was involved in the implementation of the strategic plan (FY 2014/2015)____
____

6.9 Why did your organization not have a strategic plan during 2014/2015?

____
____

6.10 How often in your organization did you use information on the following (FY 2014/15)? (Please tick as appropriate)

(1= Never, 2= Rarely, 3= Sometimes, 4=Frequently, 5= Always)

	1	2	3	4	5
Local economic trends					
Technological trends					
Demographic and social trends					
Customer needs and preferences					
Competitor strategies					
Suppliers and other stakeholders					
Local political trends					
Ecological changes					
Policy and legal trends					

6.11 In your opinion, how does having a strategic plan influence performance of your organization?

____

____

7.0 Performance

7.1 Please indicate your organization performance in the following areas during the financial year 2014/ 2015

Variable	Parameter	Construct	PC weighted score
Performance of State Corporation (PC composite score_____)	Financial stewardship (PC Weighted Score _______)	**Commercial State Corporation**	
		Pretax profit	
		Return on investment	
		Dividend to National Treasury	
		Non-commercial State Corporations, Universities & Tertiary Institutions	
		Utilization of allocated funds	
		Appropriation -in-Aid (A-in-A)	
	Service delivery (PC Weighted Score ________)	Customer satisfaction	
		Service delivery innovations	
		Resolution of public complaints	
		ISO certification	
		Automation	
	Achievement of strategic objectives (operations) (PC Weighted Score ________)	MDA priority indicators	
		Strategic objective 1	
		Strategic objective 2	
		Strategic objective 3	
		Strategic objective 4	
		Strategic objective 5	
		Strategic objective 6	
		Please add other strategic objectives where applicable	
		Project implementation	
		• Completion rate	
		• Cost efficiency	

7.2 What other areas could be assessed to measure performance of your organization?

Thank you for your kind acceptance to participate in this study. Your support is highly appreciated.

Appendix II: Summary of Previous Studies and Research Gaps

Researcher	**Study title**	**Results**	**Research gap**	**Focus of current study**
Tiwari and Saxena (2012)	Human resource management practices: a comprehensive review	HRM contributes to the overall corporate performance	Data mainly drawn from private organizations and not State Corporations	Focus on HRM influences on State Corporations performance in Kenya and the moderation influence of strategic planning
Tan and Nasurdin (2011)	HRM Practices and Organizational Innovation: Assessing the Mediating Role of Knowledge Management Effectiveness	Some HRM practices influence product and process innovation. Performance appraisal is not related to product and process innovation. Training is positively	Study covered manufacturing firms in Malaysia	Focus on HRM influences on State Corporations performance in Kenya. Examined the moderation influence of strategic planning on relationship between HRM and performance

Researcher	Study title	Results	Research gap	Focus of current study
		associated with process and product innovation.		
Bucˇiuniene and Kazlauskaite (2009)	The linkage between HRM, corporate social responsibility and performance outcomes	HRM positively influences corporate social responsibility (CSR) and consequently organization and financial outcomes	Study done in Luthania. Study established an indirect relationship between HRM and corporate performance through CSR	Study examined the relationship between HRM practices and performance of State Corporations moderated through strategic planning
Moideenkutty et al, (2009)	HRM practices and organizational performance in Oman	HRM is positively associated with subjective organization performance	Study done in Oman. Focus was on private companies. Corporate performance measured subjectively	Study examined performance of State Corporations in Kenya using objective performance measures.

Waiganjo et al (2012)	Relationship between strategic HRM and firm performance of Kenya's Corporate Organizations	HRM works in bundles and influences corporate performance	Study covered profit making organizations in Kenya	Study focused on State Corporations (profit and non-profit making organizations)
Muraga (2015)	SHRM management practices and performance of parastatals in Kenya	SHRM influences performance of State Corporations in Kenya. Recruitment practices do not influence corporate performance	Studied State Corporations in Kenya in 2015	Study on State Corporations in 2018. Moderation role of strategic planning on relationship between HRM and performance examined
Kepha et al (2014)	The Influence of recruitment and selection on the performance of employees in	Recruitment and selection influences corporate performance	Focus on State Corporation but specifically on research institutes Scope limited to	Focus on all State Corporations in Kenya. Scope covers four parameters of HRM practices

	research institutes in Kenya		influence of one parameter of HRM practice	and moderation role of strategic planning.
Omolo et al (2012)	Effect of recruitment and selection of employees on the performance of small and medium enterprises in Kisumu Municipality, Kenya	Recruitment and selection practices influence corporate performance	Study scope was limited to SMEs in Kisumu Municipality. Addressed the role of one HRM practice on corporate performance	Targeted State Corporations. Examined the influence of four HRM practices on performance and moderation role of strategic planning
Suthar et al (2012)	Impacts of job analysis on organizational performance: An inquiry on Indian public sector enterprises	Job analysis and employee performance are positively related with each other	Study covered a private company in India. Examined the role of one construct of HRM on corporate performance	Study targeted State Corporations in Kenya. Examined the influence of four HRM practices on performance

Giauque et al (2013)	HRM practices, intrinsic motivators and organizational performance in the public sector	HRM practices positively influence corporate performance. Fairness, job enrichment, individual appraisal and professional development positively influence public service motivation and organization performance	Study done in Switzerland	Study focus on State Corporations in Kenya
Saifalislam et al (2014)	Human resource management practices: influence of recruitment and selection, and training and development on the	Recruitment and selection as well as training and development positively influence corporate performance	Study conducted in Jordan and covered one public university. There were two HRM practices	The study targeted State Corporations in Kenya. Focus was on four HRM practices

	organizational performance of the Jordanian Public University.		tested as moderator variables	
Culbert (2008)	Get rid of the performance review!	Performance review kills team work. Performance review is a means of sustaining the managers authority through intimidation	Argument is not backed by empirical data	Assessment of the role of staff performance review on performance of State Corporation. Study backed by data.
Edirisooriya (2014)	Impact of rewards on employee performance: With special reference to electrico.	There exists a positive relationship between intrinsic, extrinsic rewards and employee performance	Study done in Sri Lanka. Study examined association between reward and employee performance	Moderation influence of strategic planning on relationship between HRM practices and State Corporation performance in Kenya

Ogutu (2017)	Strategic planning and performance of State Corporations in Kenya. The moderation effect of firm characteristics	Firms characteristics have a moderation effect on relationship between strategic planning and performance of State Corporations in Kenya	Study does not address the moderation influence of strategic planning	Moderation influence of strategic planning on relationship between HRM practices and State Corporation performance in Kenya
Njanja et al (2013)	Effect of reward on employee performance: A case of Kenya Power and Lighting Company Ltd., Nakuru, Kenya	Provision of cash bonus does not affect employee performance	The study was on one State Corporation in Kenya. Study focused on one HRM practice as the predictor variable of employee performance	Study examined State Corporations in Kenya. The focus was on moderation effect strategic planning on HRM practices and performance of State Corporation

Ofobruku and Iheabunike (2013)	Assessment of recruitment practice on organisation performance: Empirical study of hospitality businesses in Abuja	Recruitment practices influence performance of hospitality industry	Study done in Abuja, Nigeria. Focus on hospitality. industry Study assessed one HRM practice	Study targets moderation of strategic planning on HRM practices and performance. Study targets State Corporations in Kenya
Ouche (2016)	Moderation effect of strategic planning intensity on strategic planning and financial performance of National Sport Federations in Kenya	Strategic planning intensity has positive moderation on the association between strategic planning and financial performance	Study focused on National Sports Federation. The moderation variable is strategic planning intensity	The moderation variable is strategic planning. Study targets State Corporations in Kenya

Gathenya (2012)	Entrepreneurial strategic planning practices and firm performance among women-led small and medium enterprises in Kenya	Strategic management processes has negative moderation effect on performance of SMEs	Study targeted SMEs	Study targets State Corporations in Kenya

Appendix III: Computation of Composite Score

Step 1

Obtain the actual score which has been set by specific State Corporation. For example if an organization had targeted to save Ksh 5 million but managed to save Ksh 9 million, the actual score is Ksh 9 million

Step 2

Compute a raw score from actual score. There are two ways of doing this depending on whether an increasing or a declining achievement is desirable. If an increasing achievement is desirable the computation of the raw score is done using the following formula.

Raw score= Upper criteria value limit + Span x (Xu-Xa)/(Xu-Xl)

Where: Xu = Upper criteria value, Xa = Actual achievement, Xl= lower criteria value

Span = range of minimum and maximum possible composite score

Where a declining achievement is desirable, the above formula for computing raw score should be as follows: Raw score= Upper criteria value limit + Span x (Xa-Xu)/(Xu-Xl)

Step 3

Compute the weighted score using the following formula: Weighted score = raw score x weight.

Step 4:

Compute the composite score by summing up the weighted scores of all the parameters follows: Composite score = Σ (weighted scores)

Adopted from: Republic of Kenya (2012)

Appendix IV: Introduction Letter

JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY

DEPARTMENT OF ENTREPRENEURSHIP, TECHNOLOGY, LEADERSHIP AND MANAGEMENT

JKU/2/114/18

DATE: 07th March, 2016

To whom it may concern:

RE: RESEARCH PROJECT FOR: JOHN MUTURI MWANGI (HD433-2209/2012)

This is to introduce to you **Mr. John Muturi Mwangi** who is a student pursuing Doctor of Philosophy in Business Administration in the Department of Entrepreneurship, Technology, Leadership and Management, in the School of Entrepreneurship, Procurement and Management, at Jomo Kenyatta University of Agriculture and Technology.

The student is currently undertaking a PhD research on: **"Strategic Human Resource Management Practises and Performance of State Corporations in Kenya"** in partial fulfilment of the requirement for the programme.

The purpose of this letter is to request you to give the student the necessary support and assistance to enable him obtain the necessary data for the research. Please note that the information given is purely for academic purposes and will be treated with strict confidence.

Thank you.

Yours Sincerely,

07 MAR 2016

Dr. Alice Simiyu
Research Project Coordinator, ETLM Department

JKUAT is ISO 9001:2008 & ISO 140001:2004 Certified
Setting Trends in Higher Education, Research and Innovation

Appendix V: Research Permit

THIS IS TO CERTIFY THAT:
MR. JOHN MUTURI MWANGI
of JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY, 0-1000 thika,has been permitted to conduct research in *All Counties*

on the topic: *INFLUENCE OF STRATEGIC PLANNING ON THE RELATIONSHIP BETWEEN HUMAN RESOURCE MANAGEMENT PRACTICES AND KENYAN STATE CORPORATIONS PERFORMANCE*

for the period ending:
21st December,2017

Applicant's Signature

Permit No : NACOSTI/P/16/14774/14716
Date Of Issue : 21st December,2016
Fee Recieved :Ksh 2000

Director General
National Commission for Science, Technology & Innovation

Appendix VI : List of State Corporations Evaluated For FY 2013/14

No	STATE CORPORATION	No	STATE CORPORATION
1	Agricultural Development Corporation	101	Kenya School of Government
2	Agricultural Finance Corporation	102	Kenya School of Law
3	Agro-Chemical and Food Company	103	Kenya Seed Company Ltd
4	Anti-Counterfeit Agency	104	Kenya Sugar Board
5	Athi Water Services Board	105	Kenya Sugar Research Foundation
6	Bomas of Kenya	106	Kenya Tourism Board
7	Brand Kenya Board	107	Kenya Trade Network Agency
8	Bukura Agricultural College	108	Kenya Tsetse and *Trypanosomiasis* Eradication Council
9	Capital Markets Authority	109	Kenya Urban Roads Authority
10	Centre for Mathematics, Science and Technology Education in Africa	110	Kenya Utalii College
11	Chemelil Sugar Company	111	Kenya Veterinary Vaccines Production Institute
12	Chuka University	112	Kenya Water Institute
13	Coast Development Authority	113	Kenya Water Towers Agency
14	Coast Water Services Board	114	Kenya Wildlife Service
15	Coffee Board of Kenya	115	Kenya Wines Agencies Ltd
16	Coffee Development Fund	116	Kenya Yearbook Editorial
17	Coffee Research Foundation	117	Kenyatta International Conference Centre
18	Commission for University Education	118	Kenyatta National Hospital

No	STATE CORPORATION	No	STATE CORPORATION
19	Communications Authority of Kenya	119	Kenyatta University
20	Competition Authority of Kenya	120	Kerio Valley Development Authority
21	Consolidated Bank of Kenya	121	Kibabii University College
22	Constituency Development Fund	122	Kirinyaga University College
23	Co-operative University College of Kenya	123	Kisii University
24	Cotton Development Authority	124	Laikipia University
25	Council for Legal Education	125	Lake Basin Development Authority
26	Dedan Kimathi University of Science and Technology	126	Lake Victoria North Water Services Board
27	East African Portland Cement Company Ltd	127	Lake Victoria South Water Services Board
28	Egerton University	128	Local Authorities Provident Fund
29	Embu University College	129	Maasai Mara University
30	Energy Regulatory Commission	130	Machakos University College
31	Ewaso Ng'iro North Development Authority	131	Maseno University
32	Ewaso Ng'iro South Development Authority	132	Masinde Muliro University of Science and Technology
33	Export Processing Zones Authority	133	Media Council of Kenya
34	Export Promotion Council	134	Meru University of Science and Technology
35	Garissa University College	135	Micro and Small Enterprise Authority
36	Geothermal Development Company Ltd	136	Moi Teaching and Referral Hospital
37	Higher Education Loans Board	137	Moi University

No	STATE CORPORATION	No	STATE CORPORATION
38	Horticultural Crops Development Authority	138	Multi-Media University
39	Industrial and Commercial Development Corporation	139	Murang'a University College
40	Industrial Development Bank	140	National AIDS Control Council
41	Insurance Regulatory Authority	141	National Bio-Safety Authority
42	Jaramogi Oginga Odinga University of Science and Technology	142	National Campaign Against Drug Abuse Authority
43	Jomo Kenyatta Foundation	143	National Cereals and Produce Board
44	Jomo Kenyatta University of Agriculture and Technology	144	National Commission for Science, Technology and Innovation
45	Karatina University	145	National Construction Authority
46	Kenya Accountants and Secretaries National Examinations Board	146	National Council for Population and Development
47	Kenya Accreditation Service	147	National Council for Children Services
48	Kenya Agricultural Research Institute	148	National Crime Research Centre
49	Kenya Airports Authority	149	National Environmental Management Authority
50	Kenya Animal Genetic Resources	150	National Hospital Insurance Fund
51	Kenya Broadcasting Corporation	151	National Housing Corporation
52	Kenya Bureau of Standards	152	National Industrial Training Authority
53	Kenya Civil Aviation Authority	153	National Irrigation Board
54	Kenya Coconut Development Authority	154	National Museums of Kenya
55	Kenya Copyright Board	155	National Oil Corporation of Kenya

No	STATE CORPORATION	No	STATE CORPORATION
56	Kenya Dairy Board	156	National Social Security Fund
57	Kenya Education Management Institute	157	National Transport and Safety Authority
58	Kenya Electricity Generating Company Ltd	158	National Water Conservation and Pipeline Corporation
59	Kenya Electricity Transmission Company	159	New Kenya Cooperatives Creameries Ltd.
60	Kenya Ferry Services Ltd	160	NGO Coordination Board
61	Kenya Film Classification Board	161	Northern Water Services Board
62	Kenya Film Commission	162	Numerical Machining Complex
63	Kenya Forest Service	163	Nyayo Tea Zones Development Corporation
64	Kenya Forestry Research Institute	164	Nzoia Sugar Company
65	Kenya Industrial Estates	165	Pest Control Products Board
66	Kenya Industrial Property Institute	166	Postal Corporation of Kenya
67	Kenya Industrial Research and Development Institute	167	Privatization Commission of Kenya
68	Kenya Institute of Curriculum Development	168	Public Procurement Oversight Authority
69	Kenya Institute of Mass Communication	169	Pwani University
70	Kenya Institute of Public Policy Research and Analysis	170	Pyrethrum Board of Kenya
71	Kenya Institute of Special Education	171	Retirement Benefits Authority
72	Kenya Investment Authority	172	Rift Valley Water Services Board
73	Kenya Leather Development	173	Rongo University College

No	STATE CORPORATION	No	STATE CORPORATION
	Council		
74	Kenya Literature Bureau	174	Rural Electrification Authority
75	Kenya Marine and Fisheries Research Institute	175	Sacco Societies Regulatory Authority
76	Kenya Maritime Authority	176	School Equipment Production Unit
77	Kenya Meat Commission	177	South Eastern Kenya University
78	Kenya Medical Research Institute	178	South Nyanza Sugar Company
79	Kenya Medical Supplies Agency	179	Sports Stadia Management Board
80	Kenya Medical Training College	180	Taita Taveta University College
81	Kenya National Bureau of Statistics	181	Tana and Athi Rivers Development Authority
82	Kenya National Commission for UNESCO	182	Tana Water Services Board
83	Kenya National Examinations Council	183	TanaAthi Water Services Board
84	Kenya National Highways Authority	184	Tea Board of Kenya
85	Kenya National Library Services	185	Tea Research Foundation of Kenya
86	Kenya National Shipping Line	186	Technical University of Kenya
87	Kenya National Trading Corporation	187	Technical University of Mombasa
88	Kenya Nuclear Electricity Board	188	Tourism Finance Corporation
89	Kenya Ordinance Factories Corporation	189	Tourism Fund
90	Kenya Pipeline Company Ltd	190	University of Eldoret
91	Kenya Plant Health Inspectorate Services	191	University of Kabianga
92	Kenya Ports Authority	192	University of Nairobi

No	STATE CORPORATION	No	STATE CORPORATION
93	Kenya Post Office Savings Bank	193	University of Nairobi Enterprise Services Ltd
94	Kenya Power and Lighting Company Ltd	194	Vision 2030 Delivery Secretariat
95	Kenya Railways Corporation	195	Water Appeals Board
96	Kenya Re-Insurance Corporation	196	Water Resources Management Authority
97	Kenya Revenue Authority	197	Water Services Regulatory Board
98	Kenya Roads Board	198	Water Services Trust Fund
99	Kenya Rural Roads Authority	199	Women Enterprise Fund
100	Kenya Safari Lodges and Hotels	200	Youth Enterprise Development Fund

Source: Ministry of Devolution and Planning, 2014