

The Influence of Human Resource Management on the Organizational Performance of Sharia Complaint Banks in Kenya

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ABSTRACT

The study sought to identify influence of human resource management on the organizational performance of sharia complaint banks in Kenya with specific interest in recruitment, human resource Planning, compensation, training. There was a positive and significant correlation between the variable s in the study.

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1. Introduction

Human resource management (HRM) is a comprehensive and coherent approach to the employment and development of people (Armstrong, 2014). It is concerned with the ability to put in place measures that can influence individuals in the organization to become more effective and motivated in order to reach the organizational goals. Armstrong (2006) further defines Human resource management as a strategic approach to the management of an organization's most valued assets and the people working there who individually and collectively contribute to the achievement of its objectives.

Stuart (2003) posits that HRM can be regarded as a set of interrelated policies that facilitates and contributes towards the improvement of an organization's performance. Another definition of HRM is that it is a process of hiring and developing employees so that they become more valuable to the organization and its goals. It is very important to be able to utilize the HRM practices effectively to ensure the organization is well run and performs to its ability.

On the other hand HRM practices according to (Armstrong, 2006) can be defined as the vessels that ensure the organizational goals and strategies are effectively implemented in order to achieve the intended expectations and projections. These practices play a salient role within the organization's framework and provide the firm with a clear path and tools that will ultimately push the organization's agenda and ensure high performance, productivity and commitment.

Human resource management (HRM) is an umbrella term that covers human resource practices, policies and philosophies (Jackson and Schuler, 2002; Moldovan, 2011). Many researchers believe that an effective HRM system will help an organization to attract, develop, motivate and retain the best employees, who will in turn ensure the functioning and survival of the organization (Snell, 2003; Wright and Snell, 2005). However, recently both HRM scholars and

practitioners have begun to reconsider the roles in which HRM functions can contribute to developing a more competitive and high performing organization (Paauwe, 2004 and De Pablos, 2005). HRM is a specialist function of management which has the prime responsibility for the formulation, proposing and gaining acceptance of the prescribed policies within the organization (Taylor, 2014).

The most frequently used and applied HRM practices are recruitment and selection, training and development, compensation and benefits, human resource planning and performance management (Cole, 2004). Employees shall be organization's biggest asset since they use their imagination and effort to accomplish everyday business activities including managing cash flow, making business transactions, communicating through all forms of media and handling customers (Armstrong, 2009). Organizational performance has no definite definition (Andersen, 2010) and therefore no agreement on the suitable indicators of organizational performance.

Economists try to define organizational performance in terms of effectiveness and efficiency of the organization in managing their cost and outcome Chien (2004) and Daft (2000) on the other hand described organizational performance as the organization's ability to attain its objectives by utilizing resources in an efficient and effective way.

Organizational performance is concerned with the effectiveness and productivity of an organization by making sure all set objectives and targets have been achieved. The debate on how HRM practices affect the performance of organization is increasing (Chang & Chien, 2002). Previous studies proposed that HRM acts as a proactive role instead of reactive in an organization and it is deemed to be a strategic partner in strategic formulation and implementation. Armstrong (2006) added that the application of effective HRM practices in an organization can help develop the knowledge

base, craft and a capacities of present and future staffs, strengthen their motivation and retain performing employees.

Islamic banking or sharia compliant banking is banking according to the values and ethos of Islamic sharia. Sharia is an Arabic word meaning practicing according to the Islamic values and law. The Islamic law or sharia prohibits Muslims from dealing in interest (Khattak and Rehman, 2010). The Islamic banking industry is approximated to be worth excesses of more than 800 billion dollars and above (Pepinsky, 2010). Its popularity has steadily grown in Kenya today. Big banks such as Kenya commercial bank have incorporated the sharia compliance aspect by coming up with products of the same (CBK, 2013).

The two sharia compliant banks (First community bank and Gulf African Bank) that have been licensed have so far made a successful entry into the Kenyan financial market. The Kenyan banking industry has changed immensely over a very short period of time with a highly competitive market. From the year 2011, there were only forty four banks in operation (Central Bank of Kenya, 2011).

The rapid growth in the financial sector has brought new players leading to rapid competition in Kenya's banking sector. For that reason, the researcher looked at the HRM practices employed by these sharia compliant banks more so Gulf African Bank as a way to maximize on the resources available and also to capitalize extensively on the gaps in the market so as to remain relevant and competitive throughout.

Many organizations or institutions falter both locally and globally due to lack of proper management and running of the entities. Weak measures or mechanisms are put in place and therefore fail to ensure that the organizations continue to prosper and excel in the market and remain competitive (Kenya National Bureau of Statistics, 2007). Many sharia compliant banks are struggling with the problem of being able to sustain their growth and remain competitive enough to compete with the conventional banks in the banking market and these institutions have not had it easy in the Kenyan market either and so the researcher looked at how the HRM practices ensured organizational performance in sharia compliant banks in the Kenyan market.

According to Ndung'u (2009) Gulf African Bank has undergone a dip in growth due to lack of the required competitive advantage and appeal to the entire market. He further sighted that one of the ways to bring improvement is by adopting the HRM practices like recruitment and training.

HRM practices and their nexus to an organization's performance are very paramount for the success of the organization and the sustainability of the same. According to Uysal and Koca (2009) the aspect of vertical integration involves the contribution of independent HRM practices towards organizational performance and on the other hand, horizontal integration focuses on the collaboration or marriage between the Human Resource functions and their contribution to organizational performance.

Furthermore, Uysal & Koca (2009) looked at link between HRM practices and organizational performance and concluded that HRM practices have a far superior positive impact on organizational performance. Moreover, Uysal and Koca (2009) found that recruitment and selection, training and development have a strong positive relationship with organizational performance.

Furthermore, Khan (2010) also studied the relationship between HRM practices and organizational performance and concluded that they have a much bigger positive impact than

earlier believed. Due to the cut throat competition between banks in the Kenyan market, it was only fair that the researcher tried to investigate the way in which Sharia compliant banks can also remain competitive and relevant and therefore the researcher found out that one of the ways of doing this is by the adoption of HRM practices.

Objectives of the Study

1. To establish the influence of human resource planning on the organizational performance of Sharia compliant banks in Kenya.
2. To ascertain the influence of recruitment on the organizational performance of Sharia compliant banks in Kenya.
3. To assess the influence of compensation on the organizational performance of Sharia compliant banks in Kenya.
4. To analyze the influence of training on the organizational performance of Sharia compliant banks in Kenya.

2. Literature Review

Theoretical Framework

According to (Njue, 2011) a theoretical framework is a group or set of assumptions about the nature of a particular phenomenon. Moreover, Mathooko (2007) opines that a theoretical framework is the fundamental base in which a whole research project is shouldered upon. The related theories that exist in tackling and addressing the problem are discussed below.

Human capital theory

According to (Torrington, 2008) human capital points at or signifies the mixture of intelligence and experience of employees as the main source of establishing a competitive edge. This theory helps determine the impact of people and their contribution to the organization they work for. It demonstrates the effectiveness of the HRM practices employed which produce value for money (Armstrong, 2014).

It further provides the guidance needed by organizations on the future HRM practices and strategies to be used to enable the organization improve its effectiveness through the well management of people (Cole, 2004). This theory is useful in underpinning the importance of treating employees as the biggest assets of an organization and also the drivers of change in an entity. According to (Boxall and Purcell 2003), they stated that performance is a function of ability, motivation and opportunity.

Therefore, HRM practices have the capacity to influence ability through training and development; they can also motivate employees through compensation and benefits or reward strategies like total rewards and can provide opportunity for growth through needs assessment by human resource planning and career planning as well.

Boxall and Purcell (2003) in their theory called AMO theory buttress the importance of developing HRM practices and systems that attend to the needs of the employees' like improving their skill sets, provision of motivation through incentives and rewards and also bettering the quality of their jobs through job rotation and enlargement. All this is aimed at influencing the overall organizational performance through well strategized and effective HRM practices.

Social exchange theory

According to (Armstrong, 2010), he discusses this theory by pointing out that employees will always reciprocate their contribution to the organization if they perceive that the organization has treated them well. The relationship between motivation and overall performance of an organization

through HRM practices such as compensation and benefits and training motivate the employees to work with the loyalty and commitment needed for the organization to start realizing the benefits and remain competitive in the market.

The social exchange theory talks about motivation to be an end that can be arrived at when there exist a perceived marriage between performance and outcome and the outcome in this case is seen as a means or way of satisfying needs. This means that a reward is linked to an expected outcome.

This theory is paramount when financial institutions like banks are coming up with performance based pay schemes. This is imperative because the more attractive these rewards are the more the employees become motivated and committed and hence improve the overall performance of the organization (Koca and Uysal, 2010).

Goal theory

Mullins (2010) opined that the goal theory has impact on the management and also the line manager as far as the overall organizational performance is concerned. This theory looked at the goals set by an organization for individual employees and the targets that they are supposed to meet in order to have a positive impact on the performance of the organization.

According to (Mullins, 2010) high organizational performance can be realized only when goals are set but they should be realistic in nature. He further goes on and points out that continuous feedback is imperative so as to know if the set goals or objectives are being scaled. Armstrong (2014) agrees with the goal theory by suggesting that for organizational goals to be realized they should be realistic and achievable and when challenges occur in achieving them HRM practices like training and development should be deployed in order to improve the capacity of the individual employee or a group of them to enable high organizational performance. This theory relates to this study because the main reason of establishing an organization is to achieve goals and one of the effective ways of achieving these set goals is through employment of the HRM practices.

Conceptual Framework

According to Mathooko (2011) a conceptual framework can be described as the interconnection between the independent and dependent variables and the elaboration of these variables addresses the issues of why or how we anticipate the presence of the relationship.

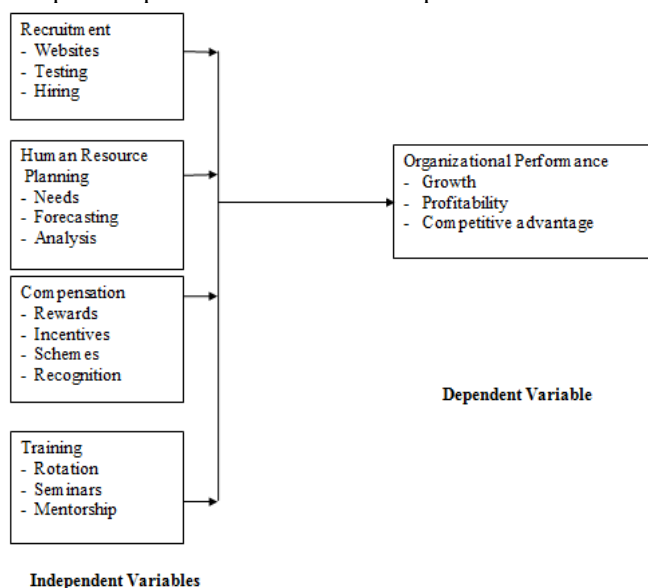


Figure 2.1. Conceptual Framework.

Recruitment

Recruitment is the first part of filling a vacancy while selection is the process of assessing the candidates. According to (Cole, 2004) he defined recruitment as the process of assembling raw materials while selection is concerned with the production of the right blend of potential employees for the organization. A large percentage of the vacancies that arise in organizations are as a consequence of people who have left or due to restructuring process. In these kinds of scenarios it may be possible to fill the vacancy internally or externally (Cole, 2004).

The advantages of filling the vacancy internally rather than externally are that the employees become more motivated, a far better way of utilizing employees and also it enhances ownership. The internally sought employee is also likely to continue staying with the organization and hence cutting down costs of rehiring and keeping the employee turnover rate low (Graham & Bennett 2002).

Recruitment and selection of staff is also a major obstacle for some organizations because they are very skeptical about bringing in outsiders into the fold (Long et al, 2014). Similar sentiments are echoed by Pansiri and Temtime (2008) and also Van Scheers (2011) suggested that the absence of lack of a proper recruitment and selection framework hinges negatively on the development of competencies and capacities within the organization.

Because the ability of an organization to perform well is not only driven or spearheaded by the strategies and policies but also an elaborate and functional system of recruitment and selection. For recruitment and selection to be able to impact positively on the organizational performance of a company the process must be rigorous and transparent so as to get the candidates that really fit the required the description. Some organizations suffer losses and low returns because of the flawed and incompetent recruitment and selection techniques employed by them (Cole, 2004).

Human resource planning

HRP or human resource planning refers to the process by which organizations forecast future requirements of employees and the organization as a whole through needs assessment in order to meet the competitive market demands and provide ample services to their clients (Smit and Watkins, 2012).

Competent managerial abilities and skills not only have an influence to the organization alone but it is devolved all the way down to the lower level employees. This happens when there is a well-structured mechanism of human resource planning that directs and guides the management on what actions or strategies to embark on so as to remain competent. The scarcity in human resource planning initiatives by organizations provide a big impediment in relation to the organizational objectives and growth and this leads to stagnation in progress as an entity (Smit and Watkins, 2012).

Most of the organizations have centered or concentrated their action plans, policies and strategies in efforts of avoiding risks rather than devising human resource planning initiatives (Cole, 2004). Furthermore, overall management skills like strategic planning, effective delegation of tasks, motivation skills and guidance towards the human capital in the organization impacts very positively the overall performance of the organization (Swanepoel, Strydom, and Nieuwenhuizen, 2010).

Albeit many progressive organizations in Kenya seem or appear to embrace this practice, strategic Human resource planning is utterly undermined by the lack of information and resources to afford it. The consequences are that HR strategy and policy are frequently formulated in an ad hoc or needs basis, this makes internal practices to be poorly evaluated and no meaningful benchmarking is done (Bowmaker-Falconer and Day, 2001).

Adopting human resource planning initiatives will not only spur the organization to greater heights but will consolidate the performance and competence of the organization because the effective way to survive in this competent market is by being proactive and HRP provides that notion.

Compensation

Compensation and benefits refer to the multiple methods through which employees of an organization or company are rewarded for their contribution and additions to the organization. Although compensation and benefits are desirable most organizations fail to provide them for their staff, this because of lack of financial resources to embrace this practice or just the ignorance that some organizations have (Long et al, 2014). A large number of the Kenyan population have been socialized as waged employees and this creates a challenge in terms of paying in accordance with the market rates (Rogerson, 2009).

According to studies by Kiggundu (2001) and Jones (2003) compensation and benefits have been greatly affected by the shrinking markets. This outcome has had serious consequences on the performance of employees in organizations. This however can be a carbon copy of the disconnection and division between the nature of the organization and how it is being managed (Jackson et al., 2008).

The compensation or benefits that individuals can be provided by the organization are of two types, either intrinsic or extrinsic. Intrinsic motivators are mainly associated with the level or quality of work life and a conducive environment around (Armstrong, 2006). On the other hand, extrinsic motivators are concerned with tangible or financial rewards. They range from salary, fringe benefits, security, promotion and contract of service. The extrinsic motivators can have an immediate effect on the overall performance of the individual employee and hence the organization Mullins (2005) and (Armstrong, 2003).

Training

Training of employees is a paramount venture as far as the organization is concerned because without frequent or relevant training initiatives an organization is well bound to lag behind in terms of quality and competence of its staff and hence affect the overall organizational performance. According to Goldstein (2000) and Latham (2002), they both described training to be the systematic acquisition and development of the knowledge, skills and attitudes needed by employees to effectively and adequately perform the tasks and assignments given so as to boost the overall organizational performance.

The main essence of training towards employees is that it aims in imparting new knowledge and skills and improve attitude and competence towards certain challenging tasks that the employees of a department or section are seen to be faced with (Salas, 2003). Training is a practice used to meet the employees needs and the organization's as well and so efficiency and effectiveness can be realized in an effort to

enhance and spearhead the overall organizational performance.

Furthermore, scholars like Landsman (2004) suggested that training is a very valuable practice that organizations ought to embrace in order to be able to enhance skills and the acquisition of new knowledge which will without a doubt improve the staff performance hence the overall organizational performance. Recently, we have seen the increase in companies and organizations investment towards training and development schemes because they have realized that having a highly skilled and knowledgeable group of employees makes productivity an automatic outcome.

3. Research Methodology

According to Kothari (2004), a research design forms the blue print for the collection, measurement and analysis of data and forms a firm foundation of the research work. Furthermore, Njue (2011) Suggested that a research design is a well-planned structure of the research process that provides a roadmap and guides the researcher to the right direction. The researcher used descriptive research design to be able to show clearly the impact of Human resource management practices on the overall performance of the organization. Descriptive research design enabled the researcher to answer the research questions posed and also prove clearly and quantitatively the association between the variables.

According to Mugenda (2003) a population can be defined as an entire group of individuals, events or objects with a common observable characteristic. The target population in this study was 200 employees of Gulf African Bank, Mombasa County. The study population for this study was the Top Management, Line Managers, Administrators and supportive staff that were derived from four Gulf African Bank branches within Mombasa County which are Nkrumah, Bondeni, Jomo Kenyatta Avenue and Bombolulu. The researcher used the top management, line managers, Administrators and supportive staff because they all are affected by the human resource management practices that are implemented in the organization. The researcher also chose the top management because they are the owners of the strategies. The population distribution is illustrated below.

Table 3.1. Population Distribution.

Level	Population	Percentage
Top Management	20	10
Line Managers	45	22.5
Administrators	35	17.5
Supportive staff	100	50
Total	200	100

4. Research Findings

Descriptive Statistics

Influence of recruitment on the organizational performance

Table 4.8 indicates that through the mean values and standard deviation (SD) most of the respondents were in agreement that recruitment has had a great influence on the organizational performance of sharia compliant banks in Kenya specifically Gulf African Bank, Mombasa County. This was evident where respondents agreed to the statements that the organization has an active and effective Recruitment policy (M=4.0, SD=0.781), the organization's Recruitment policy is linked to the overall organizational strategy, the organization adheres to the Recruitment policy (M=4.10, SD=0.858), Management has been utilizing universities and professional bodies to source for talents (M= 4.03 SD=0.882), the organization uses psychometric testing (M= 4.07, SD=.0800), and that the organization uses websites to tap

larger audience ($M=4.12$, $SD=0.783$). Respondents further strongly agreed to the statement that the organization uses websites to tap larger audience ($M=4.50$, $SD=0.807$). Generally the results showed that recruitment was a highly significant determinant of the performance of sharia compliant banks in Kenya.

Table 4.8. Influence of recruitment on the organizational performance

	N	Mean	Std. Deviation	Variance
The organization has an active and effective Recruitment policy	60	4.00	.781	.610
The organization's Recruitment policy is linked to the overall organizational strategy	60	4.10	.858	.736
The organization adheres to the Recruitment policy	60	4.03	.882	.779
Management has been utilizing universities and professional bodies to source for talents	60	4.07	.800	.640
The organization uses psychometric testing	60	4.12	.783	.613
The organization uses websites to tap larger audience	60	4.50	.807	.651
Valid N (listwise)	60			

Influence of human resource planning on the organizational performance

Table 4.9. Influence of human resource planning on the organizational performance.

	N	Mean	Std. Deviation	Variance
The organization's HRP policy is linked to the overall organizational strategy	60	4.37	.843	.711
HRP undertaken by the organization addresses the needs of the employees	60	4.33	.705	.497
Management adheres to the predictions set forward by the HRP team	60	4.40	.785	.617
Valid N (listwise)	60			

The study revealed that human resource planning influences the performance of sharia compliant banks in Kenya. When asked in a scale of 1-5 to explain the influence of human resource planning on the performance of sharia compliant banks in Kenya respondents agreed to the statements that the organization's HRP policy is linked to the overall organizational strategy ($M=4.37$ $SD=0.843$), that HRP undertaken by the organization addresses the needs of the employees ($M=4.33$, $SD=0.705$) and finally the Management adheres to the predictions set forward by the HRP team ($M=4.40$, $SD=0.785$)

Influence of compensation on the organizational performance

Table 4.10. Influence of compensation on the organizational performance.

	N	Mean	Std. Deviation	Variance
The organization has an active and operational compensation policy	60	4.02	.770	.593
The compensation policy is linked to the overall organizational strategy	60	4.17	.763	.582
The compensation packages are market driven and competent	60	4.13	.769	.592
Total rewards are sometimes part of the compensation	60	4.35	.777	.604
Valid N (listwise)	60			

While seeking to understand the influence of compensation on the organizational performance of Sharia compliant banks in Kenya specifically Gulf African Bank, Mombasa county, the researcher asked respondents to indicate their level of agreement with the questions as indicated in table 4.10 above. Respondents agreed to the statement that the organization has an active and operational compensation policy ($M=4.02$, $SD=0.770$), and that the compensation policy is linked to the overall organizational strategy ($M=4.17$, $SD=0.763$). Respondents further agreed to the statement that the compensation packages are market driven and competent ($M=4.13$, $SD=0.769$), Respondents further strongly agreed to the statement that total rewards are sometimes part of the compensation ($M=4.55$, $SD=0.777$). This was a clear indication that compensation has a high significant influence on the performance of sharia compliant banks in Kenya.

Influence of training on the organizational performance

Table 4.11. Influence of training on the organizational performance.

	N	Mean	Std. Deviation	Variance
Training is offered to employees to promote them to higher grades	60	3.97	.688	.473
Employees are provided with on the job training	60	4.22	.885	.783
The organization has ways of providing soft skills development training	60	4.03	.663	.440
Training has had positive impact on the organization	60	4.25	.795	.631
Training has resulted to increased employee productivity	60	4.62	.825	.525
The organization has an active and operational training policy	60	4.18	.701	.491
The training modes are linked to the overall organizational strategy	60	4.25	.914	.835
The training models address the competency gap in the organization	60	4.08	.743	.552
Training has impacted on the overall organizational growth.	60	4.47	.769	.592
Valid N (listwise)	60			

While finding out if training greatly influences the performance of sharia compliant banks in Kenya but specifically Gulf African Bank, Mombasa County, the researcher asked respondents to give their views and levels of agreement with the statements as indicated in table 4.11 above. Majority of the respondents strongly agreed to the statement that training has resulted to increased employee productivity ($M=4.62$, $SD=0.825$). Respondents further agreed to the statement that training is offered to employees to promote them to higher grades ($M=3.97$, $SD=0.688$), and that employees are provided with on the job training ($M=4.22$, $SD=0.885$). Respondents also agreed to the statements that the organization has ways of providing soft skills development training ($M=4.03$, $SD=0.663$), that training has had positive impact on the organization ($M=4.25$, $SD=0.795$), the organization has an active and operational training policy ($M=4.18$, $SD=0.701$), the training modes are linked to the overall organizational strategy ($M=4.25$, $SD=0.914$) the training models address the competency gap in the organization ($M=4.08$, $SD=0.743$) and that training has impacted on the overall organizational growth. ($M=4.47$, $SD=0.769$). This brought out a clear picture that training is a great determinant of performance of sharia compliant banks in Kenya.

Organization Performance**Table 4.12. Organizational Performances.**

	N	Mean	Std. Deviation	Variance
Overall business strategy is geared towards improving the organizational performance of the institution	60	4.37	.843	.711
Presence of HRM practices in the organization will improve the overall organizational performance	60	4.25	.856	.733
Top management and the other staff members all share the same objectives and vision for the organization	60	4.43	.810	.656
Valid N (listwise)	60			

The respondents were asked on a five point Likert scale where 5 is strongly agree, 4 agree, 3 neutral, 2 disagree and 1 strongly disagree to state how they agree with the given statements that human resource management practices influences the performance of sharia compliant banks in Kenya specifically Gulf African Bank, Mombasa County. Majority of the respondents agreed to the statements as shown above. They agreed that overall business strategy is geared towards improving the organizational performance of the institution (M=4.37, SD=0.843) they further agreed that presence of HRM practices in the organization will improve the overall organizational performance (M= 4.25, SD=0.856). Respondents finally agreed that top management and the other staff members all share the same objectives and vision for the organization (M=4.43, SD=0.810). This therefore indicated that human resource management practices do greatly influence the performance of sharia compliant banks in Kenya.

Coefficient of Determination (R^2)

Table 4.13 shows the coefficient of determination which is the R^2 . The R^2 in this study is 0.562. Coefficient of determination explains the extent to which changes in the dependent variable can be determined by the changes in the independent variables. It also indicates the percentage of variation in the dependent variable as used in the study, "organizational performance of Sharia compliant banks in Kenya" that is explained by independent variables in the study, which are "recruitment, human resource planning, compensation and training". The study findings indicates that 56.2% of the performance of Sharia compliant banks in Kenya specifically Gulf African Bank, Mombasa County is attributed and determined by combination of all four independent factors investigated in this study. The study further indicated that the remaining factors not mentioned or used as independent variable in the research attributed to 43.8%.

Table 4.13. Coefficient of Determination (R^2).

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750 ^a	.562	.530	.480

a. Predictors: (Constant), Training, Planning, Compensation, Recruitment

ANOVA

ANOVA (Analysis of Variance) was used to establish the significance of the regression model from which f-significance value of p should be less than 0.05 (<0.05). From the table below it is evident that the significant level was 0.00 which is <0.05. The model was statistically significant in predicting the influence of recruitment, human resource planning, compensation and training on the performance of Sharia compliant banks in Kenya especially Gulf African Bank,

Mombasa County. The regression model had a probability of less than 5% of giving a wrong prediction. This therefore means that the regression model had a confidence level of above 95% hence high reliability of the results obtained. It also indicated that the study was statistically carried out, proven and that the results obtained are not as a result of chances.

Table 4.14. ANOVA.

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	16.288	4	4.072	17.641	.000 ^b
Residual	12.695	55	.231		
Total	28.983	59			

a. Dependent Variable: Performance

b. Predictors: (Constant), Training, Planning, Compensation, Recruitment

Multiple Regressions**Table 4.15. Multi linear Regression Analysis.**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.289	.515		.560	.578
Compensation	.171	.172	.149	.996	.024
Recruitment	.429	.177	.392	2.423	.019
Training	.510	.187	.388	2.723	.009

a. Dependent Variable: Performance

Multiple regression analysis was conducted to determine the relation between the independent variables and the dependent variable. As shown in Table 4.15 the regression equation was:

$$Y = .289 + 0.171X_1 + 0.429X_2 + -0.128X_3 + 0.510X_4 + \varepsilon$$

Where

α : is a constant term,

β_n : coefficients to be determined

ε : the error term.

Y: the dependent variable (Performance of Sharia compliant banks in Kenya)

X_1 : Compensation

X_2 : Recruitment

X_3 : Human Resource Planning

X_4 : Training

From the regression equation above, it is evident that taking all factors constant at zero Performance of Sharia compliant banks in Kenya will be at value of α : =0.289. The findings also indicates that taking all independent variables at zero, a unit increases in Compensation will give a value of 0.171 increase in Performance of Sharia compliant banks in Kenya. It also indicates that a unit increase in Recruitment will give a value of 0.429 increases in Performance of Sharia compliant banks in Kenya. A unit decrease in Human Resource Planning will give a value of -0.128 decrease in Performance of Sharia compliant banks in Kenya. Finally a unit increase in Training will give a value of + 0.510 increase in Performance of Sharia compliant banks in Kenya. The study therefore indicates that only three out of the four independent variables have a significant influence on the performance of sharia compliant banks in Kenya specifically Gulf African Bank, Mombasa County. Human resource planning has an insignificant influence on the organizational performance of Sharia compliant banks in Kenya.

The study also indicates that there was a positive and significant relationship between performance and compensation where the significant value was 0.024 which is below the required value of significance 0.05.

Table 4.16. Bivariate Correlation.

		Correlations				
		Compensation	Recruitment	Planning	Training	Performance
Compensation	Pearson Correlation	1	.723**	.707**	.734**	.636**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	60	60	60	60	60
Recruitment	Pearson Correlation	.723**	1	.797**	.690**	.676**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	60	60	60	60	60
Planning	Pearson Correlation	.707**	.797**	1	.687**	.569**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	60	60	60	60	60
Training	Pearson Correlation	.734**	.690**	.687**	1	.689**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	60	60	60	60	60
Performance	Pearson Correlation	.636**	.676**	.569**	.689**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	60	60	60	60	60

**, Correlation is significant at the 0.01 level (2-tailed).

There was also a significant relationship between recruitment and performance with the value of 0.019 which is less than 0.05 the significance level. Training was significant to the study with the value of 0.009 which is less than the significant level of 0.05. However the relationship between human resource planning and performance was insignificant with the value of 0.471 which is greater than 0.05 significant values.

Bivariate Correlation

Table 4.9 indicates that the association between independent variables was significant. A bivariate correlation between the independent variables was strong enough to affect the relationship with the dependent variable. Pearson Correlation between Compensation and performance is a positive relationship ($r = 0.636$, $\alpha = 0.00$). This was statistically significant suggesting that compensation was an important determinant in improving performance. The test on correlation between recruitment and performance was statistically significant with a value of ($r = 0.676$, $\alpha = 0.00$). This could be interpreted to mean that the study was significant and that recruitment affects the performance of sharia compliant banks in Kenya. Pearson correlation between planning and performance is a positive relationship ($r = 0.569$, $\alpha = 0.00$). The correlation between training and performance of sharia compliant banks in Kenya was positive and significant ($r = 0.689$, $\alpha = 0.00$). From the correlation table, the study shows a positive significant effect of all the independent variable and dependent variable. It is true therefore that all variables in the study were significant to the study with varied degree of effect.

5. Conclusions

1. Based on the findings, the study concluded that introducing HRM practices such as recruitment, human resource planning, compensation and training the organizational performance of any institution can be enhanced and more relevant to this study are the Sharia compliant Banks in Kenya.
2. Making use of psychometric analysis, universities or professional bodies to tap talents or even websites as a means of recruitment to reach a wider range of people has proved beneficial to the performance of the organization.
3. Human resource planning on the other hand provides predictions and needs analysis that help in making priorities in terms of training and direction to take as an organization.

4. Competitive compensation packages that are market driven and the provision of total rewards also immensely propel the productivity levels of the employees and hence reflect positively on the overall organizational performance.

5. Training as a HRM practice has been seen to contribute greatly to the organizational performance through on the job training, soft skills development programs, addressing the competency gap and that a training policy exists and is adhered to.

The HRM practices are very helpful in improving the organizational performance of any institution and therefore should be embraced fully.

6. Recommendations

1. Even though the study found out that recruitment as a HRM practice influenced the organizational performance of an institution many organizations still use ineffective means of recruiting individuals, therefore the study recommends that organizations embrace recruitment and strategically source for talents from a wider pool of individuals like the universities and professional bodies and also make use of psychometric analysis when testing them.
2. Even though Human resource planning was found not to have an influence in this particular study but past studies have shown that it not only predicts but also provide much needed analysis on the training employee needs in the organizations, so the study recommends that all financial institutions and organizations to embrace human resource planning as a HRM practice so as to enable them improve on their growth and sustain productivity levels.
3. The study further recommends that all organizations in the economic sector to embrace compensation as a HRM practice and provide competitive compensation packages that are market driven and are geared towards motivating the employees such as total rewards and incentives or even promotions.
4. Training as a HRM practice is greatly recommended by the study to be embraced by all institutions in the economic sector because it provides a platform for immense improvement in employees' skills through on the job training, job rotation, job enrichment and soft and hard skills development programs that are tailored towards making both the employees and the organization competent.
5. This study concentrated on only Sharia compliant Banks in Kenya specifically Gulf African Bank, Mombasa County and

so more similar researches should also be done on conventional banks in Kenya.

6. The study looked at the HRM practices as a way of improving organizational performance but there are also other factors that can improve the organizational performance that this study did not touch on. This study focused on recruitment, human resource planning, compensation and training as HRM practices that influence organizational performance but there are other HRM practices that the study did not mention that are equally effective.

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