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Article

The Effects of Human Capital Management Strategies and Performance of State Corporations in Kenya

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Abstract: This article aims to reveal how Human Capital Management (HCM) strategies affect the performance of State Corporations in Kenya. This study prepares managers and employees with the skills and knowledge to complete tasks with much productivity. Additionally, HCM strategies provide employees with the necessary tools and information required to complete their tasks successfully. Questionnaires were used to collect primary data both open and closed-ended questions. 145 management officers voluntarily participated in the study. The study adopted cross sectional research design. Hypotheses were tested using inferential analysis and Analysis of Variance (ANOVA). ANOVA indicated that the relationship between the independent variables and the dependent variable was significant. This reveals that the HCM strategies significantly affects the performance of state corporations. This study recommended that other studies be replicated in other sectors and countries to establish whether the results will be similar and be carried out on other HCM strategies
Keywords: Human Capital Management, State Corporations, Strategies, Performance, Strategic Training, competitive compensation.

1. Introduction

State Corporations play a complimentary role in national development in most of the countries. However, the dynamics in global trends have brought a serious competition and turbulent business environment that have made State Corporations adopt strategies to make them relevant in the market. Globally, State Corporations have been established in almost all countries of the world to support governments' economic growth, service delivery and overall national development (Fourie, 2014). Broadly, State Corporations role is to raise income, provide regulatory services, promote service delivery as well as ensure training and research (Simpson, 2013).

HCM strategies are practices that integrates methods aimed at developing human capital plans. These strategies describe intents and plans associated with the overall organizational considerations, employee recruitment, knowledge and development, competitive reward and employee relations are some of the HCM strategies that can enhance organizational competitiveness and performance (Obonyo et al., 2020). These strategies decisions have a long-term impact on functional areas of a business enterprise and in the dynamic business environment. Organizations are embracing strategic moves that seek to maximize productivity using human capital. In any competitive organizations, HCM strategies are inseparable from other core-functions of the firm (Ibullah, Omotayo, Anthonia & Hezekiah, 2016).

The contribution of this research is to elucidate the concept of HCM strategies to fill the gap regarding the state corporations' service delivery and to demonstrate the significance of these strategies towards the performance of government owned organizations. The concept of state corporation performance has continued to receive a number of interpretations from different scholars. For instance, Hassan (2014) regard performance to be employee satisfaction, customer satisfaction, minimal employee absenteeism and high level of employee commitment. Thiriku and Were (2016) also suggest that state corporation performance can be evaluated using profits, volume of sales and employee satisfaction. Kiiru (2015) define performance as mission fulfillment, accuracy, timeliness and value of service, program delivery, and how organization adapts to changing conditions and its environment and financial viability. In Kenya, State Corporations also known as parastatals have recently been renamed Government Owned Entities (GOE) and further grouped into commercial enterprises and non-commercial entities (Nyaberi, 2020). These entities have strong social mandates to deliver core services to the citizens and are heavily dependent on Government transfers (Government of Kenya, 2020).

2. Theoretical Review

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 an 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. Contingency theory originated from the criticism of the universal approach that there is 'one best' way that influences organizational performance. The Universalist scholars fronted the idea that the organizational structure is the only one that influences organizational performance. However, Woodward (1965) and Lorsch (1967) criticized the Universalists and thus originated the contingency theory by suggesting that organizational performance depends on contextual aspects. Other critics submit that the theory is far too demanding on management, too intricate and that any given setting is multivariate, hardly will any two setups be precisely similar and a successful response in one circumstance will not automatically flourish in another (Noorderhaven et al., 2015). None the less the theory is relevant to this study since it considered state corporations and the influence upon their performance that is reflected in this theory. This theory is important in this study as it informs the need to examine the influence of Human capital management strategies 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.

2.2 Empirical Review

As defined by Armstrong (2022), reward management is the drawing and implementing strategies and policies whose main aim is to ensure a fair compensation system for people that is nondiscriminatory and agreeable to the recipients' perceived value to the institution. The increasingly diverse levels of human needs along with the high intensity causes them to need regular income in a large amount. (Fauchil et al., 2020) The study found that remuneration had a significant positive effect on work engagement and concluded that proper remuneration makes employees have a sense of attachment to work. The study concentrated on the role of remuneration as an independent variable as opposed to HCM strategies in this study.

Muhinda and Bogere (2020) in a study on the relationship between strategic human resource management and operational performance in Banks in Kigali Rwanda found out that competitive compensation and benefits were the best predictors of banks performance and motivation at work. The study also revealed that compensation and benefits had significant influence on the relationship between other Strategic HCM practices and banks performance. The study was limited to banks but not state corporations in Kenya. Additionally, competitive compensation affected the performance in diverse ways though the difference was due to the country, sector, and the type of organizations under the study. This study established the effect of competitive compensation on the performance of State Corporations in Kenya.

Successful human capital planning should identify human capital needs. Once these needs are identified, HC managers can initiate strategic recruitment. The cost of unnecessary hiring and/or hiring the wrong person can be detrimental to a company's bottom line (Oaya et al., 2017). Study conducted by Fomude et al., (2020) in Cameroon on the effect of Human Capital Management (HCM) practices on Graduate Volunteer performance of Micro-Finance Institutions in Cameroon found that recruitment positively and significantly affect employees' performance. The study found that the institutions were performing poorly due to haphazard and lack of purposeful recruitment. The study recommends that similar studies be extended to other sectors of the economy and other countries which this study intends to do.

Wang (2021) did a study to establish the influence of strategic HCM practices on the performance of state corporations in China and the moderating influence of strategic planning. The study established that introduction of strategic recruitment enhanced corporate performance with recommendations that the study is replicated in other service sectors other than the state corporation and other countries, which this study intends to do for state corporation in Kenya. To affirm this proposition (Makhamara et al., 2021) in their study on effects of reward practices on employee job satisfaction of Kenya Airways, Nairobi City County in Kenya, found that strategic recruitment positively correlated to employee performance. The study further found that the organization employees who matched the abilities of the present human resource management systems and fitted into the existing interpersonal structure, in the long run lowered organisational costs. The study was limited only to County governments but not State Corporations in Kenya. The researchers recommend that similar studies be replicated in other government enterprises and agents to establish whether similar results can be obtained.

On the contrary, Muraga (2015) study on parastatals in Kenya concluded that there is no significant influence between staff recruitment and corporate performance. The study recommends the need for the government to come up with positive strategies that can enhance performance for the growth and development. Some other literature revealed the negative influence of the strategic recruitment on organizational performance (Kinyanjui & Wambua, 2020; Pradhan, 2019). The above studies found that the organizations were performing poorly due to lack of need-based and strategic recruitment. The studies recommend that similar studies be extended to other sectors of the economy which this study intended to do. The literature reviewed suggests that recruitment highly influences the performance of an organization and this study established the effect of strategic recruitment on the performance of State Corporations in Kenya.

Strategic performance management practices include various approaches to significantly assess the organizational performance and productivity. It includes critical analysis and evaluation of employees' skills and knowledge to increase output at workplace which establishes culture of proper evaluation of individual performance i.e. directly linked with attainment of individual as well as organizational goal (Amstrong, 2022). Study conducted by Dixit and Sharma (2021) on performance management practices and its effect on employee productivity in textile firms of Bhilwara city in Turkey found that performance management enhanced employee productivity which brought high performance in textile firms as well as fulfilment of organizational goal. The study recommends that similar studies be carried out in other sectors with a bigger sample size and other countries to establish whether similar results can be obtained.

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 Mounika, (2021) 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 Putra and Ahmad (2021) who state that, staff performance review does not add any value on corporate performance. Additionally, performance appraisal led to training opportunities as per identified needs with rewards used as an incentive which enhanced motivation hence high performance. The above studies had very small samples that may not be representative of the area under study, whereas this study use census on all State Corporations in Kenya. This study, therefore, was built on the findings of these studies and establish the effect of performance management on the performance of state corporations.

3. Methodology

The study adopted cross sectional research design. The target population for this study was managers in all State Corporations in Kenya. There was a total of 145 state corporations selected for the study. Each state corporation provided one manager making a total of 145 respondents. Simple random sampling method was used in selection of the State Corporations to be included. Questionnaires were used to collect primary data which were both open and closed-ended questions. The raw data obtained from questionnaires were processed by editing to check for errors, then it was coded, classified, and tabulated to make it understandable. Qualitative data were analyzed through content analysis to make generalizations concerning the categories of the interest of the study. Quantitative data were analyzed through descriptive statistics which are frequencies, percentages, arithmetic mean, and standard deviation. Inferential statistics which include analysis of variance, and regression analysis were used to determine the relationship of the variables. To test the hypothesis, regression analysis was used to test the significance of the influence of independent variables on the dependent variable. The sampling method was selected in consideration of these criteria.

3.1 Sampling Procedure

Simple random sampling method was used in selection of the State Corporations to be included. The process involves writing the names of all the state corporations on pieces of papers which was folded and mixed thoroughly. Using lottery method, 233 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. There was a total of 145 state corporations selected for the study. Each state corporation provided one manager making a total of 145 respondents.

3.2 Pilot Study

Pre-testing of the questionnaire was undertaken before actual research where a set of 15 questionnaires were distributed to management officers of fifteen Government agencies. The fifteen government agencies translated to around 10.3% of the target population of 145. The Government agencies used in pretesting of research instruments were omitted during the study. There are 52 government agencies which are also state corporations as per National Treasury report, therefore fifteen government agencies were deemed sufficient for piloting purposes. The pretesting pinpointed whether the research questions forwarded were answered correctly by the respondents. The researcher collected the answered questionnaires and undertook a post-test to evaluate the responses and rectify the questionnaire where necessary.

4. Results

4.1 Analysis and discussion of the results of the empirical research

The questionnaires were administered to 145 respondents who were managers from 145 State Corporations. This is exclusive of 10 government agencies that participated in the pretesting of the research instrument. One hundred and sixteen (116) questionnaires were filled and returned. This formed a response rate of 81% that was considered a representative sample for further analysis. The objective of the study was to examine the effects of HCM strategies on the performance of State Corporations in Kenya. As such the study sought to establish the extent to which the respondents agreed with given aspects of the strategic recruitment, competitive compensation and strategic performance management in affecting the performance of State Corporations in Kenya. This section presents the results of how the respondents responded to the different statements relating to the dependent and independent variables.

4.1.1 Descriptive statistics for Competitive Compensation

Table 1: Descriptive Statistics for Competitive Compensation

Statement	**Strongly Agree**			**Disagree**			
		Agree	Neutral		Strongly Disagree	Mean	Std. Deviation

Statement	Strongly Agree			Disagree			
Compensation provided in this organisation can attract and retain talent Compensation benchmarking is done regularly with other organisation Pay is equivalent to the level of training and qualifications Compensation are reviewed annually in this organization based on competency The incentives provided in this organization are competitive in comparison with other employees in other organizations with similar qualifications Compensation policy encourages staff retention Staff feel valued and motivated to work in this organization		12.9% (15) 25% (29) 12.1% (14) 25% (29) 25% (29)	24.1% (28) 25.9% (30) 25% (29) 25% (29)	62.9% (73) 62.1% (72) 50.9% (59) 49.1% (57) 50% (58) 50.9% (59) 50% (58)	12.9% (15) 37% (43) 25% (29) 24.1% (28) 25% (29)	3.501 2.992 2.610 2.621 3.000 2.743 3.000 2.931 22%	0.716 0.880 0.695 0.871 0,710 0.835 0.710 0.709

The results in Table 1 reflects that the aggregate mean and standard deviations for competitive compensation were 2.931 and 0.709 respectively, while the coefficient of variation is 22% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. 62.9% of the respondents indicated that compensation provided were not favourable (M=3.501, SD=0.716) while 62.1% indicated that state corporations were not benchmarking on compensation with other organizations (M=2.992, SD=0.880). On compensation review, 49.1% of the respondents indicated that annual reviews were not implemented according to competency (M=2.621, SD=0.871). 50% found that incentives provided were not competitive to other organizations. (M=3.000, SD=0.710). The findings also show that 50.9% of the respondents indicated that compensation policies were not favourable to staff retention (M=2.743, SD=0.835). Further, 50% indicated that state corporations were not valuing and motivating employees (M=3.000, SD=0.710). Competitive compensation is a major enabler of state corporations since it attracts best talents, required competencies and enhances staff retention and therefore any organization that adopt incentives to employees, motivation, value employees and provide favourable compensation policy is likely to benefit greatly and thus enhance its performance. The results show that most of the aspects of competitive compensation were favourable to state corporations. The results therefore imply that competitive compensation enhances performance of State Corporation. This is supported by the findings by a study conducted by Fauchil, Didit, and Nikmah (2020) which found that remuneration had a significant positive effect on work engagement and concluded that proper remuneration makes employees have a sense of attachment to work.

Descriptive Statistics for Strategic Recruitment

Table 2: Descriptive statistics for Strategic Recruitment

Statement	**Strongl y Agree**			**Disagree**			
		Agree	Neutral		Strongly Disagree	Mean	Std. Deviation

Statement	Strongly Agree			Disagree			
There is a performance appraisal system in place Appraisals are scheduled and carried out annually High performance is recognized and rewarded Employees are aware on how their performance management impact the organization. The employees believe that the system is fair and transparent Monitoring and evaluation of performance system is done annually. Employees who do not meet expectation are given developmental opportunities to improve their performance. Supervisors discuss with employees their performance and development plans Staff are provided with timely performance feedback	12.1% (14) 37.% (44)	75% (87) 62.1% (72) 25% (29) 25% (29) 12.1% (14) 12.1% (14)	12.9% (15) 25% (29) 12.1% (14) 12.1% (14) 12.1% (14) 25% (29) 12.1% (14)	37.1% (43) 63.8% (74) 37.1% (43) 25.9% (30) 25% (29) 25.9% (30) 37.9% (44)	37.9% (44) 24.1% (28) 37.9% (44) 37.1% (43) 62.9% (73) 37.1% (43) 37.9% (44)	3.991 4.380 2.131 2.520 2.882 2.641 2.133 3.251 2.622 2.951 26%	0.502 0.487 0.786 0.704 0.782 0.990 0.598 0.968 1.101 0.769

The results in Table 2 reflects that the aggregate mean and standard deviations for competitive compensation were 3.221 and 0.654 respectively, while the coefficient of variation is 20% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. 87.1% of the respondents indicated that need assessments were not done before filling the position (M=3.741, SD=0.674) while 62.9% indicated that state corporations were not filling vacant position within reasonable time (M=2.631, SD=0.485). On recruitment policy, 49.1% of the respondents indicated that most of the state corporations had recruitment policy that encourages professionalism (M=3.242, SD=0.830). .37.9% of the respondents indicated that most of the state corporations had not automated recruitment process (M=2.241, SD=0.966). The findings also show that 62.1% and 37.1 % (agree and strongly agree respectively) of the respondents indicated that automation of recruitment process drastically reduces cost and time of recruitment. (M=4.380, SD=0.487).

Further, 75% and 25% (agree and strongly agree respectively) indicated that automation of recruitment process was favourable to best talent recruitment (M=3.751, SD=0.435). On recruitment policy 75% of respondents indicated that recruitment policy was ignored in recruitment (M=2.631, SD=0.692) and 62.1% indicated that state corporations lack fairness, integrity and honesty in recruitment (M=2.863, SD=0.603). 62.9% of the respondents indicated that recruitment policy was not favourable in recruitment of best talents and qualified employees. Strategic recruitment is a major enabler of state corporations since it attracts purposeful recruitment, automation and provide best recruitment policy that enhances performance. The results show that most of the aspects of strategic recruitment were favourable to state corporations and therefore this imply that strategic recruitment enhances performance of state corporations. This is supported by the findings by studies conducted by Wang (2021) and Makhamara, Bula, Warue and Mugure (2021) which found that strategic recruitment positively and significantly correlated with the job satisfaction and employee performance.

Descriptive Statistics for Strategic Performance Management

Table 3: Descriptive statistics for Strategic Recruitment

Statement	**Strongl y Agree**			**Disagree**			
		Agree	Neutral		Strongly Disagree	Mean	Std. Deviation

There is a performance appraisal system in place Appraisals are scheduled and carried out annually High performance is recognized and rewarded Employees are aware on how their performance management impact the organization. The employees believe that the system is fair and transparent Monitoring and evaluation of performance system is done annually. Employees who do not meet expectation are given developmental opportunities to improve their performance. Supervisors discuss with employees their performance and development plans Staff are provided with timely performance feedback	12.1% (14) 37.% (44)	75% (87) 62.1% (72) 25% (29) 25% (29) 12.1% (14) 12.1% (14)	12.9% (15) 25% (29) 12.1% (14) 12.1% (14) 12.1% (14) 25% (29) 12.1% (14)	37.1% (43) 63.8% (74) 37.1% (43) 25.9% (30) 25% (29) 25.9% (30) 37.9% (44)	37.9% (44) 24.1% (28) 37.9% (44) 37.1% (43) 62.9% (73) 37.1% (43) 37.9% (44)	3.991 4.380 2.131 2.520 2.882 2.641 2.133 3.251 2.622 2.951 26%	0.502 0.487 0.786 0.704 0.782 0.990 0.598 0.968 1.101 0.769

The results in Table 3 reflects that the aggregate mean and standard deviations for strategic performance management were 2.951 and 0.769 respectively, while the coefficient of variation is 26% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. 75% of the respondents indicated that most of the state corporations had performance appraisal system in place (M=3.991, SD=0.502), while 62.1% indicated that state corporations carried out performance appraisal annually (M=4.380, SD=0.487). 37.1% and 37.9% (Disagree and Strongly Disagree respectively) of the respondents indicated that high performance was rewarded and bonuses provided (M=2.131, SD=0.789). 63.8% of the respondents were not aware of the impacts of performance management to the organization (M=2.520, SD=0.704). 37.1% and 37.9% (Disagree and Strongly Disagree respectively) of the respondents indicated that performance management system was fair and transparent (M=2.882, SD=0.782). The findings also show that 25.9% and 37.1% (Disagree and Strongly Disagree respectively) of the respondents indicated that monitoring and evaluation of performance management were not done (M=2.641, SD=0.990). Further, 62.9% and indicated that state corporations were not giving employees developmental opportunities to improve on their performance (M=2.133, SD=0.598). 25.9% and 37.1% of the respondents (Agree and Strongly Disagree respectively) indicated that Supervisors were not discussing with employees on their performance and development plans. Further, 37.9% and 37.9% (Disagree and Strongly Disagree respectively) of the respondents indicated that state corporations were not providing staff with timely performance feedback. Strategic performance management is a major enabler of state corporations since it attracts rewarding, other incentive plans and required competencies and enhances staff retention and motivation. Therefore, any organization that adopt incentive plans, monitoring and evaluation and frequently provide feedback is likely to benefit greatly and thus enhance its performance. The results show that most of the aspects of strategic performance management were favorable to state corporations. The results therefore imply that strategic performance management enhances performance of state corporations. This is supported by the findings by a study conducted by Dixit and Sharma (2021) on performance management practices and its effect on employee productivity in textile firms of Bhilwara city in Turkey which found that performance management were significantly correlated to employee productivity which brought high performance in textile firms

4.2 Descriptive statistics for performance of State Corporations in Kenya

This section presents the analysis of the independent variable which is the performance of State Corporations in Kenya. The indicators of the variable were financial stability, labour force growth and customer feedback reports. The respondents were given five items rated on a five-point Likert scale ranging from strongly agree; to agree; to neutral; to disagree and to strongly disagree from which to choose.

4.2.1 Financial stability

Table 4: Descriptive Statistics for Financial Stability

	Strongly Agree			**Disagree**			
Statement		Agree	Neutral		Strongly Disagree	Mean	Std. Dev
Organisation has been active in enhancing financial growth.		12.9% (15)	24.1% (28)	62.9% (73)		3.50	0.716
Cost of running organisation has reduced over the last three years.		12.1% (15)	87.1% (101)			2.87	0.337
Amount of capital has increased due to growth in business over the last three years		12.9% (15)	61.2% (71)	25.9% (30)		3.130	0.612
Financial Aggregate Mean and Standard Deviation Scores						3.170	0.555
Coefficient of Variation Mean/SD						18%	

The study sought to determine the performance of State Corporations in relation to financial stability, which include organisation financial growth, cost of business, and capital. The respondents were therefore given five items rated on a five-point Likert scale ranging from strongly agree; to agree; to neutral; to disagree and to strongly disagree from which to choose. The results in Table 4 reflects the aggregate mean and standard deviations for financial perspective were 3.170 and 0.555 respectively, while the coefficient of variation is 18% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. The results also show that 62.9 % of the state corporations did not experience an increase in their financial growth over the last 3 years (mean = 3.50, std = 0.716). Also, 87.1% indicated that they were not sure that their state corporations' cost of running had gone down over the last 3 years (mean = 2.87, std = 0.337). 61.2% of the state corporations were not sure that they had a capital increase which resulted to growth over the last 3 years (mean = 3.130, std= 0.612). From the findings it is evident that performance based on financial stability had increased to a less extent.

4.2.2 Labour Force Growth

Table 5: Descriptive Statistics for Labour Force Growth

Statement	**Strongly Agree**			**Disagree**			
		Agree	Neutral		Strongly Disagree	Mean	Std. Dev
The performance and staff morale has increased due to loyal staff with low turnover. The employee productivity and staff development has improved. My organisation has been able to achieve organisation goal over the last three years. The number of employees has grown over the last three years	12.9% (15)	50% (58) 62.9% (73) 62.9% (73) 50% (58)	12.9% (15) 12.1% (14) 12.1% (14) 25% (29)	25% (29) 12.9% (15) 25% 29	12.1% (14) 12.1% (14) 12.1% (14)	2.64 3.26 3.38 3.52 3.20 31%	0.859 1.088 0.861 1.115 0.980

The study sought to determine the performance of State Corporations in relation to growth which include employee productivity, achieving organization goal and increase in employees' number. The respondents were therefore given five items rated on a five-point Likert scale ranging from strongly agree; to agree; to neutral; to disagree and to strongly disagree from which to choose. The results in Table 5 reflects that the aggregate mean and standard deviations for growth perspective were 3.20 and 0.980 respectively, while the coefficient of variation is 31% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. The results also show that 50 % of the state corporations did experience an increase in their growth over the last 3 years (mean = 2.64, std = 0.859). Also, 62.9% indicated that employee productivity and staff development had improved in their state corporation over the last 3 years (mean = 3.26, std = 1.088). 62.9% of the respondents indicated that their state corporations achieved organizational goal which resulted to labour force growth over the last 3 years (mean = 3.38, std= 0.861). In terms of growth of number of employees 12.9% of the respondents strongly agreed and 50% agreed. From the findings it is evident that performance based on labour force growth had increased to a less extent.

4.2.3 Customer Feedback Reports

Table 6: Descriptive Statistics for Customer Feedback Reports

Statement	**Strongly Agree**			**Disagree**			
		Agree	Neutral		Strongly Disagree	Mean	Std. Deviation

Statement	Strongl y Agree			Disagree			
Employees' relationship with customers has been cordial enhancing customer retention. Organisation has been giving continuous customer feedback report to enhance customer retention	25.9% (30)	24.1% (28) 50.9% (59)	25% (29) 12.1% (14)	25% (29) 37.1% (43)		3.51 3.14	1.131 0.932
Customer feedback Aggregate Mean and Standard Deviation Scores						3.330	1.031
Coefficient of Variation Mean/SD						31%	

The study sought to determine the performance of State Corporations in relation to customer feedback reports which include employee's relationship with customers and customer feedback reports. The respondents were therefore given five items rated on a five-point Likert scale ranging from strongly agree; to agree; to neutral; to disagree and to strongly disagree from which to choose. The results in Table 6 reflects that the aggregate mean and standard deviations for customer feedback perspective were 3.330 and 1.031 respectively, while the coefficient of variation is 31% which is relatively low. This suggests that the data represents a more precise estimate and thus concentrated around the mean. The results also show that 25.9% and 24.1% of the respondents indicate that the relationship with customers were cordial enhancing customer retention in their state corporations over the last 3 years (mean = 3.51, std = 1.131). Also, 50.9% indicated that their state corporations provided customer feedback that enhanced customer retention over the last 3 years (mean = 3.14, std = 0.932). From the findings it is evident that performance based on growth had increased to a less extent.

4.3 Testing of Hypotheses

Inferential analysis was used to test the hypotheses in the study. This section presents the results of the hypotheses tests.

4.3.1 Competitive Compensation and Performance of State Corporations in Kenya

Ho1: Competitive Compensation does not influence the performance of State Corporations in Kenya.

The linear regression model gave the following findings:

$Y = \beta 0 + \beta 2X2 + \mathcal{E}$

Table 7: Model Summary for Competitive Compensation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.688a	.473	.468	.79282
Predictors: (Constant), Compensation benchmarking, Competency based pay, Financial and Non-financial				

The results in Table 7 show that the coefficient of determination (R2) is 0.473 meaning that the model estimated explains 47.3% of the variations in the performance of State Corporations in Kenya.

Table 8: ANOVAa for Competitive Compensation

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	64.300	1	64.300	102.29 7	.000b
	Residual	71.657	114	.629		
	Total	135.95 7	115			
a. Dependent Variable: State Corporation						

b. Predictors: (Constant), Competitive Compensation						

The results of the Analysis of Variance (ANOVA) indicated in Table 8 show that the relationship between the independent variables and the dependent variable is significant (F = 102.297, sig <.05). This reveals that the competitive compensation significantly affects the performance of state corporations. ANOVA results indicate that competitive compensation significantly influences performance (sig. level is 0.000 which is less than 0.05) and hence the study rejected the null hypothesis. This is supported by the findings by a study conducted by Fauchil, Didit, and Nikmah (2020) which found that remuneration had a significant positive effect on work engagement and concluded that proper remuneration makes employees have a sense of attachment to work.

4.3.2 Strategic Recruitment and Performance of State Corporations in Kenya

Ho2: Strategic recruitment does not influence the performance of State Corporations in Kenya.

The linear regression model gave the following findings:

$Y=\alpha 0+\beta 3X3 + \varepsilon$

Table 9: Model Summary for Strategic Recruitment

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.538a	.289	.283	.92069
Predictors: (Constant), Purposeful Recruitment, Automation of Recruitment, Recruitment Policy				

The results in Table 9 show that the coefficient of determination (R2) is 0.283 meaning that the model estimated explains 28.3% of the variations in the performance of State Corporations in Kenya.

Table 10: ANOVAa for Strategic Recruitment

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	39.323	1	39.323	46.390	.000b
	Residual	96.634	114	.848		
	Total	135.957	115			
a. Dependent Variable: State Corporation						
Predictors: (Constant), Strategic Recruitment						

The results of the Analysis of Variance (ANOVA) indicated in Table 10 show that the relationship between the independent variables and the dependent variable is significant (F = 46.390, sig <.05). This reveals that the strategic recruitment significantly affects the performance of state corporations. ANOVA results indicate that strategic recruitment significantly influences performance (sig. level is 0.000 which is less than 0.05) and hence the study rejected the null hypothesis. This is supported by the findings by a study conducted by Ichsan, Badia, Taufiq and Hanafi (2018) in Indonesia on the effect of Human Capital Management on the job satisfaction and employee performance of Sharia Bank in South Sumatra which found that recruitment positively and significantly correlated with the job satisfaction and employee performance

4.3.3 Strategic Performance Management and Performance of State Corporations in Kenya

Ho3: Strategic Performance Management does not influence the performance of State Corporations in Kenya. The linear regression model gave the following findings:

$Y=\alpha 0+\beta 4X4 + \varepsilon$

Table 11: Model Summary for Strategic Performance Management

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829a	.687	.684	.61135
Predictors: (Constant), Recognition Plans, Monitoring and Evaluation, Feedback				

The results in Table 11 show that the coefficient of determination (R2) is 0.684 meaning that the model estimated explains 68.4% of the variations in the performance of State Corporations in Kenya.

Table 12: ANOVAa for Strategic Performance Management

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	93.349	1	93.349	249.760	.000b
	Residual	42.608	114	.374		
	Total	135.957	115			
a. Dependent Variable: State Corporation						
b. Predictors: (Constant), Strategic Performance						

The results of the Analysis of Variance (ANOVA) indicated in Table 12 show that the relationship between the independent variables and the dependent variable is significant (F = 249.760, sig <.05). This reveals that the strategic performance management significantly affect the performance of state corporations. ANOVA results indicate that strategic performance management significantly influences performance (sig. level is 0.000 which is less than 0.05) and hence the study rejected the null hypothesis. This is supported by the findings by a study conducted by Dixit and Sharma (2021) on performance management practices and its effect on employee productivity in textile firms of Bhilwara city in Turkey which found that performance management were significantly correlated to employee productivity which brought high performance in textile firms

4.4 Implications for policy and practice

The political climate was rated as not conducive to the State Corporations especially where after every election new management of State Corporations Board are appointed. The government may need to come up with a policy on handling political issues that may interfere with running of state corporations in Kenya. In practice State Corporations should identify the relevant opportunities and risks and capitalize on the opportunities and mitigate the potential risks.

5. Conclusion and recommendations

The objective of this study was to determine the impact of human capital management strategies on the performance of State Corporations in Kenya. The study concludes that a positive change in human capital management strategies 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. Based on the results of the first objective, State Corporations should emphasize on competitive compensation to achieve performance improvement. Specifically, effort should be directed at Compensation benchmarking, competency-based pay and financial and non-financial rewards. Prioritization of competency-based pay is essential because this has more impact as demonstrated by the data. This study recommends that competency-based pay be made a key result area in coming up with employee's remuneration. This will enhance performance of state corporations due to competitive pay in the market. Guided by the findings of the second objective, this study recommends State Corporations should underscore employees' strategic recruitment for improved performance. Priority should be given to purposeful recruitment, automation of recruitment and recruitment policy respectively. These aspects of strategic recruitment should be grounded on policies to ensure their positive realization. Based on the results from the third objective, State Corporations should consider provision of strategic performance management in order to promote performance. Incentive plans, monitoring and evaluation and feedback should be accorded priority in strategic performance management. The former has a greater influence on performance according to the findings of this study. This should not be difficulty as State Corporations can easily ride on the existing Government policies to establish these frameworks.

5.1 Recommendations

Policies on reducing the cost of doing business may include reducing internet costs, and lower tariffs on power to make it cheaper. Due to limited access to foreign markets, the government may sponsor international conventions to promote Kenya as an investor friendly country. Technology is required to be affordable for the State Corporations to effectively compete locally and internationally. In this regard, it is recommended that the government should come up with a policy to subsidize the specific technologies and software to make them affordable. The other aspect is concerning legislation where the government may be required to legislate, strengthen, and review existing laws.

It is recommended that State Corporations should identify the relevant opportunities and risks and capitalize on the opportunities and mitigate the potential risks. The organisations may also position themselves internationally so that they may expand their profit and thus promote their performance. They may also diversify their services by developing new products thus improving their performance.

This study focused on the effects of the HCM strategies on the performance of State Corporations. It is recommended that other studies be replicated in other sectors and countries to establish whether the results will be similar. It is also recommended that studies be carried out on other HCM strategies. Additionally, qualitative research could provide deeper insights into the socio-cultural factors influencing performance of state corporations in Kenya. Future studies can also seek to determine the effects of performance of state corporations in terms of the financial and political factors.

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