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Influence of Career Management on Performance of Firms Listed in the Nairobi Securities Exchange in Kenya

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Abstract

The study sought to determine the influence of career management on firm performance at the firms which are listed in the Nairobi Securities Exchange. The study was anchored on resource based view theory and shareholder value maximization theory. The research design used was a cross-sectional survey, target population included the head of human resources and finance directors in all the listed firms since they were better placed and conversant with the subject of this study and were involved in the development of the policies and review of performance. Sample size comprised of 136 respondents and data was collected through structured questionnaires to meet the objectives of the study. Responses were tabulated, coded and processed by use of a computer Statistical Package for Social Science (SPSS) to analyze the data. Both descriptive and inferential statistics techniques were used to analyze the data. Findings revealed that the relationship between career management and firm performance was positive and statistically significant. The study concluded that career development and planning, career mentors/ counseling, career centres and firms planning for employee growth and progression are key career management determinants for the performance of firms listed in the Nairobi Stock Exchange (NSE) and recommended that career management practices should be widely adopted by NSE listed firms as doing so would lead to improved performance.

Keywords

Career Management, Career Development And Planning, Career Mentors, Career Centres, Performance Of Firms, Nairobi Stock Exchange, Kenya.

INTRODUCTION

Career management and development is a key strategic consideration for all organizations regardless of size, sector, market or profile (Robbins, 2010). Organizations which aspire to be successful in today's extremely competitive markets need employees with the right competencies to assist in achieving a competitive edge in the industries (Mwashila, 2017). Mwanje (2010) posits that career development of employees has a fundamental impact on the efficiency, effectiveness, morale and profitability of the organization. Career development is the basis of employee confidence and competence (Robbins, 2010). Career development aids organizations in bridging the gap between current performance and expected future performance (Mwashila, 2017).

The ever changing business world has confronted new challenges in operating activities and business organizations recognize that addressing sustainability issues benefits the firms through reduced costs and risks of doing business, increased brand reputation, increased attractiveness to talent or increased competitiveness (UN Global Compact & Accenture, 2013). Human resource management could make important contributions to corporate sustainable development to manage the challenges (Ehnert, 2012). Strategic actions for human resource entails staffing activities carried out in order to achieve organizational success in the long run (Anya *et al.*, 2017). Further, by having the right number of human resources at a specific time to carry out organizational services, it will help the organization to increase in their performance and productivity which in turns helps to achieve the strategic objectives and goals of the organization very easily. Ikechukwu *et al.* (2016) denoted that career management officers in organizations should create a conducive atmosphere for employee's progress in their career. Employees should be given the opportunity for career advancement through career

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management in the organization to enable them plan for their future and that of the firm to avoid turnover which will affect production. Reward system can be a strong managerial tool that can enhance increased firm performance and realization of organizational goals (Muuo, 2013).

Proper management of careers increases the organizations' chances to achieve their objectives by ensuring a competent work force that experiences high job satisfaction and commitment to its employer. The firms listed on the NSE compete in a dynamic business environment that affects their performance (Sagwa *et al.,* 2015). The firms have been grappling with reduced sales volumes, declining market share, low levels of productivity and reduced profitability (Sagwa, 2014). This study was conducted to question if there was influence of career management on performance of firms which are listed in the Nairobi Securities Exchange. The study sought to answer the question: What is the influence of career management on performance of firms which are listed in the Nairobi Securities Exchange? The objective was to determine the influence of career management on performance of firms which are listed in the Nairobi Securities Exchange in Kenya.

Very few studies have evaluated the influence of career management on performance of firms and the few that have been done have taken place in developed countries and mostly outside Africa. The study sought the opinions of HR managers and finance directors in the 68 firms registered in the NSE. The results of this study may be beneficial for firms that are aiming to be listed in the Nairobi Securities Exchange to analyze the career management practices that they apply in their firms and aim to have sustainable ones that may improve the firm performance and consequently get them listed. The regulators and the policy makers can use the finding as reference for policy guidelines on management and control of such businesses/companies. They can be able to use the findings of the study to formulate viable policy documents on career management that effectively address problems faced by the organizations in Kenya. These may relate to regulating those aspects that threaten to adversely impact on the operations and development of such organizations.

LITERATURE REVIEW AND HYPOTHESES

Literature Review

Ibrar and Owais (2015) found out that there was positive relationship between rewards (extrinsic and intrinsic) and employee's job performance. Most of the organizations implement rewards system to increase the job performance and job satisfaction. Didem, Tunc and Ahmet (2015) findings revealed that an organizations' role in career management is still important and employees still expect career management support from their organizations. Moreover; in knowledge economy employees create the competitive advantage for the organizations and it is important to understand employees' effect on the company performance. Ikechukwu, Chiavoghi and Ukonu (2016) findings showed that employee career management is significantly associated with organizational performance in selected banks in Umuahia, Abia State, Nigeria and concluded that employee career management promotes organizational performance of banks.

Maina (2014) established that career planning, training and development and institutional framework had a positive effect on career management in JKUAT and it emerged that work-life balance had a negative effect on career management since employees could not balance their private and work lives effectively. Ngirande and Musara (2014) found a strong correlation between job enrichment, job design and job enlargement. Sidiropoulou-Dimakakou *et al.* (2015) demonstrated relatively high scores in all skills, strong positive relationships among them as well as significant differences at scores as to students' work status. Wong and Quek (2015) findings suggested that individual-related factors (self-efficacy and outcome expectations) and social-related factor (peer influences) have positive relationship with individual career management. Khulida and Fee-Yean (2015) carried out a study and the regression results indicated that compensation, and training and development were significant predictors to enhance career commitment.

Mabwe (2015) findings revealed that organizations should place more high value on career management practices as it has proven to have positive effect on organizational performance. In determination of the effect of career management on organizational performance of firms by Kagwiria *et al.* (2017), results revealed organizational performance was positively correlated with career management. The results also revealed that career management is statistically significant in explaining organization performance. The relationship between efficiency and financial performance of commercial banks in Kenya was examined by Ngunyu (2013) and the results showed that there was a fall in efficiency ratio from 2008 to 2012 in banks indicating that the banks were making considerably more than they were spending thus depicting a sound fiscal footing. The findings revealed a significant positive relationship between Return on Asset and Efficiency.

Mohd and Hoshino (2013) did an empirical research which aimed to investigate the performance by analyzing sales growth ratio and profitability ratio in ICT industry between Japan and three ASEAN countries. The findings revealed that Japan and ASEAN had no significant difference with each other in their sales growth performance. Meanwhile, ASEAN shows better performance in profitability when comparing with Japan in ICT industry. A lot of work has been done on the effect of career management on the performance of firms although it has been largely carried out in firms with developed economies and therefore, a research gap is in existence in the context of Kenya. So, this study endevoured to fill the gap by determining the influence of career management on performance of firms which are listed in the Nairobi Securities Exchange in Kenya.

METHODS

Research Design

Target population was the Head of HR and Finance Director. This was a census study which involved obtaining information from every member of the population, therefore no sampling was done. Census study has advantages in that the confidence level is increased and it is easy to identify negative feedback if any in the information given (Babbie, 2012). The study collected data from all the 68 listed firms at the NSE. The questions were categorized in career management and firm performance indicators for ease of analysis. A structured questionnaire with closed ended questions arranged in a likert scale was used for collecting primary data. Statistical Package for Social Science (SPSS) was used to analyze and interpret the data.

Sample Size

Choosing a sample is a key feature of any research undertaking. The study involved all human resources managers and finance directors hence no sampling was done for those categories. It was a census survey since all the respondents in the targeted category were used in the study. A census is a study of every unit, everyone or everything, in a population (Babbie, 2012). Since the research targeted HR managers and finance directors in the 68 firms registered in the NSE, the sample size was 136 respondents.

Data Collection Methods

Primary data was collected using structured questionnaires, comprised of closed-ended questions, which was developed by the researcher.

Reliability And Validity Of Data

A pilot study was used to validate the effectiveness of the instruments where 5 companies listed in the NSE that is CIC Insurance Group Ltd, Kenya Power & Lighting Co Ltd, E. A. Portland Cement Ltd, Sameer Africa Ltd and Car and General (K) Ltd and correction of minor problems with the instrumentation took place. Computation of Cronbach's Alpha was done using SPSS for windows version 20.0 programme. Correlation coefficient varies on a scale of 0.00 (indicating total unreliability and 1.00 (indicating perfect reliability). 0.8-0.9 indicates high reliability, 0.6-0.8 indicates acceptable reliability value while below 0.5 is unacceptable (Wambugu *et al*., 2015). The value was 0.7.

Data Analysis Methods

Descriptive statistics was used for measures of central tendencies including mean, and standard deviation. Pearson r was used in this study since the data was measured in the interval scale and Pearson's correlation coefficient technique is recommended for such data as being the most appropriate for determining relationships (Kothari, 2004). To test hypothesis, simple linear model was used to test significance between the independent and dependent variable where the significance level for hypotheses testing was set at **0.05.**

Regression Model

There is no significant relationship between career management and firm performance of firms listed in the Nairobi Securities Exchange

y = a + $b_1 X_1$ + e

Where:

y – Performance of NSE firms
a – Constant Term
b_1 – Regression Coefficient
X_1 – Career management
e – Error Term

DATA ANALYSIS AND FINDINGS

Descriptive Statistics For Career Management

The study sought to find out respondents' level of agreement with the following statements on the influence of career management on firm performance.

The results in Table 1 indicate that, majority of HR and Finance Directors strongly agreed with the statements that: The firm invests in training its staff at various levels on skills, values, culture change, vision and mission of their various sections (74.0%),

Table 1. Descriptive Statistics For Career Management

	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean	SD	Rank
The firm invests in training its staff their sections	0.0	5.5	7.9	12.6	74.0	4.55	0.861	1
My company offers career counseling	0.0	10.2	19.7	11.8	58.3	4.18	1.080	6
We have established career centres	0.0	5.5	13.4	55.1	26.0	4.02	0.787	8
This company believes career planning facilitates expansion and growth	5.5	6.3	16.5	9.4	62.2	4.17	1.233	7
My company plans on employee growth	8.7	7.9	18.9	15.0	49.6	3.89	1.335	10
My company strives to establish employee career management	5.5	4.7	10.2	16.5	63.0	4.27	1.165	3
My company develops employee development programs and initiatives	0.0	12.6	3.1	14.2	70.1	4.42	1.035	2
We have established succession planning	0.0	14.2	8.7	38.6	38.6	4.02	1.023	9
My company has provision of career mentors	0.0	0.0	16.5	41.7	41.7	4.25	0.723	4
My company has retirement preparation programmes	0.0	16.5	0.0	26.0	57.5	4.24	1.089	5

In my company, we develop programs and initiatives that enhance employee development (70.1%), My company strives to establish employee career management (63.0%), and This company believes career planning facilitates expansion and growth of this company (62.2%) as statements regarding influence of career management on firm performance. However, 8.7% of the respondents strongly disagreed that their company plans on employee growth as a statement regarding influence of career management on firm performance. The findings further reveal that the statements: The firm invests in training its staff at various levels on skills, values, culture change, vision and mission of their various sections had the highest means of 4.55 and was ranked first while My company plans on employee growth was ranked last with a mean of 3.89.

Descriptive Statistics For Firm Performance

The study sought to find out the respondents' level of agreement on how the indicators given had improved firm's performance in the firms listed at the NSE in Kenya. The findings are tabulated in Table 2.

The results in Table 2 indicate that, majority of respondents strongly agreed that cost reduction (49.6%), continuous staff training (41.7%), profitability (40.2%) had improved firm's performance in in the firms listed at the NSE in Kenya. The findings further reveal that cost reduction and profitability had the highest means of 4.12 and 4.11 respectively. Efficiency of growth had the lowest mean of 3.69.

Correlation Between Career Management And Firm Performance

Pearson correlation coefficient is a measure of linear association between two variables. Values of the correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear sense whereas a correlation coefficient of -1 indicates that two variables are perfectly related in a negative linear sense. On the other hand, a correlation coefficient of 0 indicates that there is no linear relationship between the two variables (Kothari, 2004). According to Cohen (1988) interpretation of correlation coefficients, 0.00 to 0.01 shows no correlation; 0.02 to 0.09 show very weak correlation; 0.1 to 0.29 show weak correlation; 0.30 to 0.49 show moderately weak correlation; 0.5 to 0.69 show moderately strong correlation; 0.70 to 0.89 show strong correlation; 0.90 to 0.98 show very strong correlation while 0.99 to 1.00 show almost perfect correlation. Table 3 shows the correlation between career management and firm performance.

Table 2: Descriptive Statistics For Firm's Performance In Kenya

	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean	SD	Rank
Market share	5.5	3.1	7.1	57.5	26.8	3.97	0.983	3
Cost reduction	2.4	10.2	11.0	26.8	49.6	4.11	1.107	2
Sales growth	2.4	7.1	13.4	48.0	29.1	3.94	0.962	4
Efficiency of growth	6.3	8.7	21.3	37.8	26.0	3.69	1.139	6
Continuous staff training	0.0	5.5	18.9	33.9	41.7	4.12	0.905	1
Profitability	7.1	11.0	8.7	33.1	40.2	3.88	1.251	5

The correlation coefficient (P) between firm performance and career management was found to be 0.436 at (P=0.000). These results indicate that according to the study, there was a highly significant linear correlation between the two variables (career management and firm performance). This implies that the relationship between the two variables is very close. This supports the argument by Khuida and Siti (2004) who discovered a significant and positive relationship between organization career management and the individual performance. Sofijanova and Zabijakin-Chatleska (2013) found that employee participation and empowerment programs, and the use of self-managing teams have a direct and statistically significant correlation to the managerial perception of the organizational performance.

Table 3: Correlation Analysis for career management and firm performance

		Firm Perfor-mance	Career manage-ment
Firm Perfor-mance	Pearson Correla-tion	1	
	Sig. (2-tailed)		
	N	127	
Career manage-ment	Pearson Correla-tion	.436**	1
	Sig. (2-tailed)	.000	
	N	127	127

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

Inferential Statistics

There is no significant relationship between career management and firm performance of firms listed in the Nairobi Securities Exchange.

The null hypothesis was tested using the following linear regression model:

$y \neq a + b_2 X_2 + e$

Where:

y – Performance of NSE firms

a – Constant Term

b_2 – Regression Coefficient

X_2 – Career management

e – Error Term

The results are presented below:

The model summary findings (Table 4) show that r is equal to 0.436, indicating that career management has a moderate influence on the performance of firms listed in the NSE. The value of R squared is 0.190, indicating that career management explains 1.9% of the variation in the performance of firms listed in the NSE.

Table 4: Model Summary for Career Management

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.436	.190	.184	.63714

a. Predictors: (Constant), career management

Source; Researcher data (2018)

To test for the level of significance of the regression model, ANOVA was used and the results in Table 5. The ANOVA results gave a significance of 0.00 showing that the study's regression model was significant tested at 95% level of significance. The overall F-statistic was (1,125) = 29.387 with $p=0.000<0.05$ suggesting that there existed a statistically significant relationship between career management and performance of firms listed in the NSE.

The Beta (β) coefficient for human resource planning is 0.523 (Table 6). The β values imply that one unit change in performance of firms listed in the NSE is associated with 52.3% change in career management. The results indicate that career management statistically significantly influences on the performance of firms listed in the NSE ($\beta=0.523$, $t=5.421$, $p=0.000<0.05$).

Using the statistical findings, the regression model can be substituted as follows:

$$y \neq 1.756 + 0.523X_2$$

This can be interpreted to mean that a unit change in career management causes a positive change of 0.523 on firm performance. Based on the research findings, the null hypothesis which stated that there is no significant relationship between career management and performance of firms listed in the NSE was rejected and concluded that career management has a statistically significant influence on the performance of firms listed in the NSE.

Table 5. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.929	1	11.929	29.387	.000
	Residual	50.743	125	.406		
	Total	62.673	126			

Table 6: Regression Results of Effect Of Career Management On Firm Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.929	1	11.929	29.387	.000
	Residual	50.743	125	.406		
	Total	62.673	126			

Summary of Findings

The study investigated the influence of career management on performance of firms which are listed in the Nairobi Securities Exchange. Career management was found to explain 1.9% (R^2=0.019) of the variation in the performance of firms listed in the NSE. The correlation coefficient (P) between firm performance and career management was found to be 0.436 at (P=0.000). The study also revealed that the relationship between career management and firm performance was positive and statistically significant (βeta = 0.523, t=5.421, P<0.05). Therefore, the study rejected the null hypothesis that there is no significant relationship between career management and performance of firms listed in the Nairobi Securities Exchange and accepted the alternative hypothesis.

DISCUSSION,CONCLUSION AND RECOMENDATION

Discussion of the Findings

Directive Leadership Style

The study concluded that that career management has a positive and statistically significant influence on the performance of firms listed in the NSE. This means that career development and planning, career mentors/ counseling, career centres and firms planning for employee growth and progression are key determinants for the performance of firms listed in the NSE. Career development ensures that employees continue to be competent, helps them create more realistic *career development* goals, improves employees' morale and motivation and ensures better utilization of employees' skills and provides increased work satisfaction to employees' thus firm performance.

The study recommended that career management practices should be widely adopted by NSE listed firms as doing so would lead to improved performance. Therefore, firms wishing to maintain superior organization performance should put in place mechanisms to support career management like having career centres; career mentors, career counselling facilities as well as succession planning. The firms should encourage their employees by developing their career through training, seminars, conferences and educational advancement to update their knowledge in other to be competitive in the various industries. Finally, human resource management personnel should ensure that policies regarding career development and planning are put in place in all organizations to enhance employee growth and progression.

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