

**ALIGNMENT OF HUMAN RESOURCE MANAGEMENT
PRACTICES TO BUSINESS STRATEGY AT KENYA
POWER & LIGHTING COMPANY LIMITED**

BY

FAITH AKINYI ONYANGO

**RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION**

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

2016

DECLARATION

This project is my original work and has not been submitted for a degree in any other university.

Signature:

Date:

FAITH AKINYI ONYANGO

D61/72052/2014

This project has been submitted for examination with my approval as the University supervisor.

Signature:

Date.....

PROF. K'OBONYO, PETER

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

DEDICATION

This work is dedicated to my parents, Bishop John Onyango Ober, mum Deborah, mum Susan and my daughter Alissa for their unconditional support during the whole duration of the course.

ACKNOWLEDGEMENT

All the Glory and Honor to the Lord Almighty for seeing me through this entire process of project writing. My appreciation and gratitude to my supervisor Prof. K'Obonyo Peter and moderator Dr. Muindi for their professional and insightful guidance through the entire process of the research. Also sincere appreciation to my colleagues, my family, my lecturers and the entire University of Nairobi Community and School of Business staff for their support, encouragement and intellectual advice during my studies. May the Almighty God bless you all.

ABSTRACT

Human resource management practices significantly impacts on the organization human capital through resourcing, development and employees welfare. The alignment of this practices is very vital in achieving the strategies laid by an organization. The objective of this study was to determine the alignment of human resource management practices to business strategy at Kenya Power Limited. The study was based on 30% of the population of employees of the company. This resulted in 95 respondents. Self-administered questionnaire was used in data collecting primary data. The study used mean, standard deviation, frequency distribution and percentages to do the analysis. The study found that Kenya Power and Lighting Company Limited recruitment strategy is determined by the expected employee role behavior to a moderate extent. The company's training and development approach is based on how employee is expected to conduct him or herself on the job. The study further established that at Kenya Power and Lighting Company Limited the way employees conduct themselves on the job is expected to be time with the company's business strategy. The study concludes that the Kenya Power and Lighting Company Limited performance appraisal is designed to encourage desirable job behavior. The findings also concluded that Kenya Power and Lighting Company Limited training and development approach is based on how employee is expected to conduct himself or herself on the job. The study finding showed that Kenya Power and Lighting Company Limited performance appraisal is designed to encourage desirable job behavior. The study recommends that the technical standards of service quality, reliability; responsiveness and empathy dimensions should be enhanced further in order to increase employee satisfaction. The findings concluded that company's training and development approach is based on how employee is expected to conduct him or herself on the job. The study recommends that more training methods should be adopted to increase employee's productivity. The Study concluded that Kenya Power's recruitment strategy is determined by the expected employee role behavior.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTT	iv
ABSTRACT	v
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATIONS AND ACRONYMS	xi
CHAPTER ONE: INTRODUCTION	1
1.1. Background of the Study.....	1
1.1.1 Alignment of Human Resource Management Practices.....	2
1.1.2 Business Strategy.....	3
1.1.3 Alignment of Human Resource Management Practices to Business Strategy ...	4
1.2 Research Problem.....	6
1.3 Objective of the study	8
1.4 Value of the Study.....	8
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Theoretical Foundation	10
2.2.1 Resource Based View Theory	10
2.2.2 Mc-Gregor’s Theory X and Y of Motivation	11
2.3 Human Resource Management Practices	12
2.3.1 Employee Recruitment and Selection.....	12
2.3.2 Training and Development	13
2.3.3 Performance Management.....	15

2.3.4 Job design	16
2.3.5 Employee Rewards System	17
2.4 Alignment of Human Resource Management Practices to Business Strategy	18
CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Introduction	20
3.2 Research Design	20
3.3 Population of the Study	20
3.4 Sample Design.....	20
3.5 Data Collection.....	21
3.6 Data Analysis	21
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	22
4.1 Introduction	22
4.2 Response Rate	22
4.3 Demographic Information	23
4.3.1 Gender composition.....	23
4.3.2 Years Worked.....	24
4.3.3 Level of Education.....	24
4.4 Alignment of Human Resource Management Practices to Business Strategy	25
4.5 Discussion of the findings	27
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS. 29	
5.1 Introduction	29
5.2 Summary of the Findings	29
5.3 Conclusion.....	29

5.4 Recommendations	30
5.5 Limitations of the Study	30
5.6 Recommendations for Further Research	31
REFERENCES.....	32
APPENDICES	36
APPENDIX I: QUESTIONNAIRE	36

LIST OF TABLES

Table 4.1: Response Rate.....	22
Table 4.2: Human Resource Management Practices	26

LIST OF FIGURES

Figure 4. 1: Response Rate	22
Figure 4.2: Gender of the Respondents.....	23
Figure 4.3: Number of Years Worked	24
Figure 4.4: Level of Education	25

ABBREVIATIONS AND ACRONYMS

HRM:	Human Capital Management
HRMP:	Human Resource Management Practices
KPLC:	Kenya Power and Lighting Company Limited
SPSS:	Statistical Package for Social Sciences
CSR:	Corporate Social Responsibility

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Management of human resource in the twenty first Century has changed drastically as organizations seek to gain competitive advantage through all means. This means that organizations have to align the various human resource management systems with business strategies. According to Omondi, Magutu, Onsongo and Abong'o (2011), the process of forming effective human resource structure which will be aligned to institutional strategy is very critical towards the proper operational and the feat of an institution/company in the current competitive market. Organizations have to plan and align their HRM practices because of their influence on employee outcomes in the organization (Chen & Huang, 2009). Human Resource Management Practices significantly impacts positively on performance and thus enable the organizations to be at the competitive edge. For instance, it is expected that an organization adopting a rigorous recruitment and selection exercise for both internal and external sources of employees, based on competence and merit the employees who are hired are expected to strongly identify themselves with the organization. A firm that encourages team work and provides employees with discretion and resources to make decisions while allowing employees to discuss with the management matters that affect them is bound to achieve its set targets.

This study will be anchored on two theories: Resource-Based View Theory (RBV) that was developed by Wernerfelt (1984) who tries to explain the import of the resource view as a novel direction in strategic management field. The RBV emphasizes the role played by a firm's resources in attainment of competitive advantage. The McGregor's X and Y second

theory of Motivation was put forward by McGregor (1960) to describe how managers view their subordinates. The Theory are based on assumptions about work and people.

Kenya Power & Lighting Company Limited is a government agency whose mandate is to ensure distribution of electricity across the country. The Company employees staff of different specializations to execute its mandate. Some of these staff need specialized training which may not be readily available on the market hence making employee training and expensive affair. In order to gain employees loyalty and motivated to achieve more, the organization needs to create a conducive environment. The Company has been given targets by the Government of Kenya in terms of households that need to be connected to the Grid by 2016 December. In order to achieve these targets, it is critical that their focus on effective human capital management for optimal performance.

1.1.1 Alignment of Human Resource Management Practices

Several definitions advanced on the practices of human resource management has been made. For instance, Schuler and Jackson (1987) define the practices of human resource management as a structure/ system that attract suitable people/candidates, train and nurture their talent through development, motivate and retain the best staffs in an organization. This staffs are expected to grasp and effectively implement the organizational strategy for the growth, success and survival of the organization. Furthermore, HRM practices concentrates on the human side during the management of the firm and the staffs' relations within the organization. The human resource management practices involves activities like resourcing, organization development, corporate social responsibility (CSR),management of human capital, knowledge, talent management, employees relations, performance and

reward management, employee relations, the welfare of employees', health, safety and other employees services (K'Obonyo, Sagawa & Ogutu, 2015).

Minbaeva (2005) defines HRM are set of practices used by the organization in management of employees by expediting the development of competencies that are firm oriented, produces multifaceted organization culture and create institution knowledge in sustaining competitive edge. It is also concerned with organizational actions/activities focused on managing human resources which are geared towards fulfillment of institutional goals (Chen& Huang, 2009). HRM is a specialist function of management which its core responsibility is to: formulate, propose and aide in setting ground rules for recognition of personnel strategies and policies of the organization. It is also involved in opining and giving guidance to the organization's managers towards the enactment and implementation of human resource policies and strategies; providing HR services for the organization to expedite the employees resourcing, motivation, training &development which leads to the availability of desirable skills and competencies at all levels; advising the organization's managers on change management and its consequences (Romle, 2006).

1.1.2 Business Strategy

This is a plan that assimilates the objectives/goals, the policies and an organization actions into a whole unit, and after its implementation it results in competitiveness (Quinn, 1980). The objective of the strategy is to bring about advantageous conditions within which action will occur. Its objective is to provide steering cues so as to allow the institution achieve its objectives and respond to the operating environment opportunities and threats (Pearce & Robinson, 2003). Strategy defines the precise business of the firm; its products,

geographical scope and markets. It is a game's plan and empowers the firm in creating competitive advantage and gaining competitive edge (Pearce & Robinson, 2003).

Thompson, Strickland and Gamble (2007) define strategy as the alignment between resources, skills and the environmental opportunities afforded to an organization and further looks at how it will handle the risks it faces and the purposes it wishes to accomplish. Andrews (1971) argues that the decisions made by the company correlates to its objectives, goals/purposes and produces the core policies and plans for obtaining those objectives. It also determines the types of businesses the company is involved in, the economic expectation of the organization, its target market and the nature of contributions both commercial and non-financial it anticipate to make to its stakeholders.

1.1.3 Alignment of Human Resource Management Practices to Business Strategy

Several studies done by different scholars' shows positive relationship existing between human resource management practices to business strategies that have been developed by organizations. For instance, Havel and Tzafrir (1996) noted that HRM activities have some influence on performance of an organization through improving the skills of the employees by training them and selection of qualified staff who will be well compensated as an employee motivation-incentives. The feature associated with Human Resource Management is the integration of HR policies with business (Keith Sisson 1990).

Armstrong (1995) stated that people are now recognized as the single most significant resource in an organization that contributes to its success. People use their skill set, abilities, knowledge base, experience deployed towards achieving the organizational objectives leading it to gain competitive advantage. K'Obonyo et al., (2015) established a

correlation between human resource management practices and performance of firms listed on the Nairobi Securities Exchange. Oluoch (2013) established that, best HRM practices, has a progressive impact on organizational performance. Human resource practices are known to improve organizational competitiveness, performance and its effectiveness by identifying suitable candidate, attracting and retaining employees with desirable, knowledgeable, and competent aligned to the organization mission and objectives.

1.1.4 The Kenya Power & Lighting Company Limited

The Kenya Power Company Limited was incorporated in 1922 as the East African Power and Lighting Company Limited to serve Kenya, Tanzania and Uganda. Its name changed to the Kenya Power and Lighting Company Limited in 1983. KPLC is partly owned by the Government of Kenya and private investors at the ratio of 50.1% to 49.9% shareholding respectively. Prior to a major power sector restructuring exercise in 1997, KPLC also managed all generating stations on behalf of the government. Currently, the Company only manages some diesel and hybrid power generating stations which are owned by the government, and which are not connected to the national grid and it's the national system operator (electricity dispatcher). In order to attain its Vision and Mission, KPLC employs highly skilled staff. Training programmes are carried out locally and internationally to expose them to best practice in customer service, and the latest technical standards and business trends.

The company owns and operates, transmit and distribute electricity in the country and sells electricity to over 4.8 million customers (as at June 29, 2016). The Company's key objective to generate sufficient electricity and to develop transmission capacity that meets

demand and to build and maintain power distribution network and retailing electricity to its customers.

1.2 Research Problem

HRMP develops the human capital thus influences their skills and productivity. The alignment of human resource management practices is fundamental in achieving organization strategy. According to Harrison (2002), HRM practices are only valuable if they are able to significantly increase the organizational capability and enhance its progress.

Strategically approaching people who have a specific skill set enables the organization to align its resources (people) with the business strategy. The relationship between the resources and the strategies should be reflected in the HR policy of the firm. The HR policy should clearly dictate the objective and outline the strategy that would be used to achieve the stated objective. Furthermore, the policy is developed in such a way that implementing people management by engaging and encouraging the employees to achieve their set objectives which would eventually lead to achievement of organizational goals (CIPD, 2005).

Kenya Power & Lighting Company Limited as an organization has faced many challenges relating to employee performance. A number of employees have left service while others have joined the organization. In order to achieve the mandate, it is imperative that KPLC employs the best human resource management practices that would support the attainment of its business strategy. The Government has ambitious plans to connect more than 75% of

the population to the grid by December 2016. In order to achieve this, the employees need to be motivated and encouraged to perform better.

Several studies have been conducted locally relating to human resource practices. Dimba and K'obonyo (2009) studied the effect strategic human resource management practices on organization performance. The findings indicated that innovative recruitment and selection process positively impact on performance. Oluoch (2013) conducted a study on the influence of best human resource management practices on organizational performance: a case of college of humanities and social sciences university of Nairobi, Kenya. The findings indicate that best human resource management practices, has a positive significance on organizational performance. K'Obonyo et al. (2015) examined HRM practices and performance of firms listed on the Nairobi Securities Exchange and established a significant relationship between HRMP and performance of this NSE firms. Munjuri (2011) examined the effect of HRM practices in enhancing employee performance in catholic institutions of Higher learning in Kenya and established that HRM practices enhanced employee performance. Kagwira (2015) studied alignment of HR practices and business strategy at Coca-Cola bottling company in Nairobi and established that human resource management is highly integrated into the company's business operations.

Most of these studies reviewed above concentrated on relations between HR practices and performance, the HRM practices in supporting business strategy, and the one on alignment of HR practices to business strategies was purely based on beverage producer (Coca-Cola) with different challenges which cannot be fully applied to other organization in energy sector. Therefore this gap necessitated this proposed study to fill this knowledge gap by assessing the extent of alignment of human resource management practices to business

strategy at Kenya Power & Lighting Company Limited. The study will be guided by the following research question: To what extent are the human resource management practices aligned to business strategies?

1.3 Objective of the study

To determine the alignment of human resource management practices to business strategy at Kenya Power & Lighting Company Limited (KPLC)

1.4 Value of the Study

The study would give more insight on human resource practices and their alignment to corporate strategies in achieving the desired performance. The study would also enhance the need by the management to recognize the significance of integrating the HRM practices to business strategies to increase their competitive niche. The result of the study would help at Kenya Power & Lighting Company Limited Limited to formulate/review policies on human resource management practices and application of HR systems which are aligned to business strategies for purposes of improving performance and increasing their competitiveness.

To scholars, apart from adding more insight to the available knowledge, it will be more important in other areas related to this study. It would extend the prevailing literature which will inform future scholars in their studies besides acting as a source of literature for students of higher learning.

The result of the study would also assist the government of Kenya in formulating policies in the energy sector and other parastatals in adoption of human resource practices that enhances corporate organizational performance. Through the findings of this study, the

Government of Kenya would realize the extent of human resource management practices alignment to business strategy at Government agencies level.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presented literature review and covers themes highlighting human resource practices and business strategy. It specifically covered the theoretical perspective, HRM practices and how it relates with business strategy.

2.2 Theoretical Foundation

This section presented the theories on which the study is anchored. It specifically discusses two theories: the resource based view theory developed by Wernerfelt (1984) and McGregor's motivation theory X & Y developed by McGregor (1960). These are discussed in details below:

2.2.1 Resource Based View Theory

Wernerfelt (1984) in an effort to explain the relevance of the resource view as a new trend in strategic management field developed this theory. The resource based perspective emphasizes on the role played by a firm's resources attainment of competitive advantage (Peteraf & Barney, 2003). In its attempt to analyze the sources of competitive advantage Barney, 1991 for organizations, the theory emphasizes the existence of unique resources that may not be available in other organizations (Wernerfelt, 1984). It shows how firms gain competitive advantage by deploying different resources at their disposal. The uniqueness of the resources and how it is applied are the ones that give a firm competitive advantage

Unlike other theories that emphasize actions of earning economic rents by differentiation against competitive forces by organizations, the RBV theory accentuates on building

competitive edge based on fundamental firm level efficiencies advantages for capturing economic rents. This theory addresses an identity of an organization as its nature and source of strategic capabilities. The theory holds that the firm capabilities and its specific resources defines its performance (Barney, 1991). This theory is relevant for this study on the response strategies because it explain how organizations can use heterogeneous resources at their disposal to build a sustainable competitive advantage that may not be easily copied by the competition.

This study will be anchored on Resource-based view theory. The theory highlights the significance of organization resources in its effort to achieve its business strategy and gain competitiveness in the market place.

2.2.2 Mc-Gregor's Theory X and Y of Motivation

This theory was put forward by McGregor (1960) to describe how managers view their subordinates. This theory is based on polar assumption about people and work, Mullins (2010). This theory assumes that organization which embrace old tradition base their decisions on the assumption of human nature and motivation. These assumptions are called Theory X considers that most people value safety and would work under supervision as they don't like accountabilities. Managers/supervisors who supports and uphold theory X mostly put control and supervision on their employees. Theory Y focuses on creating a working environment which is pleasant for development and nurturing of talents and skills and aligning the goals of employees with organizational goals and assumes that well motivated people can be very innovative and self-directed(Arogundade, 2015).

Stewart (2009) revisited McGregor's theory and explained that theory X assumes that most human beings are self-centered, lazy and lacking ambition and motivation. They despise

being directed and the managerial approach corresponding to this states that employee motivation is all about the fear and pain and capitalizes on total control. According to Theory Y, individuals progressively long for growth and higher responsibilities and best managed through autonomy and minimal supervision. This theory is relevant in a way that it would encourage the employee to improve their performance leading to their retention.

The study will be anchored on McGregor's theory X and Y of motivation since humans are the greatest resource that any organization can possibly have. In the process of implementing the business strategy then it is paramount to motivate the humans in an organization.

2.3 Human Resource Management Practices

This comprises of formal approaches in managing people at the work place. These approaches are mainly used to increase the organizational effectiveness. These approaches include; knowledge management and talent management. These approaches curve the core competencies that staffs follow and show how the organization will compete (Cappella & Crocker-Hefter, 1996). Several HRM practices exist some of which are presented below:

2.3.1 Employee Recruitment and Selection

Recruitment is all about searching for ideal individuals and encouraging them to apply for the vacant position (Dessler, 2007). It entails identifying suitable candidate which has the desirable competencies and skills required by the organization through external sourcing. According to Garg and Rastongi (2011), the whole idea behind recruitment process is to be able to attract suitable individuals to apply and join the organization. On the other hand selection is checking through all the applications and picking the most suited candidate to

fill the post, it may also involve persuading the individuals (head hunt) to join the organization.

It is a holistic and a structured process of acquiring people with relevant qualifications and who have submitted their application to fill the vacant job openings (Dessler, 2007). This is done by evaluating the applicants and picking the most suitable candidate to fill the vacant position. Attracting and retaining talented and skilled workers is a sure way of achieving and sustaining a high level of competitive advantage (Li, Liao & Chuo, 2006).

Whenever an organization has a vacant position, there are two options of filling it; either internally or externally. Internally is where jobs are advertised to staffs who are already working in the organization and the selection is done and the vacant position is filled. Filling the vacant positions internally has several advantages as it's a sure way of promoting and motivating employees, nurture the available talents and skills, better utilization of employees and enhancing their career growth as well as retaining the employees, it's also cheaper compared to external recruitment (Li, Qian, Liao, & Chu, 2008).

2.3.2 Training and Development

This is an organized effort by an organization to facilitate individuals' learning of job and what is involved in the job. Training also refers to a program aimed at helping the organizational employees to acquire specific and relevant knowledge or skills that will enable them to improve their performance while handling their current roles (Gegenfurtner, Veermans&Vauras, 2013). Training is very crucial in organizations because new employees are continuously recruited to fill vacant or new positions and therefore they must be trained to work in the specific organizational context. The main purpose of training

is to eliminate performance discrepancies whether current or anticipated so that the employees acquire and are fortified with relevant skills in performing their tasks.

Training is a sure way of improving organizational performance this is more so for the case of organizations with declining or stagnating productivity indexes (Budhwar & Debrah, 2009). Training and development has been used to improve productivity of employees and as such it could lead to competitive advantage for an organization while operating in the global market McKinsey (2006). Training and development teaches staffs on how to handle current and future assignments effectively. It does not matter how job applicants are selected for the job, typically a gap exists between what employees know and what they do not know (Kreitner & Kinicki, 2007). The key aim of training and development is to make a contribution of the organization's overall goal. The other aim is to develop, nurture and acquire desirable skills, increase employees knowledge, their capabilities and abilities of the employees, in an effort to improve their performance, necessitates effective and more advance training and development programs which also impact on employee motivation and commitment. Training can lead to the achievement of immediate and future objectives of a firm leading to higher benefits for individuals and organizations (Meyer & Topolnytsky, 2007).

Staff training and development is recognized as the most crucial factor in the measure of an organizations performance. Training and development strategies within an organization are critical and must be efficient enough to maximize learning which could be beneficial to the organisation as a whole. According to Rolf and Udai (2002), effective training and development can improve employee's effectiveness, efficiency, team work, time management and the overall job performance of the organization. Training is very crucial

as it enhances skills, knowledge and increases workers performance, commitment, and productivity in organizations (Kreitner&Kinicki, 2008).

2.3.3 Performance Management

This is a systematic and integrated approach used in improving and delivering sustainable success to an organization by enhancing the performance of its employees through development of teams and individual capabilities (Biron, Farndale&Paauwe, 2011). It relates to the management of employee performance through planning, developing, monitoring, evaluating and rewarding them for their contributions (Armstrong & Baron, 2004). Effective performance management system is made to rate staffs performance. It also provides the tools needed by the employee to performance and also create a tool to equate work with the required compensation.

Performance Management provides a guideline of achieving the objectives by setting the targets and the path that employees should follow towards achieving these set targets. It also has the required standards of actions to be done. Performance management states clearly the roles of both the managers and junior staff would play in achieving the organizational goals.

Performance management looks on individual and collective performance that will result in organizational competitiveness. This is done by the management communicating the firms' expectations and strategic plan, laying out the plan to achieve the goals and assigning duties to all the staff. This is easily emphasized by having a clear communication channel between senior management, supervisors and junior staffs. It may involve aspects of coaching and mentoring where senior level staffs guide the junior level staffs on performance, career growth by recognizing superior performance and rewarding effective

performance(Biron et al., 2011); pinpointing various issues of underperformance and resolving them; and give directions on other human resource management functions, such as training (Allan, 2002).The performance management is crucial function in HRM whose objective is to improve overall productivity, general performance and effectiveness in an organization (Armstrong, 2014).

2.3.4 Job design

It outlines the contents of the job, the relationships, methods and responsibilities to be undertaken by a particular employee. The design covers the systems, methods, and procedures for the work. Current competitive business environment, with constant changes occurring in the business world, requires a proper job design which can aid a company to become more successful and have competitive advantage in the market. This theory of job design rests largely on the premise that employees enjoys autonomy, using their abilities and skills as it derives internal satisfaction leading to effective performance (Anderson, 2006).

Several principals developed by classical theorists that was believed would minimized the organization rationality and efficiency (Garg & Rastongi, 2011). They emphasized on the significance of clear and definite channels of authority, compliance to rules and regulations, centralized decision making process, and defined unduplicated tasks. It specifies that if jobs are simplified and specialized to the required extent then maximum work efficiency will be achieved (Armstrong, 2014).

The notion is that employees will work optimally when their job is simplified instead of involving them across more complex tasks (Armstrong & Baron, 2004). Taylor's scientific

management approach stated that the work to be done should be scientifically studied to principles of management underlying the industrial engineering approach to the design of work as follows; the work to be done should be studied scientifically to actualize it's worth in quantitative terms, the way the work be divided among the workers and for maximum simplicity and efficiency and how the work should be undertaken efficiently (Armstrong, 2014).

2.3.5 Employee Rewards System

This is a program that is developed by an organization with the aim of setting up to reward employee performance and to motivate employees towards achieving higher performance at the work place (Biron et al., 2011). The employee reward scheme is different and set apart from the salary that employees get after some time period has elapsed. Normally, employee reward scheme is considered a cost to the organization, but management views it as an investment that aims at motivating staffs leading to higher returns. The employee reward may have a design including individual's performance pay and performance based rewards for small groups and organizational or performance rewards (Budhwar & Debrah, 2009).

Reward systems and recognition are recognized by organizations/managers as a tool used in motivating individual employees (Armstrong & Baron, 2004). Rewards are also used as a bait in attracting and retaining skilled employees. Recruitment is a very intensive, time consuming and costly process. It is the interest of the Companies to ensure very low turnover if any for consistency in performance and confidence to the customers. Reward system is one of the easiest way in which the management and owners can communicate

to the employees on what they deem important and of value to them. This will enable employees to concentrate on activities and behaviors that have the greatest impact to the overall organization (Harrison, 2002).

2.4 Alignment of Human Resource Management Practices to Business Strategy

Several studies have been conducted on HRM Practices and business performance. For instance, Sagwa, K'Obonyo and Ogutu (2015) examined relationship between human resource practices and performance of 60 firms listed on the Nairobi Securities Exchange. They used the cross sectional descriptive survey in their research design. The results showed a significant correlation between management of human resource and performance of the firms.

In another study, Oluoch (2013) seek to establish the best human resource management practices influence on organizational performance. The study was done at the University of Nairobi; college of humanities and social sciences. The study was carried out using descriptive survey design on the targeted population of 54 administrators of the college of humanities and social sciences. Data collection was carried out using structured questionnaires, interviews reviewed secondary data and descriptive survey. The findings were presented in tables employing the use of frequency distribution and percentages and the data analysis was done using descriptive statistics. The findings indicated that, the effective human resource management practices impact positive on organizational performance.

Njenga (2012) conducted a comparative analysis of management of human resource adopted by international organization for standardization certified and non-international

organization for standardization certified commercial banks in Kenya. This study used cross-sectional descriptive survey design. The population of this study was comprised all commercial banks in Kenya. Primary data was collected using a semi-structured questionnaire. International Organization for Standardization certification enables commercial banks to adopt human resource management practices. The findings conclude that there is a significant difference between firms with and without International Organization for Standardization 9000 certification with respect to the human resource management practices.

Tan and Nasurdin (2011) examined the direct relationship between human resource management practices and organizational innovation in Malaysia manufacturing firms by assessing the knowledge management mediating role. The results showed that human resource impact positively on innovation within the organization. Training was identified to impact positively on innovations and that performance appraisal also impact positively on administrative innovation.

Ngila (2011) examined the strategic management of human resource effects on performance of Nairobi Metropolitan banking sector. The study revealed that commercial banks utilized this practices in the key HR functions such as straining and development, recruitment, performance and evaluation, employee relations, human resource planning and consultative performance appraisal. Khalumba (2012) on his study on commercial banks found out that most commercial banks employed ineffective employees resourcing procedures, improper human resource plans and ineffective reward management systems, ineffective training and development an career management programs.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains aspects of research methodology that was used to carry out this study. The methodology comprised the techniques and procedures used in data collection and analysis.

3.2 Research Design

This study adopted descriptive research design as it sought to build a profile on alignment of human resource management practices to business strategy at Kenya Power & Lighting Company Limited. A descriptive survey was appropriate for this study because data was collected from several employees at KPLC. A case study research design approach has been adopted because the unit of analysis is one organization: Kenya Power and Lighting Company Limited.

3.3 Population of the Study

The target population is used by the researcher generalizes the results of study (Orodho, 2005). The targeted population in this study comprise 318 employees in Human Resource Department at the Kenya Power & Lighting Company Limited.

3.4 Sample Design

The study did a take 30% of the study to make a sample size of 95 respondents. Sample size of 10-30% is considered adequate for the generalizing of the findings.(Mugenda and Mugenda2003)

3.5 Data Collection

The primary data was collected using a questionnaire. The questionnaire contained both open and closed ended questions which were used to standardize responses. The questionnaire had two sections: A: background information, B: Alignment of HRM practices to business strategy. The questionnaire was administered through a drop and pick later method to minimize the level of interruptions in the respondent's daily work schedules.

3.6 Data Analysis

In order to comprehend the responses and make inferences, the data was collected from the field using questionnaire. The collected data was then processed and organized by first sorting it out to ensure consistency, exhaustiveness and completeness in information required for statistical analysis.

This study employed descriptive statistics, where, quantitative data was analyzed through Statistical package for Social Sciences (SPSS) software to generate, frequency distribution tables. After the analysis, bar graphs, tables and pie charts were used to present this data.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The chapter presents the analyzed data, presentation and discussion. The general objective of the study was to determine the alignment of human resource management practices to business strategy at KPLC (Kenya Power and Lighting Company Limited). Semi structured questionnaires was used in data collection. The data was analyzed using measures of central tendency.

4.2 Response Rate

A total of 95 questionnaires were distributed which 68 were filled and returned. Thus the response rate of 72% which was proportional representative of the population.

Table 4.1: Response Rate

<i>Questionnaires distributed</i>	95
<i>Questionnaires received and used</i>	68
<i>Response rate</i>	72%

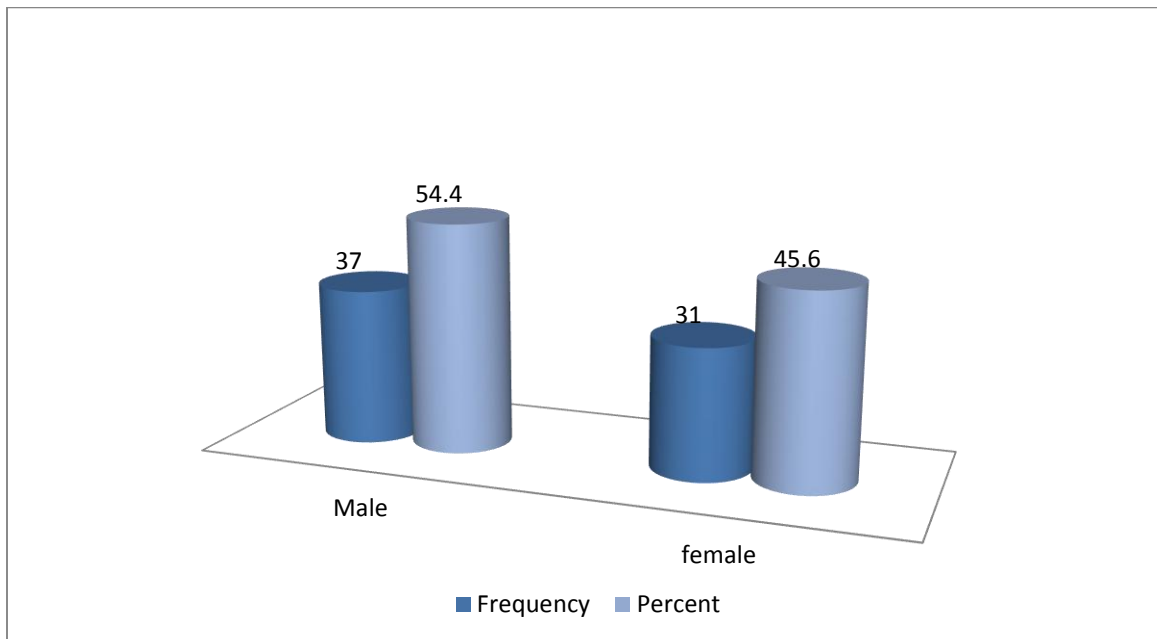
4.3 Demographic Information

In this section, the respondents were asked to provide demographic information including, the gender and Number of years of work at the Kenya Power & Lighting Company Limited. The highest level of education the respondents had acquired. This background information is presented in the following subsections.

4.3.1 Gender composition

The respondents' gender was also very vital to the researcher since the researcher was keen on getting the views of both genders. This is indicated in Figure 4.2

Figure 4.1: Gender composition

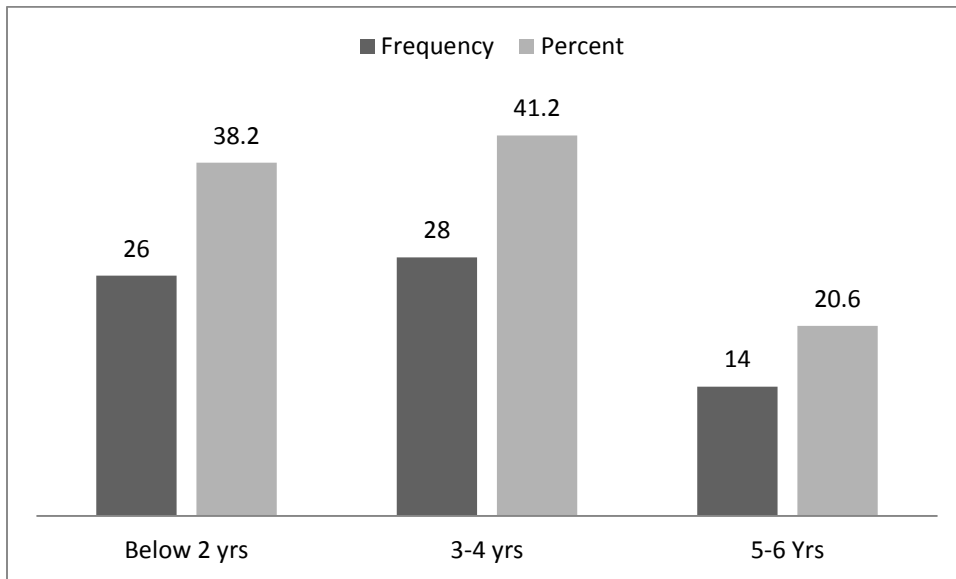


From the findings in Figure 4.2, 54.4% were male while 45.6% were female. The study revealed that the difference between the males and females was marginal; hence it is safe to conclude that the study had a balanced representation of gender.

4.3.2 Years Worked

The number of year in service at KPLC by the respondents. Findings are presented in Figure4.3

Figure 4.2: Length of Service at Kenya Power & Lighting Company Limited

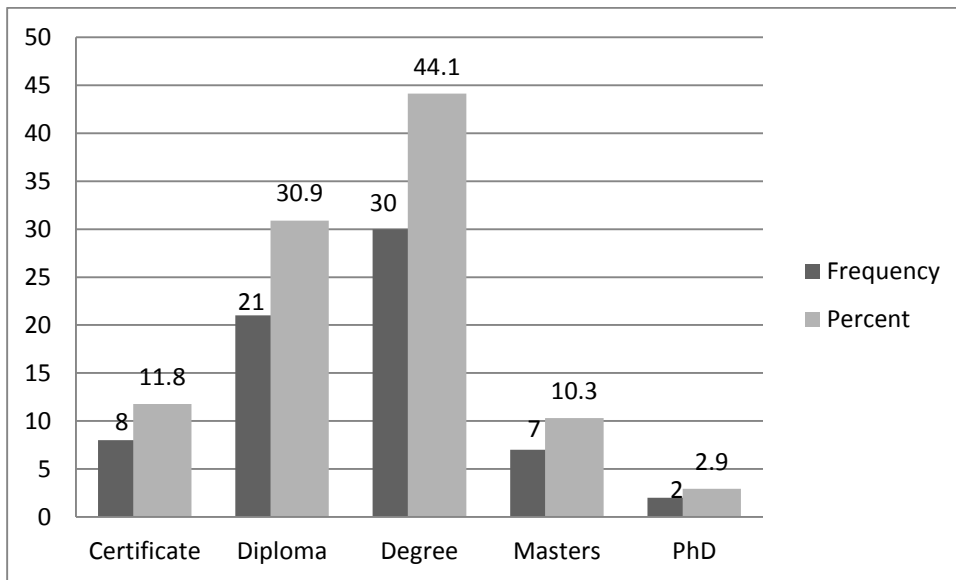


In Figure 4.3, the findings shows that 41.2% of the respondents had been working at at Kenya Power & Lighting Company Limited from 3 to 4 years, 38.2% of the respondents had worked below 2 years while 20.6% of the population had worked for a period of 5 to 6 years. This shows that the respondents had work long enough in at Kenya Power & Lighting Company Limited and thus had knowledge on the human resource management practices to business strategy.

4.3.3 Level of Education

Figure 4.4 indicates the highest-level of education the respondents. This was considered important as it influence employees understanding on human resource aspects to business strategy.

Figure 4.3: Distribution of the Respondents by Level of Education



The findings from Figure 4.4 indicate that 44.1% of the respondents had a bachelors' degree, 30.9% had obtained a diploma, 11.8% had a certificate, and 10.3% of the respondents had a Master's degree while only 2.9% of the population had a PhD degree. This shows that most of the respondents were graduates hence were able to read and understand the questionnaire and to provide relevant information for the questions.

4.4 Alignment of Human Resource Management Practices to Business Strategy

Several statements on various human resource management practices and their links to the expected employees' role behaviors were presented to the respondents to rate. The purpose was to establish the extent to which key human resources practices such as recruitment, training and compensation are deliberately designed to elicit desired role behaviors or job orientation such as risk taking or non-risk taking behavior, long term or short-term orientation.

The above process was pushed a notch higher to establish the extent to which the desired role behaviors/work orientations were in turn linked to the organization’s business strategy/strategies. To this end, the respondents were asked to rate on a five point scale, the extent of their agreement with the statement “in this company, the way employees conduct themselves on the job is expected to be in line with the company’s business strategy.” This was a chain-link whereby specific human resource practices are used to produce appropriate role or work behaviors that are matched to specific business strategies.

Table 4. 2 means and standard deviation for indicators of alignments of Human Resource Management Practices to business strategies

Statements	Mean	Std. Dev.
This company’s recruitment strategy is determined by the expected employee role behavior	3.6912	.60489
This company’s training and development approach is based on how employee is expected to conduct himself or herself on the job	4.0294	.73242
Our compensation policy and practice is influenced by the desired employee role behavior	3.3676	.66701
Our performance appraisal is designed to encourage desirable job behavior	4.4265	.52735
In this company the way employees conduct themselves on the job is expected to be in line with the company’s business strategy	3.6765	.67892
Overall mean	3.8382	

The results of this analysis are presented in table 4.2. As revealed in the table, the strongest link is between performance appraisal and role behavior (mean=4.43, S.D.=0.53). This mean is very strong, while the corresponding standard deviation is very weak, implying a very strong alignment. This is followed by “this company’s training and development approach is based on how employee is expected to conduct himself or herself on the job with a mean of 4.03 and standard deviation of 0.73. As a whole all alignments are strong since they are associated with mean scores that are all above 3 out of a possible maximum of 5.

The alignment of role behaviors to business is the next step in the process of alignment. This alignment was measured by the “statement: in this company, the way employees conduct themselves on the job is expected to be in line with business strategy.” The alignment of employee role behavior to business strategy is moderately strong as confirmed by mean score of 3.67.

4.5 Discussion of the findings

The overall results in table 4.2 (mean=3.8382) indicates that human resource management practices is partially aligned to the company business strategy. The respondents fairly agreed that the four human resource management practices listed above are aligned to business strategy. Training and development shows greater alignment as per table 4.2(mean= 4.029), this is very significant in attaining the company business strategy as the employees are trained in alignment with the business needs of the organization to equip organization with the desirable skills their need in achieving its business strategies, on the other hand performance appraisal shows significant alignment as per the table. This is clear indication that the performance appraisal is designed in a manner that promotes desirable role behaviour. The major HR practices like recruitment strategy is determined by the expected role behaviour, that is the company recruit suitable employees with desirable skills and competencies which matches the company business strategy/objectives, goals and needs.

This is in consistent with the previous studies that has indicated integration of human resource practices to business strategy (Kagwira 2015) and other studies, just to mention a few, which revealed significant relationship between human resource management practices to performance (K’obonyo et al.2015, Oluoch 2013). Tan and Nasurdin on their

studies based on Malaysian firms found out that human resource practices has positive effects on innovation. For a company to succeed its comparative that they put in place human resource strategies in place which promotes desirable competencies and skills to support business strategy. The previous studies shows significant influence of human resource practices to business strategy as the employees form the core resource in achieving the organization performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary of findings, the conclusion drawn from the data findings and recommendations. In addition, it presents the recommendations of the study.

5.2 Summary of the Findings

The study found that Kenya Power and Lighting Company Limited recruitment strategy is determined by the expected employee role behavior to a moderate extent. The company's training and development approach is based on how employee is expected to conduct himself or herself on the job as it has higher mean of 4.0294 as per table 4.1.

The study found that Kenya Power and Lighting Company Limited compensation's policy and practice is influenced by the desired employee role behavior. It was also established that performance appraisal is designed to encourage desirable job behaviour (table 4.1). The study further established that at Kenya Power and Lighting Company Limited the way employees conduct themselves on the job is expected to be in line with the company's business strategy. This is an indication that there is alignment of human resource management practices to business strategy at Kenya Power & Lighting Company.

5.3 Conclusion

The study concludes that the human resource management practices at Kenya Power and Lighting Company Limited are moderately aligned to its business strategy. The researcher concluded that performance appraisal is designed to encourage desirable job behavior. It was also concluded from the findings that Kenya Power and Lighting Company Limited training and development approach is based on how employee is expected to conduct

himself or herself on the job. Further the study concluded that Kenya Power and Lighting Company Limited recruitment strategy is determined by the expected employee role behaviour thus leading to the achievement of the Company's objectives

5.4 Recommendations

From the findings, recruitment strategy is moderately aligned to the role behaviour as per table (mean=3.6912). It was suggested that the company reviews its recruitment policies to be in tandem with its business strategy.

In order for the company to achieve the desired role behaviour, the compensation policies should be reviewed and realigned to company objectives to realize its business strategy. This is based on the analysis which gave a lower mean of 3.3676.

The employees are the most valuable assets in the organization and the way they conduct themselves on the job is key in achieving fulfilling the company mission and vision. Thus its recommended that the company should revise its policies and realigned them to business strategy as the study reveals that the way the employees conduct themselves on the job is partially in line with the organization business strategy (mean=3.6765)

5.5 Limitations of the Study

This study was undertaken successfully though one limitation was noted. This is a case study based on one organization which is a government parastatal. Its major decisions such as tariff reviews are controlled by the government thus the findings may not be generalized or applied to autonomous/private organization.

5.6 Recommendations for Further Research

It is suggested that future studies be carried out on alignment of human resource management practices to business strategy by analyzing other human resource management practices are not included in this study.

Second, future researchers need to assess alignment of human resource management practices to business strategy by utilizing a larger sample as well as using different organizations as case studies. This would enhance more generalization of research findings in addition to comparison of management of human resource in different organizations.

REFERENCES

- Anderson, J.R. (2006). *Measuring human capital: performance appraisal effectiveness. Paper presented at the Human Resource Track Midwest Academy of Management Conference*. Kansas City: Missouri.
- Andrews, K. R. (1971). *The Concept of Corporate Strategy*. Homewood: Dow Jones-Irwin.
- Armstrong, M (2014). *A Handbook of Human Resource Management Practice*, 13th edition, London, Kogan Page.
- Armstrong, M. 1995. *A handbook of personnel Management Practices*. Kogan Page Limited London.
- Armstrong, M. and Baron, A. (2004). *Managing Performance: Performance management in action*. London: CIPD.
- Arogundade, O. T., &Arogundade, A. B. (2015). Psychological Empowerment in the Workplace: Implications for Employees' Career Satisfaction. *North American Journal of Psychology*, 17(1), 27.
- Barney, J. (1991) *Firm Resources and Sustainable Competitive Advantage*, *Journal of Management*, 17(1).
- Biron, M, Farndale, E. and Paauwe, J. (2011). Performance management effectiveness: lessons from world-leading firms, *International Journal of Human Resource Management*, 22 (6), pp 1294–1311
- Budhwar, P., &Debrah, Y. A. (2009). Future research on human resource management systems in Asia. *Asia Pacific Journal of Management*, 26(2), 197–218.
- Cappelli, P., and Crocker-Heffer, A., (1996). *Distinctive Human Resources are Firms' Core Competencies*, in: Randall S. Schuler, Susan E. Jackson, *Strategic Human Resource Management*, 2nd Edition, Blackwell, USA, 2007, p.191.
- Chartered Institute of Personnel and Development (2005) *Survey Report 2005. HR: Where is Your Career Heading?* CIPD
- Chen, C. and Huang , J. (2009). Strategic human resource practices and innovation performance. The mediating role of knowledge management capacity, *Journal of Business Research* 62, 104–114
- Dessler, G. (2007). *Human Resource Management*, New Delhi: Prentice Hall of India Private Limited.
- Dimba B., and K'Obonyo P. (2009). The Effect of Strategic Human Resource Management Practices on Performance of Manufacturing Multinational Companies in Kenya: Moderating Role of Employee Cultural Orientations and Mediating Role of Employee Motivation. *Proceedings of the International Conference on Human Capital Management in University of Nairobi*, July 22 – 24.
- Garg, P., &Rastongi, R. (2011), new model of job design motivation employees Performance, *Journal of Management Development*.

- Gegenfurtner, A., Veermans, K., & Vauras, M. (2013). Effects of computer support, collaboration, and time lag on performance self-efficacy and transfer of training: A longitudinal meta-analysis. *Educational Research Review*, 8, 7589.
- Harel, G.H. & Tzafrir, S.S. (1999), 'The Effect of Human Resource Management Practices on the Perceptions of Organizational and Market Performance of the Firm, *Human Resource Management*, 38, 185–200.
- Harrison, R. (2002), *Learning and Development*, CIPD
- Kagwiria, C. (2015). *Alignment of HR practices and business strategy at the coca-cola bottling company in Nairobi*. Unpublished MBA Thesis, University of Nairobi.
- Khalumba, M. (2012). *The influence of human resource management practices on financial performance of commercial banks in Kenya*, unpublished MBA Thesis, University of Nairobi.
- K'Obonyo P. O., Sagwa, V. E, and Ogutu, M. (2015). Human Resource Management Practices and Performance of Firms Listed on the Nairobi Securities Exchange." *DBA Africa Management Review*.
- Kreitner, R, and Kinicki, A. (2008). *Organisational Behaviour*. 8th (edn.), McGraw-Hill: New York.
- Li J., Qian, G., Liao, S., & Chu, C. W. L. (2008). Human resource management and the globalness of firms: An empirical study in China. *The International Journal of Human Resource Management*, 19(5), 828-839.
- Li, J., Liao, S., & Chu, C. (2006). The HRM practice of multinational enterprises in China. Hong Kong Baptist University. Working Paper, Series No. 200610.
- Linnenbrink, E. A., & Pintrich, P. R. (2002). Motivation as an enabler for academic success. *School Psychology Review*, 31(3), 313–327.
- Maslow, A. H. (1954). *Motivation and Personality*: NY: Harper
- McGregor, D. (1960). Theory X and theory Y. *Organization theory*, 358-374.
- Meyer. S. L. & Topolnytsky, B. (2007). Employee commitment and support for an organizational change. *Journal of Occupational and Organizational Psychology*, 80, 185–211
- Minbaeva, D. B., (2005). HRM practices and MNC knowledge transfer, *Personal Review*, 34(1), 125-144.
- Miner, J. B. (2005). *Organizational behavior I: Essential theories of motivation and leadership*. Armonk, NY: M.E. Sharpe.
- Mugenda, O., & Mugenda, A. (2003). *Research Methods: Qualitative and Quantitative Approaches*. Nairobi: Africa Centre for Technology Studies.

- Munjuri, M. G. (2011). The effect of Human Resource Management practices in enhancing employee performance in catholic institutions of Higher learning in Kenya. *International Journal of Business Administration*. 2(4), 189-224.
- Ngila, R. W.(2011). Effects of strategic human resource management practices on firm performance: a survey of the banking sector in Nairobi Metropolitan, Unpublished MBA Thesis, University of Nairobi.
- Ngila, R. W. (2011). *Effects of strategic human resource management practices on firm performance: a survey of the banking sector in Nairobi Metropolitan*. Unpublished Thesis, Kenya Methodist University.
- Njenga S. N. (2012). *Comparative analysis of human resource management practices adopted by international organization for standardization certified and non-international organization for standardization certified commercial banks in Kenya*, Unpublished Thesis, University of Nairobi.
- Njenga, M. (2012). *A comparative analysis of human resource management practices adopted by international organization for standardization certified and non-international organization for standardization certified commercial banks in Kenya*, Unpublished MBA Thesis, University of Nairobi.
- Oluoch, J. O. (2013). *Influence of best human resource management practices on organizational performance: A case of college of humanities and social sciences university of Nairobi, Kenya*, Unpublished Thesis of Master of Arts in Project Planning and Management of the University of Nairobi.
- Omondi, G. O.Magutu, P. O.Onsongo, C. O. and Abong'o, L. A. (2011). The Adoption of Strategic Human Resource Management Practices in Commercial Banks: The Process and Challenges in Kenya. *Journal of Human Resources Management Research*, 2, 1-20.
- Orodho, J., A. (2005). *Elements of Education and Social Science Research Methods*, Kanezja Publishers.
- Pearce, J. A., and Robinson Jr., R. B. (2003). *Strategic Management: Formulation, Implementation and Control*. 8th Edition, Business Week, McGraw-Hill Companies Inc., New York, N.Y
- Peteraf, M. and Barney, J. (2003). Unraveling The Resource-Based Tangle, *Managerial and Decision Economics*, 2(4), 309-323.
- Quinn, J.B. (1980). *Strategies for Change: Logical Incrementalism*, Homewood, IL.
- Redmond, B. (2010). Lesson 4: Expectancy Theory: Is there a link between my effort and what I want? *The Pennsylvania State University Website*. Retrieved from <https://cms.psu.edu>
- Robbins, S. (2001). *Organizational Behavior* (9th ed.). New Jersey: Prentice Hall Inc.
- Rolf P. L and Udai, P. (2002). *Training for Organisational Transformation* (part 2) sage publications ltd. New Delhi.

- Romle, A. R., (2006). The Relationship between Management Practices and Job Satisfaction: The Case of Assistant Registrars at Public Institutions of Higher Learning in Northern Region Malaysia, *The Journal of Human Resource and Adult Learning*, 72-80.
- Sagwa, E. V.K'Obonyo, P. and Ogutu, M. (2015). Human Resource Management Practices and Performance of Firms Listed on the Nairobi Securities Exchange, *DBA Africa Management Review March*, 5(1), 124-136.
- Schuler, R. S., and Jackson, S. E., (1987). Linking competitive strategies with human resource management practices, *Academy of Management Executive*, 1(3), 207-219.
- Silverthorne, C.P. (1996), Motivation and management styles in the public and private sectors in Taiwan and a comparison with United States. *Journal of Applied Social Psychology* 26 (20), 1827-1837.
- Stipek, D. J. (1996), Motivation and instruction. In D. C. Berliner & R. C. Calfee (Eds.), *Handbook of educational psychology* (pp. 85–113). New York: Macmillan.
- Tan, C, L and Nasurdin, A, M. (2011). Human resource management practices and organizational innovation: assessing the mediating role of knowledge management effectiveness. *The Electronic Journal of Knowledge Management* 9(2), 155-167.
- Tan, L. C. and Nasurdin, A. M. (2011). Human Resource Management Practices and organizational innovation: assessing the mediating role of knowledge management effectiveness. *Electronic Journal of Knowledge Management* 9(2), 155-167.
- Thompson, A. A., Strickland, A. J., and Gamble, J.E.(2007). *Crafting & Executing Strategy. Texts and Readings* (15th Edition). New York: McGraw-Hill Irwin.
- Vroom, V. H. (1964). *Work and motivation*. San Francisco, CA: Jossey-Bass.
- Wernerfelt, B., (1984). A Resource-Based View of the Firm, *Strategic Management Journal*, 5(2), 171-180.

APPENDICES

APPENDIX I: QUESTIONNAIRE

ALIGNMENT OF HUMAN RESOURCE MANAGEMENT PRACTICES TO BUSINESS STRATEGY AT KENYA POWER AND LIGHTING COMPANY LIMITED

SECTION A: DEMOGRAPHIC INFORMATION

1. Your position in the Organization _____
2. Gender. Male [] Female[]
3. How long have you been working with at Kenya Power & Lighting Company Limited?
 Below 2 yrs [] 3-4 yrs [] 5-6 Yrs []
4. What is your highest level of education?
 Certificate [] Diploma [] Degree[]
 Masters [] PhD []

SECTION B: ALIGNMENT OF HUMAN RESOURCE MANAGEMENT PRACTICES TO BUSINESS STRATEGY

5. Below are several statements on various human resource management practices in organizations. Kindly indicate the extent to which you agree with each statement as regards Kenya Power & Lighting Company Limited. Use a scale of 1-5 where: 1= Fully disagree, 2= Partially Disagree, 3= Neither agree nor disagree, 4= agree, and 5= fully agree

Alignment of Human Resource Practices to business strategy	1	2	3	4	5
This company's recruitment strategy is determined by the expected employee role behavior					
This company's training and development approach is based on how employee is expected to conduct himself or herself on the job					
Our compensation policy and practice is influenced by the desired employee role behavior					
Our performance appraisal is designed to encourage desirable job behavior					
In this company the way employees conduct themselves on the job is expected to be in line with the company's business strategy					

