

**EMPLOYEES PERCEPTION OF THE INFLUENCE OF HUMAN  
RESOURCE MANAGEMENT PRACTICES ON PERFORMANCE OF  
KENGEN**

**JENNIFER NJERI MBUGUA**

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UNIVERSITY OF NAIROBI**

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## DECLARATION

I certify that this research project is my original work and has not been presented for any degree in any other university or institution of learning. Information from other sources have been duly acknowledged. No part of this work should be reproduced without my permission as the author.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Jennifer N. Mbugua

D61/8469/2001

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

Signed \_\_\_\_\_

Date \_\_\_\_\_

Ms. Florence Muindi

Lecturer

School of Business

University of Nairobi

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## **DEDICATION**

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## **ABBREVIATIONS AND ACRONYMS**

**KENGEN** Kenya Electricity Generating Company

**HR** Human Resource

**HRM** Human Resource Management

**HRP** Human Resource Planning

**LTD** Limited

## ABSTRACT

Human Resources Management practices in organizations have undergone major shifts and as such Human Resource practitioners have taken a strategic position in organizations as they have a major role to play in organizational performance. The purpose of this study was to investigate employees perception of the influence of human resource management practices on performance of Kengen. The research design was a descriptive survey research design. A population of 245 respondents were sampled using random stratified method from the target population. Data was collected using a structured questionnaire and analysed using descriptive statistics comprising of mean scores, standard deviation and percentages. The study revealed that human resource planning influences organization performance in Kengen through well designed organization structure, job designs and human resource plans that ensures the organization is able to meet the staffing requirements. The recruitment and selection in Kengen contributes to providing the appropriate human capital for delivery of organization goals especially from the fact that a comprehensive recruitment and selection policy exists and that recruitment and selection process always aims at acquiring highly skilled employees. Acquisition of skills and competencies contributes to performance, however the training and development policy and procedures do not provide training opportunities and initiatives focused on increasing the competency levels of the employees which would contribute to the performance of Kengen. The results of the study also revealed that performance targets of employees are linked to the overall corporate objectives however the performance management system and evaluation process is not focused to ensure that employee performance is delivering on the performance of Kengen. The study revealed that the reward management policy framework, bonuses, promotions and employee recognition schemes do not enhance employee performance, motivation and retention to drive organization performance in Kengen. In addition the study revealed that employee and industrial relations have direct impact on the performance and that there is an established framework to facilitate good employee and industrial relations to reduce disruption and enhance productivity in Kengen. Similarly a comprehensive health and safety policy is established and the initiatives enhance productivity and performance. To achieve the organization's strategic objectives and influence performance the study recommends that human resource plans are linked to the organizations strategy and subsequent implementation these plans should facilitate achievement of the overall goals of Kengen. The training and development policy framework and initiatives are reviewed and implemented to ensure they are comprehensive to provide training opportunities for employees that are focused on skill and competency development that will enable them meet the organizational goals and impact the performance of Kengen. A review of the performance management policy and system to ensure it is focused on the enhancement of performance of employees and subsequently the organization. In addition a comprehensive review of the reward management policy to ensure that the bonuses, promotions, employee recognition schemes enhance motivation, retention and performance of employees and ultimately drive performance of the organization. It is also recommended that the human resource management practices incorporate complimentary practices such as mentoring and coaching, team building, knowledge sharing and change management so as to influence performance of Kengen Also, provided, are suggestions for further studies.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In recent years the Human Resources Management practices in organizations have undergone major shifts and as such Human Resource practitioners have taken a strategic position in organizations as they have a major role to play in organizational performance. In this regard according to (Armstrong, 2006) states that people are the organization's key resource and organizational performance largely depends on them. If, therefore, an appropriate range of Human resource management policies and practices are developed and implemented effectively, this then makes a substantial impact on firm performance. To support this statement (Armstrong, 2006), mentions that the role of the Human Resource function and practices is to enable the organization to achieve its objectives by taking initiatives and providing guidance and support on all matters relating to its employees. A growing body of research shows that progressive HRM practices can have a significant effect on corporate performance. Studies now document the relationship between specific Human resource management and critical outcome measures such as corporate financial performance, productivity, product and service quality and cost control. (Bernardin, 2010).

The foundation of a value creating Human resource management strategy is a management infrastructure that understands and can implement the organization's strategy. This implies a departure from the traditional functional orientation of many HR managers and a wider understanding of the strategic role that HR might play in the firm (Becker, 2001). Human resource management must be defined and evolve to deliver what stakeholders expect. These practises include activities relating to staffing, training and development, appraisal,

rewards and feedback. (Ulrich, 2005) The purpose of Human resource management is to more effectively manage people; it is intuitive that the impact of effective Human resource management is felt first at the employee level. Human resource practices directly impact the employees of the firms where they are practiced and, if done effectively, will result in a number of positive employee outcomes. These outcomes might include such things as: commitment to the company, trust in management, higher levels of cooperation, higher levels of effort and involvement. These positive outcomes for the employees in the company in turn lead to higher levels of operational and financial performance (Collins et al , 2001).

Organizations in general face continuous challenges ranging from heightened national consciousness, employment and labour law requirements not to mention the need to ensure maximum utilization of their resources to their own advantage, a necessity for organizational survival. Organizational performance which involves the recurring activities to establish organizational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently (Richard et al, 2009) is increasingly becoming the major focus of Managers. In the past two decades, researchers in Human resource management (HRM) have examined why and how organizations achieve their goals through the use of human resource (HR) practices. Although traditional HRM research has focused on the impact of individual HR practices, the strategic perspective on HRM research emphasizes bundles of HR practices, often referred to as high performance work systems (HPWS), high-involvement work systems, and high-commitment work systems, in examinations of the effects of HRM on employee and organizational outcomes (Wright & McMahan, 1992). This study is an attempt to investigate employee perception on the influence of Human resource management on Organizational Performance in KenGen.

There are several theories that support the argument that Human resource practices have an impact on organization performance. The Resource-Based theory as argued by Barney (1991), states that sustained competitive advantage derives from the resources and capabilities a firm controls that are valuable, rare, imperfectly imitable, and not substitutable. These resources and capabilities can be viewed as bundles of tangible and intangible assets, including a firm's management skills, its organizational processes and routines, and the information and knowledge it controls. A resource-based approach to strategic Human resource management focuses on satisfying the human capital requirements of the organization. The theory on Human Capital suggests that education or training raises the productivity of workers by imparting useful knowledge and skills, hence raising workers' future income by increasing their lifetime earnings. It postulates that expenditure on training and education is costly, and should be considered an investment since it is undertaken with a view to increasing personal incomes. The human capital approach views Human capital in specific terms that is, the acquisition of a particular skill with a limited industrial application and therefore a means of production and one's outputs depend partly on the rate of return the human capital one owns. Thus, human capital is a means, into which additional investment yields additional output. Human capital is substitutable, but not transferable like land, labor, or fixed capital (Becker, 1994).

### **1.1.1 Concept of Perception**

The concept of perception can be defined as a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment. Perception is not necessarily based on reality, but is merely a perspective from a particular individual's view of a situation. In dealing with the concept of organisational behaviour, perception becomes important because 'people's behaviour is based on their perception of what reality is, not on reality itself; the world as it is perceived is the world that is behaviorally important'

(Robbins 2005). Perception is seen as a process that represents the interaction of an infinite number of factors and variables. (Mills, 2006). Perception is a way of forming impressions about oneself, other people and daily life experiences. It is also a screen or filter through which information passes before having an effect on people. The quality or accuracy of a person's perceptions has a major impact on the quality of their decisions or actions in a given situation. The perception process consists of four stages: information attention and selection, organization of information, interpretation of information and retrieval of information from memory (Wood, 2001).

### **1.1.2. Human Resource Management**

Stone (2002) defines Human resource management focuses on managing people within the employer – employee relationship. Specifically it involves the productive use of people in achieving the organization's strategies, business objectives and the satisfaction on individual employee needs. Bernadin (2010) states that Human resource management(HRM) concerns the personnel policies and managerial practices and systems that influence the workforce. Similarly Mondy (2002) define Human resource management as the utilization of individuals to achieve organizational objectives. Armstrong (2006) defines Human resource management as a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives. It is important to note that without a strategic vision, Human resource management is likely to remain a set of independent activities, each guided by its own practice and tradition. In today's business environment many pressures are demanding a broader, more comprehensive and strategic perspective with regard to the organization's human resources and as such created the need for a long term perspective in managing people with consideration that people are potential assets (Armstrong, 2006)

### **1.1.3 Human Resource Management practices**

Human resource management practices include many familiar functions of personnel managers, such as man-power planning, selection, performance appraisal, salary administration, training and management development and to improve communication systems, involvement, commitment and productivity (Mahapatro, 2010). HRM practices involve recruiting procedures that provide a large pool of qualified applicants, paired with a reliable and valid selection regimen, will have a substantial influence over the quality and type of skills employees possess. Providing formal and informal training experiences, such as basic skills training, on-the-job experience, coaching, mentoring, and management development, can further influence employees' development (Huselid, 1995). The practice of Human resource management(HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as strategic HRM, human capital management, corporate social responsibility, knowledge management, organization development, resourcing (human resource planning, recruitment and selection, and talent management), performance management, learning and development, reward management, employee relations, employee well-being and health and safety and the provision of employee services (Armstrong, 2009).

The Human resource management practices include activities related to acquisition, development, reward and motivation, maintenance and departure of an organization's human resource. The key HRM activities undertake involve Job analysis, Human resource planning, recruitment & selection, performance appraisal, human resource development, career planning and development, employee motivation, compensation, benefits and reward and industrial relations and health and safety (Stone, 2002). HRM practices and activities fall under five major domains: Organizational design, staffing, Performance Management and

Appraisal, Employee Training and Organizational development and reward systems, benefits and compliance (Bernardin, 2010). Managers who are engaged in the management of Human Resource develop and work through an intergrated Human resource management system with five functional areas : staffing, human resource development, compensation and beefits,safety and health, and employee and labour relations. (Mondy, 2002)

### **1.1.4 Organization performance**

Organizational Performance related to what an enterprise delivers to its stakeholder in financial and operational terms, evaluated through such measures as net operating profit, return on capital employed, total returns to shareholders, net operating costs and stock return (Keller& Price, 2011). The concept of performance covers both *what* has been achieved and *how* it has been achieved. Firm performance can be measured in a number of different ways. The most obvious way to measure what has been achieved, and the approach used in many studies, is by reference to key performance indicators (KPIs), which are usually to do with financial results (profitability) or productivity. It is necessary to measure achievements and progress against objectives, and organizations have therefore to decide what measures should be used. The key measures are likely to include those concerned with financial performance and include sales, profits, return on capital employed, economic value added, earnings per share, price/earnings ratio. operational performance relate to critical success factors such as level of service to customers and customer satisfaction, stock availability and stock wastage, People performance include added value per employee, payroll costs as a percentage of sales, output per employee (productivity), retention rates, employee satisfaction. (Armstrong, 2006)

Organizational performance is the ultimate dependent variable of interest for researchers concerned with just about any area of management. Market competition for customers,



inputs, and capital make organizational performance essential to the survival and success of the modern business. As a consequence, organization performance has acquired a central role as the deemed goal of modern industrial activity. Marketing, operations, human resources (HR), and strategy are all ultimately judged by their contribution to organizational performance (Richard et al, 2009). Several frameworks have been used to measure organization performance. The Balanced Scorecard method by Kaplan & Norton (1996) is a framework used to measure organization performance and is defined as a strategic approach and performance management system that enables organizations to translate a company's vision and strategy into action. The balanced scorecard complements financial measures of past performance with measures of the drivers of future performance. The objectives and measures of the scorecard are derived from an organization's vision and strategy. The objectives and measure view organization performance from four perspectives: Financial, Customer Satisfaction, Internal Business Processes and Learning and Growth. These four perspectives provide the framework for the Balanced Scorecard.

### **1.1.5. Kenya Electricity Generating Company Limited (KenGen)**

The initial KenGen stands for Kenya Electricity Generating Company. KenGen is a limited liability company, 70% owned by the government of Republic of Kenya and 30% by the public. It is the leading electric power generating company in Kenya, accounting of about 80% of the country's electric energy production (Kengen Monthly Newsletter, March, 2013). The company uses various sources to generate electricity ranging from hydro, geothermal, thermal and wind. Currently it has an installed capacity of 1252 MW which it sells in bulk to Kenya Power & Lighting Company which distributes the power to retail consumers. The company is now in operating in a liberalized market and is in direct competition with several independent power producers who between them produce about 20% of the countries electric power. It has a workforce of about 2400 employees distributed in Twenty Two (22)

different sites where its plants are located ([www.kengen.co.ke](http://www.kengen.co.ke)). Kengen is headed by a Managing Director and Chief Executive Officer with Six Divisional directors.

The Human Resource & Administration division is headed by the Human Resources and Administration Director. The division has three departments; Performance and Change, Human Resources and Administration( facilities management). The human resources departments are mandated to run all Human resource management activities which are H.R. planning and recruitment, Performance and Change management, Training and development, Employee relations, Employee wellness and Medicare, H.R systems. In line with the organization strategy the Human resource management activities are measured against set targets and key performance indicators all linked with the over organization performance rating. The H.R. scorecard is developed along the balanced scorecard framework and this ensures that all Human resource management are aligned with the overall corporate strategy and are being executed for overall success of the organization in a manner that can be measured.

## **1.2 Research Problem**

An effective and productive company should have qualified and motivated employees working in a good environment with the necessary tools of trade and under good management that ensures proper direction, organization, planning, control and monitoring of operations. The practice of Human resource management(HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as strategic HRM, human capital management, corporate social responsibility, knowledge management, organization development, resourcing (human resource planning, recruitment and selection, and talent management), performance management, learning and development, reward

management, employee relations, employee well-being and health and safety and the provision of employee services (Armstrong, 2009). Organizational Performance is a measure of what an organization delivers to its stakeholder in financial and operational terms, evaluated through such measures as net operating profit, return on capital employed, total returns to shareholders, net operating costs and stock return (Keller& Price, 2011). The belief that Human resource management have an impact on performance of organizations is an emerging research are among academics. With respect to theories which link Human resource management to performance, Paauwe (2009) states that the field has advanced from rather simplistic models in the 1990s in which HR practices were simply shown or assumed to correlate directly to rather distant indicators of (financial) performance, to far more advanced ways of theorizing and modelling the relationships of interest. Central to these more sophisticated ways of thinking about the relationship between Human resource management and performance is the idea that HR practices at the organizational level affect the attitudes and behaviour of employees at the individual level which, in turn affect HR outcomes such as labour productivity and turnover which, subsequently, might impact organizational or firm-level outcomes.

KenGen's organization performance is assessed on the basis of outcomes and achievement of targets as set out in the Performance contract signed between KenGen and the Government of Kenya through the ministry of energy and internal corporate scorecard. The performance contract and corporate scorecard are developed using the balanced scorecard framework. Under the financial perspective the key performance indicators include: pre-tax profit, debt equity ratio, return on investment, Customer perspective: performance indicators include measures on Plant Availability, Turnaround times, Internal Business processes: ISO compliance, Number of Innovations and Plant Maintenance and under learning and growth :

Competency development, employee satisfaction, employee wellness and safety, culture and change measures. The evaluation of the performance is carried out annually to determine progress achieved against the set targets. In this regards the influence of Human resource management with regards to ensuring organization performance is achieved include ensuring the organization has acquired the suitable talent for all its operations, spearheading and driving a performance management ,championing organization change management initiatives, continuously train and develop the employees so as to build internal capacity to deliver on organizational goals. To ensure that the organization reduces costs, delivers on current and future projects, maintains productivity through efficient maintenance practices, the Human resource practices are key as they facilitate building internal capacity of the employees to deliver on the organization goals.

Several studies have been conducted on the employee perception on the Influence of Human resource management on organization performance, Khalumba( 2012) conducted research on The influence of Human resource management on financial performance of commercial banks in Kenya and findings revealed that Human resource management such as Human resource planning, recruitment and selection and reward systems helps banks to achieve its overall financial performance objectives by maintaining an optimum and flexible workforce, encourage workers to become more motivated to achieve higher levels of performance. Oluoch( 2013) conducted a research on the Influence Of Best Human resource management On Organizational Performance in the University of Nairobi. The study revealed that Human resource management were part and parcel of the organization since they contribute to the well being of the organization in terms of effective and efficiency of the organizations performance that will enhance the organization to maintain and to competitive in the business environment. Waiganjo, Mukulu, Kahiri (2012) conducted research on the Relationship

between Strategic Human resource management and Firm Performance of Kenya's Corporate Organizations. The study revealed that there is one best way in which HRM should be delivered and moreover that this has a positive impact on organizational performance. The research conducted by above mentioned authors has focused on Human Resource practices and Organization Performance in the Banking Sector, National Universities and Private Corporations. The purpose of this research to look at Employee perception of the influence of H.R. M. practices on performance of Kengen which is one of the largest generator of electric energy in the energy sector in Kenya. ; leading to the research question which this study seeks to address: what are the employee perceptions of the influence of Human resource management on performance of KenGen?

### **1.3 Research Objective**

To establish employee perception of the influence of Human resource management on performance of Kengen.

### **1.4 Value of the study**

This study is going to be of importance to different stakeholders in the following ways. The research will reveal employee perception on the influence of Human resource management on the performance of the organization which will inform new areas of policy formulation and implementation with regards to Human resource management that are impactful to the business performance.

The research will assist other researchers in future who wish to research further on the topic of employee perception on the influence of Human resource management on organization performance in their respective organizations. The research will also give the public in general an overview of the specific areas of the Human resource management and practices interrelated to the overall strategic plan of organizations.

The results of this study will be kept in the university library and will be used as reference material for those students and researchers who might have an interest in doing a research in the same or related area. The other parastatals in the energy sector will be able to identify the human resources practices that are key in contributing to the performance and aim to adopt them for competitive advantage and formulation of appropriate management practices.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter introduces the literature reviewed to provide a theoretical grounding for the study. It also identifies the research issues that are being addressed. It also provides the underlying concepts and variables of Human resource management and organization performance.

#### **2.2 Theoretical Foundation of the Study**

This research is based on the Resources Based theory, Human Capital theory and High Performance works systems approach.

##### **2.2.1. Resource Based Theory**

The Resource-Based theory as argued by Barney (1991), states that sustained competitive advantage derives from the resources and capabilities a firm controls that are valuable, rare, imperfectly imitable, and not substitutable. These resources and capabilities can be viewed as bundles of tangible and intangible assets, including a firm's management skills, its organizational processes and routines, and the information and knowledge it controls. A resource-based approach to strategic Human resource management focuses on satisfying the human capital requirements of the organization. The notion of resource-based strategic HRM is based on the ideas of Penrose (1959), who states that the firm is an administrative organization and a collection of productive resources. Competitive advantage is obtained if an organization can obtain and develop human resources that enable it to learn faster and apply its learning more effectively than its rivals. The Human Resource of an organization

constitute an important non-imitable resource which is achieved by ensuring that the firm has higher quality people than its competitors; the unique intellectual capital possessed by the business is developed and nurtured; organizational learning is encouraged; organization-specific values and a culture . The aim of a resource-based approach is to improve resource capability thereby achieving strategic fit between resources and opportunities and obtaining added value from the effective deployment of resources. In line with human capital theory, resource-based theory emphasizes that investment in people adds to their value to the firm. Resource-based strategy, as Barney (1991) indicates, can develop strategic capability and produce human resource advantage (Armstrong, 2006).

### **2.2.2. Human Capital Theory**

The theory on Human Capital suggests that education or training raises the productivity of workers by imparting useful knowledge and skills, hence raising workers 'future income by increasing their lifetime earnings. It postulates that expenditure on training and education is costly, and should be considered an investment since it is undertaken with a view to increasing personal incomes. The human capital approach views Human capital in specific terms that is , the acquisition of a particular skill with a limited industrial application and therefore a means of production and one's outputs depend partly on the rate of return the human capital one owns. Thus, human capital is a means, into which additional investment yields additional output. Human capital is substitutable, but not transferable like land, labor, or fixed capital (Becker, 1994). The term human capital is defined all human abilities innate or acquired. These are attributes which are valuable and can be augmented by appropriate investment will be human capital.' Schultz (1961). Human capital is defined as that which represents the human factor in the organization; the combined intelligence, skills and expertise that gives the organization its distinctive character. The human elements of the



organization are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organization. The concept of human capital is most usefully viewed as a bridging concept and provides a link between Human Resource practices and business performance in terms of assets rather than business processes. It is indeed the knowledge, skills and abilities of individuals that create value, which is why the focus has to be on means of attracting, retaining, developing and maintaining the human capital they represent.

The role of human capital as a potential source of sustainable competitive advantage has recently been the focus of considerable interest in the academic and popular press. The current terms such as intellectual capital, knowledge work and workers, and high-performance work systems (HPWS) all reflect a new interest in "people" as a source of competitive advantage, rather than a cost to be minimized. By extension, intellectual assets and the organizational systems that attract, develop, and retain them are emerging as significant elements in strategic decision making. This evolution in the role of human resources (HR) follows directly from the demands of rapidly changing product markets and the corresponding decline of command and control organizational structures. A skilled and motivated workforce providing the speed and flexibility required by new market imperatives has increased the strategic importance of Human resource management(HRM) issues at a time when traditional sources of competitive advantage (quality, technology, economies of scale, etc.) have become easier to imitate (Becker,1998).

### **2.3 Human resource management**

The practice of Human resource management(HRM) is concerned with all aspects of how people are employed and managed in organizations. It covers activities such as strategic

HRM, human capital management, corporate social responsibility, knowledge management, organization development, resourcing (human resource planning, recruitment and selection, and talent management), performance management, learning and development, reward management, employee relations, employee well-being and health and safety and the provision of employee services (Armstrong, 2009). The aim of Human resource management is acquisition, development, reward and motivation, maintenance and departure of an organization's human resource. The key HRM activities undertaken involve Job analysis, Human resource planning, recruitment & selection, performance appraisal, human resource development, career planning and development, employee motivation, compensation, benefits and reward and industrial relations and health and safety (Stone, 2002). HRM practices and activities fall under five major domains: Organizational design, staffing, Performance Management and Appraisal, Employee Training and Organizational development and reward systems, benefits and compliance (Bernardin, 2010). Managers who are engaged in the management of Human Resource develop and work through an intergrated Human resourcemanagementsystem with five functional areas : staffing, human resource development, compensation and benefits,safety and health, and employee and labour relations. (Mondy, 2002)

### **2.3.1 Human Resource Planning**

Acquiring human resource capability should begin with organizational design and analysis. Organizational design involves the arrangement of work tasks based on the interaction of people, technology and the tasks to be performed in the context of the mission, goals, and strategic plan of the organization. Once the organization is structured and jobs are clearly defined in terms of the necessary knowledge skills and abilities and how jobs and work relate to one another, positions require to be staffed. HR planning is the forecasting of the hr needs

in the context of strategic business planning (Bernardin, 2010). The H.R. planning process involves systematically reviewing human resource requirements to ensure that the required number of employees, with the required skills are available when they are needed. (Stone, 2002) the H.R. planner conduct environmental scans to identify and anticipate sources, opportunities, threats that should drive the organizations strategic planning and provides a better understanding of the on context in which HR decisions regarding staff will be made. (Bernardin, 2010). Job analysis is the a HR activity which focuses on what the employee is expected to do, it is a process by which jobs are divided to determine tasks, duties and responsibilities included, relationship with other jobs, the condition under which work is performed and the personal capabilities required for satisfactory performance. Job descriptions and specifications are developed which form the job design. (Stone, 2002). Human resource planning is concerned with matching resources to business needs in the longer term, although it will sometimes address shorter term requirements. It addresses human resource needs both in quantitative and qualitative terms, which means answering two basic questions: first, how many people, and second, what sort of people? Human resource planning also looks at broader issues relating to the ways in which people are employed and developed in order to improve organizational effectiveness. It can therefore play an important part in strategic Human resource management (Armstrong, 2006)

### **2.3.2. Recruitment and Selection**

Recruitment should be integrated with the HR planning process (Bernardin, 2010). It is the process of attracting individuals in sufficient numbers and with appropriate qualifications to occupy available positions in the organization. Organizations have options when considering acquiring individuals to occupy position. Alternatives to recruitment include; outsourcing , contingent workers, professional employer organizations or employee leasing. The overall

aim of the recruitment and selection process should be to obtain at minimum cost the number and quality of employees required to satisfy the human resource needs of the company. The stages of recruitment and selection involve defining requirements that is preparing job descriptions and specifications; deciding terms and conditions of employment. This is duly followed by attracting candidates whereby the process of reviewing and evaluating alternative sources of applicants, inside and outside the company, advertising, using agencies and consultants. The final stage involves selecting candidates through interviewing, testing, assessing candidates, assessment centres, offering employment, obtaining references; preparing contracts of employment (Armstrong, 2006). The recruitment process may also look at internal recruitment methods which include job posting, promotions whereas external recruitment sources and methods include sourcing from institutions of higher learning and labour market. Recruiting methods include the use of employment agencies, internships, executive search firms, professional associations, referrals and unsolicited walk-in applicants. Selection is the process of choosing from a group of applicants the individual best suited for a particular position in the organization. The selection process involves prescreening, preliminary interview, , employment interviews, reference checks, and selection decision and appointment of suitable candidate (Mondy, 2002)

### **2.3.3. Training and Development**

Training and development is the heart of a continuous effort designed to improve employee competency and organization performance. Training is designed to provide individuals with the knowledge and skills needed for their present jobs. (Mondy, 2002). The emphasis of training is on immediate improvement on job performance through specific skills (Stone, 2002). Training is designed to meet the goals of the organization while simultaneously meeting the goals of the individual employees (Bernardin, 2010). Development involves

learning that goes beyond today's job requirements and focuses on long term professional growth of individuals (Mondy, 2002). Human resource development involves the acquisition of knowledge and attitudes to facilitate the achievement of career goals and corporate objectives. It focuses on improving corporate effectiveness by enhancing the performance of the organization's human resource. (Stone, 2002).

#### **2.3.4. Performance Management**

Performance management is a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people and developing the capabilities of teams and individual contribution (Armstrong & Baron, 2006). Performance Management is a business process that significantly affects organizational success. It requires planning to determine specific job responsibilities and performance measures and uses coaching and training to develop needed skills and capabilities, review of accomplishments and is a basis for individual or team evaluation (R.Wayne Mondy, 2002). Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. Processes exist for establishing shared understanding about what *is* to be achieved, and for managing and developing people in a way that increases the probability that it *will* be achieved in the short and longer term (Armstrong, 2006). The essential components of a performance management system include a performance plan, which is negotiated between a manager and an employee for a given period, usually a year. During the year, management gives employee feedback on their performance and may suggest how it can be improved. The performance is appraised at the end of the year to reward or develop

employee. The cycle is then completed with a new performance plan. It is only through a well-designed performance management system that an organization gets power to retain the best employee, give these employees reasons to maintain good performance, deal with poor performance appropriately and attract the needed type of employee for the organization (Armstrong 2001).

### **2.3.5. Reward Management**

Compensation is one of the most important Human resource management functions. It can help to reinforce the organization's culture and key values and to facilitate the achievement of its strategic business objectives. An organizations compensation policies and practices by rewarding desired results can reinforce employee behavior that realizes its strategic business objectives (Stone, 2002). Compensation refers to all forms of financial returns and tangible benefits that employees receive as part of an employment relationship (Bernardin, 2010). Compensation is the total of all the rewards provided to employees in return for their services. Direct financial compensation includes: wages bonuses, commissions and incentives whereas indirect financial compensation refers to benefits offered by employers (Mondy, 2002). Reward management deals with the strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. It is about the design, implementation and maintenance of reward systems (reward processes, practices and procedures), which aim to meet the needs of both the organization and its stakeholders. The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization's strategic goals (Armstrong, 2007)

### **2.3.6. Employee relations**

Industrial relations is concerned with the relationship between an organization and its employees. Harmonious employee relations leads to cooperation and a high level of commitment. Industrial relations specifically involves relations between management and trade unions (Stone, 2002). Employee relations consist of all those areas of Human resource management that involve relationships with employees – directly and/or through collective agreements where trade unions are recognized. The elements of employee relations consist of the formal and informal employment policies and practices of the organization. The development, negotiation and application of formal systems, rules and procedures for collective bargaining, handling disputes and regulating employment. These serve to determine the reward for effort and other conditions of employment, to protect the interests of both employees and their employers, and to regulate the ways in which employers treat their employees and how the latter are expected to behave at work (Armstrong, 2006)

### **2.3.7. Health and Safety**

Health and safety policies and programmes are concerned with protecting employees and other people affected by what the company produces and does and against the hazards arising from their employment or their links with the company. Occupational health programmes deal with the prevention of ill-health arising from working conditions. Safety programmes deal with the prevention of accidents and with minimizing the resulting loss and damage to persons and property. They relate more to systems of work than the working environment, but both health and safety programmes are concerned with protection against hazards, and their aims and methods are clearly inter-linked. (Armstrong, 2006). Employee safety involves the protection of employees from injuries caused by workplace related accidents

whereas health refers to employee's freedom from physical and emotional illness (Mondy, 2002). Health and safety programs reflect the organization's strategic concern for the employee productivity and quality of life and should be linked to with the organizations strategic business objectives to ensure competitive advantage by promoting employee commitment, company image and reduced costs and increase productivity (Stone, 2002)

## **2.4 Organization Performance**

Organizational performance is the ultimate dependent variable of interest for researchers concerned with the area of management. Market competition for customers, inputs, and capital make organizational performance essential to the survival and success of the modern business. As a consequence, organization performance has acquired a central role as the key goal of modern industrial activity. Marketing, operations, human resources (HR), and strategy are all ultimately judged by their contribution to organizational performance. Measuring organization performance allows managers to evaluate the specific actions of the organization where firms stand in relation to the competition and how the organization is growing and performing over time (Richard, 2009) . It is necessary to measure achievements and progress against objectives, and organizations have therefore to decide what measures should be used. A few key measures owned by more than one function are more effective than a multiplicity of measures (Armstrong, 2006). The key measures are likely to include those concerned with Financial performance such as sales, profits, return on capital employed, economic value added, earnings per share, price/earnings ratio. Operational performance measures relating to the critical success factors such as service to customers and customer satisfaction, stock availability and stock wastage.

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). In recent years, many



organizations have attempted to manage organization performance using balance scorecard methodology. The Balanced Scorecard method by Kaplan & Norton (1996) is a framework for measuring organization performance and is defined as a strategic approach and performance management system that enables organizations to translate a company's vision and strategy into action. The balanced scorecard complements financial measures of past performance with measures of the drivers of future performance. The objectives and measure view organization performance from four perspectives and performance is tracked and measured in multiple dimensions such as: Financial performance,(shareholder return), customer service, social responsibility (corporate citizenship citizen), community outreach, employee stewardship. Performance measurement is the use of statistical evidence to determine progress towards specific defined organizational objectives.

## **2.5 Human resource management and Organization Performance**

In the past two decades, researchers in Human resource management(HRM) have examined why and how organizations achieve their goals through the use of human resource (HR) practices. Although traditional HRM research has focused on the impact of individual HR practices, the strategic perspective on HRM research emphasizes bundles of HR practices, often referred to as high performance work systems (HPWS), high-involvement work systems, and high-commitment work systems, in examinations of the effects of HRM on employee and organizational outcomes (Jiang et al, 2012). The linkage between HRM and firm performance has dominated much of the debate within the HRM literature since the mid-1990s. Such Research conducted within the“ best practices” paradigm to uncover a generic set of high-performance or high commitment work practices (Huselid 1995) and best fit” studies that focus on aligning HRM strategies to organizational strategies and contextual

conditions to create superior firm performance (Wright, 2005). Huselid (1995) used several Human resource management in his study which are; personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment, labour management participation, recruitment efforts, employee training and promotion criteria. His study “The Impact of Human resource management on turnover, productivity and corporate financial performance” a comprehensive evaluation of links between the systems of High Performance Work Practices and firm performance. Results based on a national sample of nearly one thousand firms indicated that these practices have an economically and statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short and long term measure of corporate financial performance.

The association between HRM and performance is based on two linked arguments. The effective deployment of human resources offers one of the most powerful bases for competitive advantage (Barney 1991). The second argument is that effective deployment of human resources depends on the application of a distinctive combination of practices, sometimes described as bundles of practices or as HRM systems (Becker & Huselid 1998). The nature of this distinctive combination continues to be a matter of debate. Some of the research has attempted to categorize HR practices in terms of a ‘high performance work system’ (Appelbaum et al. 2000), while others have described a system of ‘high-commitment management’ or ‘high-involvement management’. There are similar arguments about the form of HRM that have been discussed and view human resource systems as focusing on ‘internal fit’ (Becker & Huselid 1998), or the use of a consistent set of HR practices. The use of this emphasis has been challenged by those who argue that performance is more likely to be enhanced by achieving ‘external fit’, whereby the external environment will help to shape

the business strategy, which in turn will determine the appropriate form of HRM (Wright & McMahan 1992). There is a plausible case that HRM will be more effective if it fits the business strategy of the firm. A key implication of this focus on 'external fit' is that a distinctive form of HRM, however it is characterized, will not be equally effective in organizations with different business strategies.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter is concerned with the various steps that facilitated execution of the study to satisfy the study objectives. These steps included: Research Design, Data Collection and Data Analysis.

#### **3.2 Research Design**

The research design of this study was a descriptive survey research design. This research design used a survey questionnaire instrument for data collection. A survey is a research technique in which information is gathered from a sample of people using a questionnaire (Zikmund, 2003). This research design used a sample of the population for purposes of data collection. This research design was suitable for the study as it allowed for collection of data that was cross sectional. The research design allowed for data collection at one point in time enabling the research to collate and analyse data within a give timeframe.

#### **3.3 Population**

The study was carried out in all divisions and business units of Kenya Electricity Generating Company Ltd. The target population was employees in top management, middle management, lower management and union employees. There are a total of 2388 employees in KenGen as at September 2014 ( HR Data base).

#### **3.4 Sample Design**

According to Mugenda and Mugenda (2003), a sample is a subject of a particular population. It is a group of subjects from which data is collected. A sample of employees from all the

divisions was selected using proportionate or stratified random sampling method from a total staff list of 2388 employees as shown in Table 3.1. The sample was divided into different strata: executive, middle management, lower management and unionisable staff. A sample size of Two Hundred and Forty Five ( 245) respondents was selected to participate in the survey. The computation of the sample size is attached in Appendix I.

**Table 3.1: Sample Size**

<b>CATEGORY OF EMPLOYEES</b>	<b>TOTAL NO.</b>	<b>SAMPLE</b>
<b>Top Management</b>	32	5
<b>Middle Management</b>	115	11
<b>Lower Management</b>	1223	125
<b>Unionisable employees</b>	1018	104
<b>Total</b>	2,388	245

### **3.5 Data collection**

The study employed the use of a structured questionnaire which was self administered. The questionnaire was divided into three sections in reference to the objectives of the study, bearing both open and closed ended questions. The questionnaire method was selected as it allowed the researcher to collect data systematically and address the research issues in the standardized and economical way. Questionnaires are a popular method for data collection in deduction because of the relative ease and cost-effectiveness with which they are constructed and administered.

### **3.6 Data Analysis**

The researcher used descriptive statistics comprising of mean scores, frequency distributions, standard deviation and percentages. The data was presented in tables and graphs. The qualitative data generated from the survey questionnaire was categorized in themes in accordance with research objective and reported in narrative form along with quantitative presentation.

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter details the results of the study as proposed in the research methodology. This chapter presents data analysis which means categorizing, ordering and summarizing of data, to intelligible and interpretation from using statistics. The presentations of the findings in this research were done using frequency, tables and percentages and discussions on the findings were made in line with the objectives of the study.

#### 4.2 Response Rate

A total of 245 questionnaires to the targeted population. A total of 180 questionnaires were duly filled and returned. This represented a return rate of 73 % which was good. Mugenda and Mugenda (2003) a response of 50% response rate is adequate, 60% good and above 70% is rated very well, Table 4.1 gives summary of the response rate.

**Table 4.1: Response rate**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Respondents</b>	180	73%
<b>Non Respondents</b>	65	27%

#### 4.3 Demographic Information of the Respondents

The study sought to determine the characteristics of the respondents based on their gender, age and educational level and the findings are as presented.

### 4.3.1 Respondents Gender

The respondents were asked to indicate their gender in order to ensure that the results obtained captured the views of both genders. The results are presented in Table 4.2

**Table 4.2: Respondents Gender**

<b>Gender</b>	<b>Total Respondents</b>		<b>Percentage</b>
<b>Male</b>	101		56%
<b>Female</b>	79		44%
	150		100%

The results in Table 4.2 indicate that 56% of the respondents were male while 44% of the respondents were female. The difference in numbers between the male and female respondents was not significant and therefore the results not influenced by gender.

### 4.3.2 Respondents Age Bracket

The respondents were requested to indicate their age brackets in the questionnaire. The results are presented in Table 4.3.

**Table 4.3: Respondents Age Bracket**

<b>Age Bracket</b>	<b>Total No.</b>	<b>Percentage</b>
<b>25-30 Years</b>	20	11%
<b>31-35 years</b>	27	15%
<b>36-40 years</b>	46	26%
<b>41 – 50 years</b>	78	43%
<b>Above 51 years</b>	9	5%
	180	100%



The results in Table 4.3 indicate that the 43% of the respondents age bracket was between 41 – 50 years, 26% of the respondents were between 36-40 years , 15% of the respondents were between 31-35 years , 11% of respondents between 25-30% and 5% of respondents were above 51 years. The results indicate that although majority of the respondents were middle aged and that all the ages were presented.

### 4.3.3 Respondents level of Education

The respondents were requested to indicate the highest level of education. This was important so as to show the adequacy of the respondents in understanding the concepts in the questionnaire. The results are shown in Table 4.4

**Table 4.4: Respondents Level of Education**

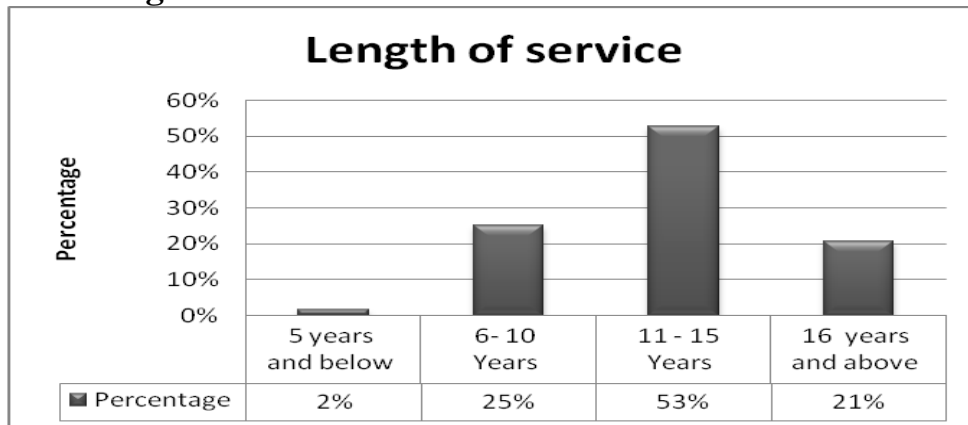
<b>Education Background</b>	<b>Total No.</b>	<b>Percentage</b>
<b>Certificate</b>	50	28%
<b>Diploma</b>	49	27%
<b>Degree</b>	66	37%
<b>Masters</b>	15	8%
<b>Any other, Specify</b>	0	0%
	180	100%

The results in Table 4.4 indicate that 37% of the respondents have attained degrees, 28% have attained certificates, 27% have attained diplomas and 8% have attained Masters level of education. The results indicate that all of the respondents have attained a minimum of a certificate level of education and therefore have an understanding of the human resource management practices in the organization.

### 4.3.4 Length of Service in the Organization

The respondents were requested to indicate questionnaire was structured to enable the respondents to state the years of service in Kengen and the results were recorded in the Figure 4.1

**Figure 4.1: Length of Service**

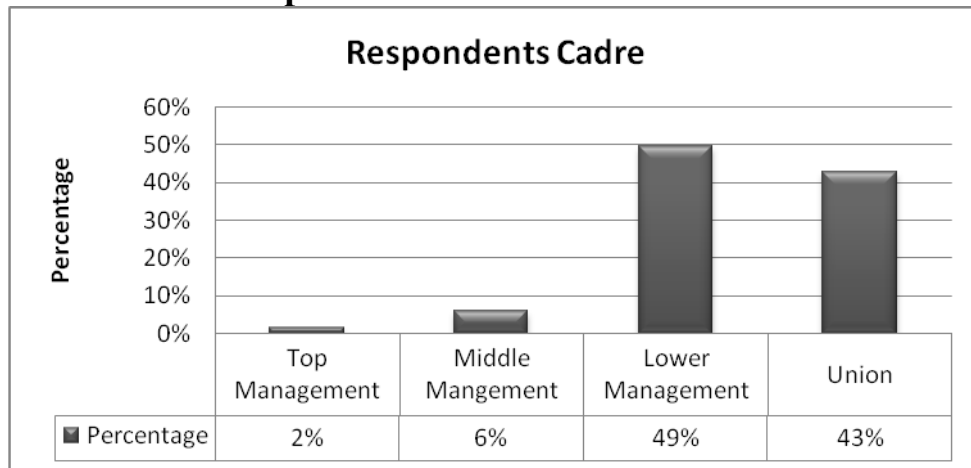


The results in Figure 4.1 indicate that 53% of the respondents have serviced the organization between 11-15 years while 25% have worked between 6-10 years and 21% have worked for more than 16 years. Only 2% have worked for less than 5 years. The results suggest that the respondents have been in the organization for a duration long enough to be familiar with and have been impacted by human resource management practices in the organization.

### 4.3.5 Respondents Cadre in the Organization

The respondents were asked to indicate their cadre within the organization. This was necessary to for purposes of representation of all cadres who are impacted by human resource management practices in the organization. The results are as shown in the Figure 4.2

**Figure 4.2: Cadre of Respondents**



The results in Figure 4.2 indicate that 49% of the respondents are in lower management while 43% were in the union. Only 6% were in middle management and 2% in top management. The results suggest that all the cadres were represented and are familiar with and have been impacted by human resource management practices in Kengen.

#### **4.4 Employees Perceptions of Human Resource Management Practices**

In this section the study sought to establish employees perceptions of the influence of human resource management practices on performance of KenGen. The various practices studied were scored human resource planning, recruitment and selection, training and development, performance management, reward management, employee relation, health and safety. The survey used a five point likert scale with 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree and 5= strongly agree. The mean scores were computed for each item and a mean score less than 1.5 = strongly disagree while a score between 1.5 to 2.5 = disagree, a mean score between 2.5 to 3.5 = neutral, a mean score between 3.5 to 4.5 = agree and a score above 4.5 = strongly agree.

#### 4.4.1 Human Resource Planning Practices

The study intended to determine the extent to which human resource planning as a component of human resource management practices influences the performance of KenGen.

The respondents were requested to indicate the extent to which they agree with the aspects of human resource planning which lead to organization performance as illustrated in Table 4.5.

**Table 4.5: Extent of agreement on human resource planning**

<b>I</b>	<b>Human resource planning</b>	<b>Mean</b>	<b>Standard deviation</b>
a	KenGen has an organization structure that ensures alignment of functions leading to improved organization performance	4.011	0.506
b	Jobs in Kengen are designed to achieve organization performance	4.005	0.620
c	Human Resource Planning is undertaken regularly to determine staffing levels that meet the organizations requirements for effective performance.	3.889	0.70077
d	Human Resource Plans are linked to achievement of the organizations strategy and increase performance in the organization	3.389	0.8677
e	Human Resource Plans implemented in Kengen facilitate achievement of overall goals of the company.	3.355	0.8230

The results in Table 4.5 established that respondents agreed that Kengen has an organization structure that ensures alignment of functions that leads to improved organization performance with a mean score of 4.011. In addition the results indicated that the respondents agreed that jobs are designed to achieve organizational performance with a mean score of 4.005 and that human resource planning is undertaken regularly to determine staffing levels that meet the organizations requirements for effective performance with a mean score of 3.889 respectively. However the results indicate respondents were unsure to what extent human resource plans are being linked to achievement of the organizations strategy and increasing performance in the organization and whether human resource plans implemented facilitate achievement of overall goals in the company with a mean score of 3.389 and 3.355 respectively. The results confirm a general consensus with a low standard deviation of less than 1.0 in all cases.

The finding imply that human resource planning as a component of human resource management practices influences organization performance in Kengen through well designed organization structure, job designs and human resource plans that ensures the organization is able to meet the staffing requirements. However respondents were unsure to what extent the human resource plans are being linked to achievement of the organizations.

#### **4.4.2 Recruitment and Selection**

The respondents were requested to indicate the extent to which they agree with recruitment and selection practices influence the performance of Kengen. The results are shown in Table 4.6

**Table 4.6: Extent of agreement on Recruitment and Selection**

<b>RECRUITMENT &amp; SELECTION</b>	<b>Mean</b>	<b>Standard Deviation</b>
Kengen has a comprehensive Recruitment and Selection policy and procedure that provides for engaging staff to meet organization needs.	4.0111	0.5068
The Recruitment and Selection process in Kengen is aimed at acquiring highly skilled employees able to deliver the organizational objectives.	4.0055	0.62084

The results in Table 4.6 indicate respondents agreed that the recruitment and selection process is aimed at acquiring highly skilled employees able to deliver the organizational objectives with a mean score of 4.0111 and the organization has a comprehensive recruitment and selection policy and procedure that provides for engaging staff to meet organizational needs with a mean score of 4.0055. The results confirm a general consensus with a low variation in standard deviation.

The findings imply that recruitment and selection in Kengen contributes to providing the appropriate human capital for delivery of organization goals especially from the fact that a comprehensive recruitment and selection policy exists and that recruitment and selection process always aims at acquiring highly skilled employees.

### **4.4.3 Training and Development**

The respondents were requested to indicate the extent to which they agree with training and development practices influence Kengen's performance. The results are shown in the Table

4.7

**Table 4.7: Extent of agreement on Training and Development**

<b>TRAINING &amp; DEVELOPMENT</b>	Mean	Standard deviation
Kengen has a comprehensive training and development policy that provides training & development opportunities for employees to enable them meet organization goals.	2.800	0.917855
All training and development initiatives are focused on skill and competency development of employees.	2.644	0.9372
Acquisition of skills and increased competency levels of employees contributes to organization performance.	3.956	0.9384

The results in Table 4.7 indicate respondents agreed that acquisition of skills and increased competency levels of employees that contributes to organizational performance with a mean score of 3.956 however respondents disagreed that Kengen has a comprehensive training and development policy that provides training and development opportunities for employees to enable them meet organization goals nor are all training and development initiatives focused on skill and competency development of employees with a mean score of 2.8000 and 2.644 respectively. The scores were confirmed by a low variation in standard deviation of less than 1.0.

The findings imply that whereas employees agree acquisition of skills and competencies contributes to performance they disagree that the training and development policy and procedures in Kengen provides training opportunities for employees and the training and development initiatives implemented are focused on increasing the competency levels of employees which would contribute to the performance of Kengen.

#### 4.4.4 Performance Management

The respondents were requested to indicate the extent to which they agree with performance management system as influencing Kengen’s performance. The results are shown in Table 4.8

**Table 4.8: Extent of agreement on Performance Management**

<b>Performance management</b>	<b>Mean</b>	<b>Standard deviation</b>
Performance Management system in Kengen is focused on the enhancement of organization performance	3.039	0.9115
Performance targets of employees are linked to the overall objectives of the organization to ensure effective execution.	3.539	0.90537
Performance Management and evaluation of employees is carried out to ensure that employee performance is delivering the organization objectives	2.739	1.0103

The findings in Table 4.8 indicate respondents agreed that performance targets of employees are linked to the overall objectives of the organization to ensure effective execution with a mean score of 3.539. The respondents were not sure to what extent the performance management system is focused on the enhancement of organization performance with a mean score of 3.039, however respondents disagreed that the performance management and evaluation of employees is carried out to ensure employees performance is delivering the



organization objectives with a mean score of 2.739. The results confirm a general consensus with a low standard deviation.

The findings imply that performance targets of employees are linked to the overall corporate objectives however they are unsure the extent to which the performance management system is focused on the enhancement performance of Kengen. Employees however disagree that the performance evaluation process ensures that employees performance is delivering the objectives of Kengen.

#### 4.4.5 Reward Management

The respondents were requested to indicate the extent to which they agree with reward management practices as influencing Kengen’s performance. The results are shown in Table 4.9

**Table 4.9: Mean Ratings on Reward Management**

<b>REWARD MANAGEMENT</b>	Mean	Standard deviation
The compensation and reward management policy in Kengen is aimed at enhancing performance of employees	2.489	0.9716
The reward and compensation schemes in kengen enhance motivation and retention of staff to drive organization performance	2.400	0.8287
Bonuses, promotions and employee recognition in Kengen are adequate to motivate employees to improve performance	2.322	0.9551

As shown in the Table 4.9, the findings indicate respondents disagree that the reward management policy is aimed at enhancing performance of employees with a mean score of 2.489 additionally respondents disagree that reward management schemes enhance motivation and retention of staff to drive organization performance and that bonuses, promotions and employee recognition are adequate to motivate employees to improve performance with a mean score of 2.400 and 2.322 respectively. The scores were confirmed by a low variation in standard deviation.

The findings imply that the compensation and reward management policy and schemes in Kengen do not enhance employee performance, motivation and retention to drive organization performance. In addition the bonuses, promotions and employee recognition in Kengen are inadequate to motivate employees to improve performance.

#### **4.4.6 Employee Relations**

The respondents were requested to indicate the extent to which they agree with employee relations as a component of human resource management practices influences performance of Kengen. The results are shown in Table 4.10

**Table 4.10: Means and Standard Deviations for measures of Employee relations**

<b>EMPLOYEE RELATIONS</b>	<b>Mean</b>	<b>Standard Deviation</b>
Kengen has established frameworks to facilitate good employee and industrial relations to reduce disruption and enhance productivity	4.022	0.71656
Employee and industrial relations have a direct impact on the organization performance	4.0611	0.59008

The findings in Table 4.10 indicate respondents agreed that employee and industrial relations have a direct impact on the organization performance with a mean score of 4.0611 and that there is an established framework to facilitate good employee and industrial relations to reduce disruption and enhance productivity with a mean score of 4.022. The scores were confirmed by a low variation in standard deviation of less than 1.0.

From the findings imply that employee and industrial relations in Kengen have direct impact on the performance and that there is an established framework to facilitate good employee and industrial relations to reduce disruption and enhance productivity in Kengen.

#### **4.4.7 Health and Safety**

The respondents were requested to indicate the extent to which they agree with health and safety as a component of human resource management practices influences performance of Kengen. The results are shown in Table 4.11

**Table 4.11: Health and Safety**

<b>HEALTH &amp; SAFETY</b>	<b>Mean</b>	<b>Standard Deviation</b>
Kengen has a comprehensive health and safety policy to ensure achievement of organization goals and objectives.	4.294	0.5760
Health and safety initiatives enhance productivity and performance in the workplace	4.072	0.74766

The findings in Table 4.11 indicate respondents agreed there is a comprehensive health and safety policy to ensure achievement of organization goals and objectives with a mean score of 4.294. In addition respondents agreed that health and safety initiatives enhance productivity

and performance in the workplace with a mean score of 4.072. The results confirm a general consensus with a low standard deviation. From the findings it is implied that Kengen has a comprehensive health and safety policy and initiatives enhance productivity and performance.

#### **4.4.8 Human Resource Management Practices**

Respondents were requested in the questionnaire to state any other human resource management practices influencing performance in Kengen. From the 180 questionnaires submitted on 20 respondents identified other human resource management practices. The summary of suggestions are indicated in Table 4.12

**Table 4.12: Additional Human Resource Management Practices.**

No.	Additional human resource management practices influencing performance in Kengen.	Frequency	Percentage
1	Knowledge sharing	3	2%
2	Mentoring and coaching policy	9	5%
3	Team building	7	4%
4	Change management	4	2%

The findings in Table 4.12 indicate that 5% of the respondents identified mentoring and coaching, 4% identified team building and 2% identified knowledge sharing and change management respectively. The results imply that the human resource management practices in Kengen should incorporate mentoring and coaching, team building, knowledge sharing and change management so as to influence performance.

## **4.5 Discussion**

The study established that human resource planning influences organization performance in Kengen through well designed organization structure, job designs and human resource plans that ensures the organization is able to meet the staffing requirements. The findings concurred with Huselid (1995) who stated that HRM practices can also influence firm performance through provision of organizational structures that encourage participation among employees and allow them to improve how their jobs are performed. Cross-functional teams, job rotation, and quality circles are all examples of such structures. The findings indicate that recruitment and selection contributes to providing the appropriate human capital for delivery of organization goals especially from the fact that a comprehensive recruitment and selection policy exists and that recruitment and selection process always aims at acquiring highly skilled employees at Kengen this is consistent with Husselid (1995) who contends that organizational productivity and high performance depends on the right person, which is also a pathway to reduced turnover more so, they identified a positive link between hiring manager and employees and the creation of the right culture for organizational growth.

The findings indicate that whereas employees agree acquisition of skills and competencies contributes to an organization's performance they disagree that the training and development policy and procedure provides training opportunities for employees and initiatives implemented are focused on increasing the competency levels of employees which would contribute to the performance of Kengen. This concurred with Barrington (2006) that application of training programs that do not contribute towards realization of increased employees productivity negatively affects realization of organization performance goals.

The findings indicate that performance targets of employees are linked to the overall objectives of the organization. This is consistent with Mahapatro who contends that Corporate strategic goals provide the starting point for business and departmental goals, followed by agreement on performance and development, leading to the drawing up of plans between individuals and managers. The findings indicate employees disagree that the compensation and reward management policy and schemes enhances employee performance, motivation and retention to drive organization performance. In addition the bonuses, promotions and employee recognition is not adequate to motivate employees to improve performance in Kengen. This is consistent with These concurred with Mills (2005) who states that lack of effective reward systems for compensating the employees work efforts negatively lowers the level of employees work morale and these impacts negatively on organization productivity. From the findings employees agree that employee and industrial relations have direct impact on the performance of the organization and that there is an established framework to facilitate good employee and industrial relations to reduce disruption and enhance productivity in the organization similarly the findings employees agreed that a comprehensive health and safety policy exists and that the initiatives enhance productivity and performance in Kengen

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

The purpose of this chapter is to provide an overview of the findings from the survey, conclusions and recommendations. The conclusions are drawn from the analysis of data and objective of the research.

#### **5.2 Summary**

The objective of the study was to determine employees' perceptions of the influence of human resource management practices on performance of Kengen. The findings of the study showed that out of a targeted population of 245 respondents a total of 180 respondents participated and that both genders were presented in the survey with 56% being male and 44% being female respectively. The difference in numbers between the male and female respondents was not significant and therefore the results not influenced by gender. All the age brackets working in the organization were represented and that majority of the respondents were middle aged between ages 41- 50 years. The results indicate that all of the respondents have attained a minimum of a certificate level of education and therefore have an understanding of the human resource management practices in the organization and that a majority have been in the organization for a duration long enough to be familiar with and have been impacted by the human resource management practices. All the cadres of employees were represented and majority were from the lower management cadres.

The results of the study revealed that human resource planning as a component of human resource management practices influences organization performance in Kengen through well

designed organization structure, job designs and human resource plans that ensures the organization is able to meet the staffing requirements. However is it not clear to what extent the human resource plans are being linked to achievement of the organizations. From the study results indicate that recruitment and selection in Kengen contributes to providing the appropriate human capital for delivery of organization goals especially from the fact that a comprehensive recruitment and selection policy exists and that recruitment and selection process always aims at acquiring highly skilled employees.

The results of the study indicate that whereas employees agree acquisition of skills and competencies contributes to performance, the training and development policy and procedures do not provide training opportunities and initiatives focused on increasing the competency levels of the employees which would contribute to the performance of Kengen. The results of the study revealed that that performance targets of employees are linked to the overall corporate objectives however the performance management system and evaluation process is not focused to ensure that employee performance is delivering on the performance of Kengen. The study revealed that the reward management policy framework, bonuses, promotions and employee recognition schemes do not enhance employee performance, motivation and retention to drive organization performance in Kengen.

In addition the results of the study revealed that employee and industrial relations have direct impact on the performance and that there is an established framework to facilitate good employee and industrial relations to reduce disruption and enhance productivity in Kengen. Similarly a comprehensive health and safety policy is established and the initiatives enhance productivity and performance.



### **5.3 Conclusion**

In every organization, employees are an asset to the organization and as such require be developing and maintaining to ensure continuous productivity. The study revealed that the major human resource management practices in any organization influence the performance outcomes and therefore require to be implemented regularly to ensure they remain relevant to the business. It is also important to note that the outcomes of human resource practices that affect the employees' motivation such as reward, recognition and training are important in ensuring that the employees remain motivated to continue working in the organization at the required productivity levels and are retained as valuable assets. The major operations of the organization are expected to meet the needs and demands of their clients, human resource management practices are fundamental in any of the organization that is focused to achieve its objectives as they will lead to a better and efficient service delivery to its clients.

### **5.4 Recommendations for Policy and Practice**

To achieve the organization's strategic objectives and influence performance it is recommended that the human resource plans are linked to the organizations strategy and subsequent implementation these plans should facilitate achievement of the overall goals of Kengen. It is also recommended that the training and development policy framework and initiatives are reviewed and implemented to ensure they are comprehensive to provide training opportunities for employees that are focused on skill and competency development that will enable them meet the organizational goals and impact the performance of Kengen.

Kengen should consider a comprehensive review of the performance management policy and system to ensure it is focused on the enhancement of performance of employees and subsequently the organization. The performance management and evaluation process should be enhanced to ensure that employee performance is delivering on the corporate objectives.

Kengen should also have a comprehensive review of the reward management policy. This will ensure that the bonuses, promotions, employee recognition schemes enhance motivation, retention and performance of employees and ultimately drive performance of the organization. It is also recommended that the human resource management practices incorporate complimentary practices such as mentoring and coaching, team building, knowledge sharing and change management so as to influence performance of Kengen.

## **5.5 Limitations to the Study**

This study had several limitations, the most important of which are highlighted herein. This being a descriptive survey research design, the researcher responses were limited to Kengen. A generalization of the findings to represent a wider and more diverse sample of industries would have provided a broader insight on the subject and especially reveal any industry specific differences.

The study used questionnaires as a method of data collection which was administered to a sample of the population. This was limiting in the sense that the researcher did not get extensive views of the employees in the organization. Some of the questionnaires were not returned due to unavailability of employees.

The organization has a confidentiality policy which restricted employees from disclosing company information without prior approval. The researcher hence presented an introduction letter obtained from the college to the organization management and this facilitated the researcher administer the questionnaires to the employees of the organization for purposes of data collection for the study.

## **5.6 Recommendations for Further Research**

The study was based on Kengen which is a parastatal in the energy sector. This research can therefore be conducted in other different sector in public and private sector, and learning institutions to establish employees perceptions of the influence of human resource management practices on performance of organizations. Further research is recommended using a larger sample for the purposes of generalizations. A cross sectional study across a number of institutions within the sector can also be done to make comparative analysis.

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## APPENDIX 1

N= required sample size

Z = confidence level at 95% ( standard value of 1.96

P = estimate of people impacted = .8

M = margin of error ( standard value of 0.05)

$$N = \frac{Z^2 \times P(1-P)}{.005^2}$$

$$N = \frac{1.96^2 \times .8(1-.8)}{.005^2}$$

$$n = \frac{3.8416 \times 0.16}{.0025}$$

N= 245



## Introduction Letter

Dear Respondent,

**RE: EMPLOYEES PERCEPTIONS OF THE INFLUENCE HUMAN RESOURCE MANAGEMENT PRACTICES ON PERFORMANCE OF KENGEN.**

I am a post graduate student at the University of Nairobi carrying out a Master of Business Administration research on the above mentioned topic. I therefore humbly request you to assist me by filling in the questionnaire as accurately as possible. The information you will provide will be used strictly for academic purposes and therefore be treated with utmost confidentiality. Thank you in advance for your cooperation.

Yours sincerely,

**Jennifer N. Mbugua**

## Questionnaire

Please answer all the questions by filling appropriately after carefully reading through them. The questions are seeking your opinion on employees perceptions of the influence of human resource management practices on performance of KenGen. All the answers you gave will help in achieving the objectives of this study. Your answers will be treated with confidentiality and will only be used for the purpose of this study.

### Section A : Background Information

1. What is your Gender ?

- a) Male
- b) Female

2. Age Bracket

- a) 25-30 Years
- b) 31-35 years
- c) 36-40 years
- d) 41 – 50 years
- e) Above 51 years

3. Education Background

- a) Certificate
- b) Diploma
- c) Degree
- d) Masters
- e) Any other, Specify \_\_\_\_\_

4. Working Experience

- a) 5 years and below
- b) 6- 10 Years
- c) 11 - 15 Years
- d) 16 years and above

5. Level :

Top management	Middle management	Lower management	Union

**SECTION B: EMPLOYEES PERCEPTIONS OF INFLUENCE OF HUMAN RESOURCE MANAGEMENT PRACTICES ON PERFORMANCE OF KENGEN**

Below are Human Resource Management practices in Kengen. Please indicate to what extent you agree with each of the following statements? **(Please circle the code which best suits your opinion).**

No	H.R. M. Practice	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>I</b>	<b>HUMAN RESOURCE PLANNING</b>					
a	KenGen has an organization structure that ensures alignment of functions leading to improved organization performance					
b	Jobs in Kengen are designed to achieve organization performance					
c	Human Resource Planning is undertaken regularly to determine staffing levels that meet the organizations requirements for effective performance.					
d	Human Resource Plans are linked to achievement of the organizations strategy and increase performance in the organization					
e	Human Resource Plans implemented in Kengen facilitate achievement of overall goals of the company.					
<b>II</b>	<b>RECRUITMENT &amp; SELECTION</b>					
a	Kengen has a comprehensive Recruitment and Selection policy and procedure that provides for engaging staff to meet organization needs.					
b	The Recruitment and Selection process in Kengen is aimed at acquiring highly skilled employees able to deliver the organizational objectives.					
<b>III</b>	<b>TRAINING &amp; DEVELOPMENT</b>					
a	Kengen has a comprehensive training and development policy that provides training & development opportunities for employees to enable them meet organization goals.					
b	All training and development initiatives are focused on skill and competency development of employees.					
c	Acquisition of skills and increased competency levels of employees contributes to organization performance.					

No	H.R. M. Practice	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
		1	2	3	4	5
<b>IV</b>	<b>PERFORMANCE MANAGEMENT</b>					
a	Performance Management system in Kengen is focused on the enhancement of organization performance					
b	Performance targets of employees are linked to the overall objectives of the organization to ensure effective execution.					
c	Performance Management and evaluation of employees is carried out to ensure that employee performance is delivering the organization objectives					
<b>V</b>	<b>REWARD MANAGEMENT</b>					
a	The compensation and reward management policy in Kengen is aimed at enhancing performance of employees					
b	The reward and compensation schemes in kengen enhance motivation and retention of staff to drive organization performance					
c	Bonuses, promotions and employee recognition in kengen are adequate to motivate employees to improve performance					
<b>VI</b>	<b>EMPLOYEE RELATIONS</b>					
a	Kengen has established frameworks to facilitate good employee and industrial relations to reduce disruption and enhance productivity					
b	Employee and industrial relations have a direct impact on the organization performance					
<b>VII</b>	<b>HEALTH &amp; SAFETY</b>					
a	Kengen has a comprehensive health and safety policy to ensure achievement of organization goals and objectives.					
b	Health and safety initiatives enhance productivity and performance in the workplace					

1. In your opinion kindly indicate any other human resource management practices influencing performance in Kengen.

- a. ....
- b. ....
- c. ....
- d. ....