

**ALIGNMENT OF HR PRACTICES AND BUSINESS STRATEGY AT THE
COCA-COLA BOTTLING COMPANY IN NAIROBI**

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DECLARATION

I declare that this research Project is my original work and has not been submitted to any other university for award of a degree.

Signed.....

Date.....

Name

REG NO.

This project has been submitted with my authority as the university supervisor.

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DEDICATION

I dedicate this work to my family and all those who supported me in the completion of this project.

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
LIST OF TABLES	viii
ABBREVIATIONS AND ACRONYMS	ix
ABSTRACT.....	x
CHAPTER ONE	1
INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Research Problem	6
1.3 Research Objectives.....	8
1.4 Value of the Study	8
CHAPTER TWO	10
LITERATURE REVIEW	10
2.1 Introduction.....	10
2.2 Theoretical Review	10
CHAPTER THREE	19
RESEARCH METHODOLOGY	19
3.1 Introduction.....	19

3.2 Research Design.....	19
3.3 Data Collection	19
3.4 Data Analysis	20
CHAPTER FOUR.....	21
DATA ANALYSIS, RESULTS AND DISCUSSION.....	21
4.1 Introduction.....	21
4.2 Background Information of the Interviewees	21
4.3 Alignments of HR Practices and Business Strategy	24
4.4 Discussion of the Findings.....	27
CHAPTER FIVE	29
SUMMARY, CONCLUSION AND RECOMMENDATIONS	29
5.1 Introduction.....	29
5.2 Summary of the Findings.....	29
5.3 Conclusion	30
5.4 Recommendations for Policy and Practice	32
5.5 Limitations of the Study.....	34
5.6 Recommendations for Further Research.....	36
REFERENCES	38
APPENDICES	44

APPENDIX I: INTERVIEW GUIDE.....44

LIST OF TABLES

Table 4.1: Response Rate.....	22
Table 4.2: Length of Time in the Beverage industry	22
Table 4.3: Level of Education.....	23
Table 4.4: Summary of the questions and their responses by the interviewees.....	24
Table 4.5: Analysis of responses	26

ABBREVIATIONS AND ACRONYMS

HR - HUMAN RESOURCE

HRM - HUMAN RESOURCE MANAGEMENT

SHRM - STRATEGIC HUMAN RESOURCE MANAGEMENT

ABSTRACT

The purpose of the study was to determine the alignment of human resource practices and business strategy of Coca-Cola Bottling Company in Nairobi. The study was a case study and utilized primary data. The research involved interviewing top level management of Coca-Cola Bottling through the use of interview guide, to get their opinion on how human resource practices are aligned to business strategy. The interviewees comprised of top management at Coca-Cola bottling company ltd .total 12 out of the 17 targeted interviewees provided feedback. All the interviewees had enough experience in their fields of work. Individual interviewees were interviewed and their perception on the level of alignment of identified HR practices to business strategy was recorded inters of environment The results of this study indicate that HRM is highly integrated into the company's business operations. The findings indicate that HR practices aimed at enhancing employees core competences in delivery to customers more efficiently and effectively are to a very great extent in line with the business strategy of enhancing business competitiveness. The findings indicate various sections of Strategic HRM objectives were outlined in the organizations business strategy to a very great extent .The findings indicate that the training and development programs helped employees with new skills that enhanced customer satisfaction and the achievement of business strategic goal of competitiveness. Explain the findings indicate that the training and development programs helped employees with new skills that enhance customer satisfaction and the business strategic goal of competitiveness The findings indicate that HR department ensured that activities are linked to specific business objectives and that the line functions and trained to enhance deliver on their tasks as stated in the business objective of enhancing business competitiveness The findings indicate HR practices to a very great extent entail exchange of knowledge and learning from activities and projects for purposes of enhancing business continuity as stated in the organizations strategic plan? Explain The findings indicate lately human resource management is part and parcel of business strategy formulation since the introduction of competitive HR practices program. The findings indicate management no longer approve financing of any activities that are not in line with business objectives and therefore HR activates have had to be aligned to key business objectives.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations today have increasingly become aware of the importance of aligning human resource practices to organizational strategy. This awareness in a system is a critical dimension in the performance of organizations (Rees, 2006). The real life experiences substantiate the assumption that no matter how sophisticated and modern the business activities of the organization may become, it will be extremely difficult to sustain its growth and effectiveness unless there are strategies that complement its operations. Business competitiveness is a recurring theme examined by academicians, consultants and practitioners. The frequent and uncertain changes, greater competition between firms, the need for continuous innovations, quality enhancement and cost reduction force companies to face the challenge of improving their competitiveness and consequently their performance.

This realization has propelled strategic human resource practices as a major field of study and the renewed interest has facilitated the development of newer approaches in managing organizations and human resource (Wright, 2005). According to Armstrong (2009), aligning human resource practices to organizational strategy emphasizes the need for the human resource plans and strategies to be formulated within the context of overall organizational strategies and objectives and to be responsive to the changing nature of the organization's external environment. It is an approach which requires interpretation and adaptation by practitioners to ensure the most suitable fit between human resource business strategies and plans. Thus, the overall themes of

strategic human resource practices are the integration of all strategic human resource practices and functions, adherence to broad organization goals and responsiveness to the external environment (Armstrong, 2009).

The quest for competitive advantage has long been a central tenet of the field of strategic management (Armstrong, 2009). Within this field, the configurational theory has emerged as a new framework for analyzing the sources and sustainability of competitive advantage. Most organizations view the department of human resources as an administrative function and ignore the need and opportunity to align it with its strategic plans. Consequently, organizations are less likely to expect these practices to have an impact on bottom line business results (Huselid, Jackson, & Schuler, 1997). In recent past Nairobi coca-cola bottling company has adopted competitive business strategy in which it aims to align all departmental practices to the overall organizational business strategy. One of those key areas is aligning HR practices to business strategy.

If HR strategies are not aligned with business strategy, it will point towards complete lack of understanding of business requirement on the part of HR department hence, working out human resource strategy, which is in tune with business strategy, is of utmost importance, (Armstrong, 2009). Many a times, it is said that HR department is not given due importance in a corporate management system however importance is to be acquired through shouldering of more responsibilities of non routine nature and delivering the desired result for fulfillment of corporate objective, which will ultimately will lead to the fulfillment of employees' expectation from the job. (Huselid, Jackson, & Schuler, 1997).

1.1.1 Human Resource Practices

Strategic human resource practice is defined in several aspects. (Jackson,1987) defined strategic human resource practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members. it is also conceptualized as a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital contribute to the achievement of its business objectives (Delery & Doty, 1996). (Minbaeva ,2005) viewed strategic human resource practices a set of practices used by organization to manage human resources through facilitating the development of competencies that are firm specific, produce complex social relation and generate organization knowledge to sustain competitive advantage.

Strategic human resource practices relate to specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the organization. Among the main approaches to develop strategic human resource practices: universal or best practice approach (Huselid, 1995); strategic human resource practices approach (Delery & Doty, 1996); contingency approach (Dyer, 1985; Schuler, 1989); and configuration approach (Wright & McMahan, 1992).previous studies revealed that strategic human resource practices , which were related to organizational innovation, mainly focused on universal or best practice approach.

Strategic human resource practice is a new paradigm in managing human resource in the modern organization which is hinged on the understanding that the most critical resource that any organization must provide itself of is human resource, since it is the

human resource that is responsible for coordinating the other factors of production to spur corporate performance. Strategic human resource practices aims to achieve strategic fit. It produces human resource strategies that are integrated vertically with the business strategy and are ideally an integral part of that strategy. Vertical integration is necessary to provide congruence between business and human resource strategy so that the latter supports the accomplishment of the business strategy and helps to define it. (Armstrong, 2009)

Strategic human resource practices are also about horizontal integration which aims to ensure that the different elements of the human resource strategy fit together and are mutually supportive (Armstrong, 2009). It enables strategic decisions to be made that have a major and long-term impact on the behaviour and success of the organization by ensuring that the organization has the skilled, committed and well-motivated employees it needs to achieve competitive advantage. (cooke et al,2005) asserted that strategic human resource practices is an efficient function that copes with environmental changes. It directly and indirectly benefits companies because it changes passivity into initiative, transmits organizational goals clearly and encourages the involvement of line managers.

Marchington (2008), argue that strategic human resource practices positively influences firm performance because it generates structural cohesion, an employee-generated synergy that propels a company forward, enabling the firm to respond to its environment while still moving forward. Indeed, it becomes clear that whether the focus of strategic human resource practices is on alignment with the external context or on the internal context of the firm, the meaning of strategic human resource

practices can only be really understood in the context of organizational performance, whether that be in terms of economic value added and increased shareholder value; customer value added and increased market share or people added value increased human resource practices and reservoirs of employee skills, knowledge and talent.

1.1.3 Nairobi Coca-Cola Bottling Company

Coca Cola Company is a multinational corporation originating from United States of America. The company's flagship product was invented in 1886 by John Pemberton in Columbus, Georgia. The formula and brand of Coca-Cola was bought by Asa Candler in 1889 who later incorporated the coca cola company in 1892. The coca cola company operates a franchised distribution system dating from 1889 where the company produces only the syrup concentrate which is then sold to various franchisees throughout the world. The Nairobi Coca-cola bottlers therefore is a franchise of the coca cola company whose headquarter is Atlanta, Georgia (www.coca-cola.co.ke).

According to the 2014 annual report, coca-cola had sales distributed in a manner where 42% of the sales were in the United States, 37% in Mexico, India, Brazil, Japan and the people's republic of China and 20% spread throughout the rest of the world. The total revenue in 2014 was us\$ 49.542 billion according to the United States Securities and Exchange Commission. Coca-cola started operations in Kenya in 1948, on a Nairobi plot measuring just a quarter of an acre. The new beverage proved so popular that another production line was commissioned almost immediately in the coastal town of Mombasa. Coca-Cola Sabco's Kenyan plant in Embakasi, Nairobi, employs approximately 1 000 people. It is one of the biggest bottling plants in the

group. This state-of-the-art facility was officially opened by Kenyan president Mwai Kibaki in 2005 (www.coca-cola.co.ke).

1.2 Research Problem

Often, wide gaps exist between HR strategy of an organization and what exactly is needed by the business strategy on HR front. Since talent of the right disposition and commitment is required to execute the strategy, misalignment does not let this actually happen. Those who are able to effect the alignment, they often come way ahead of others. Alignment here means that employees in the organization reflect all elements so as to help realize the strategy, e.g. skill, attitude, competencies, reward, recognition, satisfaction due to effective promotion policy, desired behavior to keep the customer satisfied, performance, requisite passion, team spirit, etc. (Khalid,2014).

A number of studies carried out in the past provide evidence that aligning human resource practices to organizational strategy practices have a positive relationship with firm performance. Khalid, (2014) in his study of the determinants of alignment of HR practices to organizational strategy found out that alignment depends upon contextual prevailing business conditions. David et al. (2002) examined the relationship between strategic human resource practices and organizational financial and human resource performance in Singapore. Using descriptive statistics and regression to analyze the data, the results indicate that human resource practices components have a positive impact on the business strategy of a firm.

Green et al., (2006) investigated the relationship between six human resources practices and business strategy. The findings indicate that organizations that have vertically aligned and horizontally integrated HR function and practices to strategy

performed better and produced more committed and satisfied HR function employees who exhibited improved individual and organizational performance. Kai et al., (2007), surveyed 231 firms listed on the Australian Stock Exchange .Using descriptive statistics and correlation analysis, results indicate that strategic integration and devolvement of human resource practices were practiced to a moderate extent in the firms sampled, and that the degree of alignment of human resource practices with business objectives and strategies had a positive relationship with perceived firm financial performance.

Som, (2008), sampled 69 Indian companies with a view to examining the impact of innovative s human resource practices on achievement of organization objectives. Using descriptive statistics and regression analysis, results indicate innovative recruitment and compensation practices have a positive significant relationship with firm performance. Tessemer and Soeters (2006), examined how, when and to what extent HR practices affect performance in Eritrea, Africa's youngest and poorest country. They reported that successful implementation of HR practices could enhance individual and civil service organization of Eritrea, but the economic and political environment within which HR practices operate are not conducive.

Over the years various studies have been carried out locally relating to human resource practices. Dimba and K'Óbonyo (2009), investigated the nature of the effect of human resource practices on organizational performance. The study sought to determine whether the effect of human resource management practices on organizational performance is direct or indirect through employee motivation, and whether employee cultural orientations moderate the relationship between strategic

human resource practices and employee motivation. Multinational manufacturing companies in Kenya were sampled. Results indicate innovative recruitment and compensation practices have a positive significant relationship with firm performance.

Maloti (2011), in his study of Impact of human resource practices on retention in state financial corporations in Kenya concluded that there is a statistically significant relationship between human resource practices and employee retention in state corporations. All earlier studies concentrated on the employee motivation towards work commitment and hence left the research gap on the extent of alignment of human resource practices to overall organizational strategy in the work place. This study therefore seeks to answer the question: what is the extent of alignment of human resource practices to business strategy at the Nairobi Coca-Cola bottling company?

1.3 Research Objectives

The objective of this study is to examine the extent of alignment of human resource practices to business strategy at the Nairobi Coca-Cola bottling company.

1.4 Value of the Study

To management practice the findings of study are of great importance in providing insight into the various aligning human resource practices to organizational strategy practices needed to successfully enhance performance in Kenya's manufacturing sector. The study will enable the management of the companies to appreciate the significant role played by human resource hence support it in improving firm performance. The human resource management will integrate the findings of this study in their strategic planning. The study brings into light the importance of the human resource practices on organizational performance. The study seeks to help

employees understand the expectations of employers and hence appreciate the efforts by the employers towards improving their welfare. This will contribute towards employee performance and productivity at work place.

To theory; the study is an addition to the existing body of knowledge and will be useful to scholars in the field of Human Resources management. In particular, this study proposes to fill the gap in the body of knowledge in the practices of strategic human resource practices in Kenya. Students of higher learning will use the findings and recommendations of this study as a source of literature and knowledge gap identification for future studies.

To policy the findings of this study will be useful to the government in reviewing the human resource teaching curriculum and in drafting proposals on future labor laws as it will highlight the importance of organizational commitment to aligning resource practices with business strategy as a step towards enhancing investor confidence and promoting employee commitment and productivity both in the public and private sector. This will also ensure ensures that employment laws in the country are regulated and hence create a motivated and productive workforce in the country

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review. First a review of theories is presented highlighting on the theories on human resource practices. Secondly; this chapter will give us an insight on the findings of other studies, understanding of the aspects of human resource determinants and to acknowledge their contribution towards the existing body of knowledge. The summary and conclusion on the literature reviewed is also indicated.

2.2 Theoretical Review

In the study of human resource management, there are several theories that attempt to explain the relationship human resource practices and business strategy. Their propositions are the foundation for understanding alignment of human resource practices and business strategy. In particular, these theories include the resource-based theory, expectancy theory and contingency theory.

2.2.1 Expectancy Theory

Expectancy theory explains that motivation will be high when people know what they have to do to get a reward (which may be financial or non-financial), expect that they will be able to get the reward, and expect that the reward will be worthwhile. The theory recognizes that people have different types of needs, wants and goals and that this must be taken into account in devising HR policies and practices, especially those concerned with motivation and reward. Expectancy theory was pioneered by Vroom (1964) and developed by Porter and Lawler (1968), who proposed that high individual

performance depends on high motivation plus possession of the necessary skills and abilities, and an appropriate role and understanding of that role. From this, as Guest (1997) declared: ‘It is a short step to specify the HR practices that encourage high skills and abilities, for example careful selection and high investment in training; high motivation, for example employee involvement and possibly performance-related pay; and an appropriate role structure and role perception, for example job design and extensive communication and feedback’.

Armstrong (2010) discusses this theory. In the expectancy theory, motivation is likely to be when there is a perceived and usable relationship between performance and outcome, with the outcome being seen as a means of satisfying needs. In other words a there must be a link between a certain reward and what has to be done to achieve it. This theory is very important in the context of this research. The theory is instrumental especially when financial cooperatives are designing performance based pay. Reason for this is that management of financial cooperatives needs to design performance based pay so as to ensure these organizations continue to improve their performance. To compete favorably, Coca-Cola need not only to offer competitive rewards but also to go an extra mile to link some categories of rewards to performance as a strategy.

2.2.2 Resource-Based Theory

Resource-based theory expressed as ‘the resource-based view’ states that competitive advantage is achieved if a firm’s resources are valuable, rare and costly to imitate. It is claimed that HRM can play a major part in ensuring that the firm’s human

resources meet these criteria (Armstrong, 2010). The theory blends concepts from organizational economics (Penrose, 1959) and strategic management (Barney, 1991).

A firm that has attained a competitive advantage has created economic value than its competitors. Economic value is generally created by producing products and/or services with either greater benefits at the same cost compared to competitors or the same benefits at lower cost compared to competitors (Peteraf and Barney, 2003). In either case, it is logical to assume that a firm that attains a competitive advantage, whether in the form of greater benefits at the same cost or the same benefits at lower cost, will be able to improve its performance in ways that its competitors cannot.

2.2.3 Contingency Theory

Contingency theory states that HRM practices are dependent on the organization's environment and circumstances. This means that, as Paauwe (2004) explained: 'The relationship between the relevant independent variables (HRM policies and practices) and the dependent variable (performance) will vary according to the influences such as company size, age and technology, capital intensity, degree of unionization, industry/sector ownership and location. Contingency theory is associated with the notion of fit – the need to achieve congruence between an organization's HR strategies, policies and practices and its business strategies within the context of its external and internal environment. This is a key concept in strategic HRM.

Karen Legge (1978) exercised a major influence on the acceptance of the relevance of contingency theory. She observed that: 'Contingency theory in its positive sense just makes the theoretical point that it is "contingencies" in an organization's environment that, acting as both constraints and opportunities, influence the organization's

structure and processes'. She also produced the following suggestions on applying contingency theory: 1) An objective-setting exercise, based on a diagnosis of what specific objectives are appropriate to the organizational context involved. 2) An analytical classification of the alternatives (whether payment systems or management styles or different approaches to reorganizing work) that are the subject of the design exercise. 3) An analysis, preferably involving the construction of a dynamic processual model, of the context in which such an alternative is to apply.

2.3 Relationship between Human Resource Practices and Business Strategy

HRM can contribute to the strategies and strategic planning process of the organization in different ways. HRM functions like performance evaluation, human resource planning, employee selection, training and wage management should be designed according to the strategic plans of the organization. Most of the organizations prefer to integrate their HRM systems with their strategy implementation process (Greer, 1995). Human resource planners have started to learn the techniques of strategic planning and have assumed a more proactive role in promoting strategic thinking in the human resources area and have extended the personnel function beyond the limits of its traditional activities (Miles & Snow, 1984). Nowadays, it is a common belief in both the business and the academic world that the human resources of an organization can be a source of competitive advantage, provided that the policies for managing people are integrated with strategic business planning (Panayotopoulou et. al, 2003).

Typically, HRM bridges business strategy and HRM and HRM focuses on the integration of HR with the business and its environment. HRM has a clear focus on implementing strategic change and growing the skill base of the organization to ensure that the organization can compete effectively in the future (Holbeche, 2004). Organizations develop their HR strategy as an integral part of formulating the high-level corporate strategy rather than developing it in parallel with or after the corporate strategy. In this sense strategic HRM bridges corporate level strategy and HRM tightly integrating HR with the business. Strategic HRM is crucial in today's business world.

The main reason is that, with the shift from a manufacturing to knowledge based economy; many organizations' competitive advantages now stem more from their human assets (skills, knowledge, behaviour and attitudes). When implemented successfully, strategic HRM translates human assets into shareholder value. Another reason that strategic HRM is important has to do with the benefits it generates for both a company's workforce and its HR team. When people understand what their company is trying to do and how their work contributes to those efforts, their focus and job satisfaction increase (Harvard Business School, 2006).

Effective HRM acquires quality employees, motivates them to maximize performance and helps meet their psychological and social needs. This leads to long term relationships with skilled and happy employees (Stewart & Brown, 2011). HRM focuses on people in organizations. People are a major component of any organizations so organizations with more productive employees tend to be more successful. Employee productivity increases when organizations hire and motivate

employees effectively. In addition, good human resource practice creates more satisfied employees (Stewart & Brown, 2011). From this point, it is possible to say that good HRM practice can improve work and efficiency in organizations by motivating employees.

2.4 Review of Empirical Studies

Empirically, research showed a significant association between HR practices , competitive strategy and organization performance , Ulrich (1997) mentioned that HR managers should not only have administration skills and expertise but should also be champions of employees, change agents, and strategic partners of an organization. In this context, HRM practices can be a source of competitive advantage of the organization, especially when they are aligned with organization's competitive business strategy (Begin, 1991; Cappelli & Singh, 1992; Jackson & Schuler, 1995). Despite the extant empirical evidence that HRM practices could bring positive effects on organizational performance, many organizations still adopt a passive approach to HRM practices (Dennis, Michael & Meredith Blackwell, 2002).

Wang and Zang, (2004) studied the dimensions of human resource management practices and entrepreneurship and their effects for organizational effectiveness. The field studies were carried out in the western regions of China to investigate the main characteristics of human resource management practices and models in comparison with that of the eastern and coastal areas (Wang and Zang, 2004). The results showed that there were two major dimensions in human resource management practices: functional dimension and strategic dimension. Studies have also been carried out to

examine and identify the key dimensions of entrepreneurship among local Chinese companies (Wang, 2003; Yuan, 2004).

Studies done locally on human resource management practices include Rimberia (2001) who conducted a survey on the use of flexible human resource practices by manufacturing firms in Nairobi. Murage (2005) did a survey of the relationship between strategic human resource management practices and performance of firms quoted in the Nairobi Stock Exchange. Roba (2008) did a survey to assess the extent of adoption of strategic human resource management practices at Teachers Service Commission of Kenya. The foregoing made it imperative to conduct a study to determine the extent of adoption of strategic human resources management practices among commercial banks in Kenya.

George Omondi et al, (2011) did a study to establish the extent of adoption of strategic human resource management practices among commercial banks in Kenya; and to determine the factors that influence adoption of strategic human resource management practices by commercial banks in Kenya. The study concluded that: First, on the application of strategic grouping in the Kenyan banking industry: - A number of human resource practices can be used as strategic weapons for organization to remain competitive. These can be seen as the best practice human resources management practices. The key strategic resources management practices can be broken into two components.

Dimba and K'Óbonyo (2009) investigated the nature of the effect of SHRM practices on organizational performance. The study sought to determine whether the effect of human resource management practices on organizational performance is direct or indirect through employee motivation, and whether employee cultural orientations moderate the relationship between strategic human resource practices and employee motivation. The results of the study indicate that all the variables of HRM practices, except recruitment and selection were positive and significantly correlated with performance; relationship between SHRM practices and firm motivation did not depend on employee cultural orientations when cultural values were considered; motivation mediated the relationship between SHRM practices and firm performance and motivation affected firm performance.

Okpara and Pamela (2008) examined the extent to which organizations in Nigeria use various HRM practice and the perceived challenges and prospects of these practices. Data were collected from 253 managers in 12 selected companies in 10 cities. Their findings reveal that HRM practices, such as training, recruitment, compensation, performance appraisal and reward systems are still in place and that issues of tribalism, AIDS, training and development and corruption are some of the challenges facing HRM in Nigeria.

2.5 Summary of Literature Review

The review of literature has shown some theoretical and empirical gaps that necessitate this study. Various study has provided some evidence for the positive. Significant and relationship that results between the influence of best human resource management practices on organizational performance as illustrated under the

following themes of the study; recruitment and selection, if the organization intend to succeed in achieving their goals and objectives, then it is important that they focus on the skilled and knowledgeable manpower since the human resource is the backbone of the organization's best performance.

This study has provided some evidence for the positive. Significant and relationship that results between the influence of best human resource management practices on organizational performance as illustrated under the empirical study; if the organization intend to succeed in achieving their goals and objectives, then it is important that they focus on the skilled and knowledgeable manpower since the human resource is the backbone of the organization's best performance. If the organization recruits the right employees, it will be able to minimize on cost and maximizing on output as there will be a well, effective and efficient utilization of organizations resources.

Organizations which rewards their employees stands a chance to be at the leading front in the market since they are motivated and hence they will put more effort leading to a higher production of goods and services and also reduced labor turnover. The rewards offered will automatic add value to the organization and this lead to the realization of the goals and objectives as the study have previously shown. Therefore, it is necessary that the organization to develop its asset the human resource for the greater achievement of the organizational objectives. Performance management as a component of the best practices of the human resource management, the organization management therefore, should assess and evaluate their employee's in terms of their performance if they are to achieve their objectives.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the various stages and phases that was followed in completing the study. It outlines procedures and techniques to be used in the collection and processing of data such as the research design, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

The study was a case study and utilized primary data. The researcher first analysed the business strategy of Coca-Cola Bottling Company in Nairobi for the past five years by use of ratio analysis. The second phase of the research involved interviewing through the use of interview guide, all the top level management of Coca-Cola Bottling Company in Nairobi to get their opinion on how human resource practices contributed to the identified business strategy. The collected data was analysed with a view to determine relationship between human resource practices and business strategy of Coca-Cola Bottling company in Nairobi.

3.3 Data Collection

The primary data on human resource practices and business strategy of Coca-Cola Bottling Company in Nairobi was obtained through in-depth interview using interview guide. The Interview guide was divided into three sections. Section (A) will capture information about general characteristics of the organization and the interviewees; section (B) captured information on management perception on possible impact of human resource practices on business strategy and section (C) captured

management recommendations on response strategy to boost Coca-Cola Bottling Company.

3.4 Data Analysis

Considering the kind of data intended as per the interview guide, the collected data will be summarized, coded, classified and tabulated. A content analysis was used to analyze the data collected. The analyzed data was be presented in Table and charts and conclusion for these finding will be relayed and discussed in chapter four and five respectively.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter carries out data analysis, results and discussions of the findings. This chapter entails two parts. This study was done by use of interview guide and quantities content analysis was used to analyse the data. The first part covered the personal information of the interviewees while the second encompassed their perception on the extent of the alignment of human resource practices with business strategy.

4.2 Background Information of the Interviewees

This section focused on the response rate, designation of the interviewees and work experience of the interviewees. Top management at coca-cola bottling company ltd comprises of 17 executive. Total of twelve out of the 17 targeted interviewees were interviewed. Other targeted interviewees were not reached due to their tight schedules and frequent meetings, efforts to reach their business planning managers or their assistant managers were also not successful. The interviewees were able to provide reliable and credible information on alignment of HR practices and business strategy at the Coca-Cola bottling company ltd .

4.2.1 Response Rate

The study targeted 17 interviewees in collecting data. 12 out of 17 target interviewees were interviewed and their responses recorded resulting in a 72% response rate. This response rate is considered adequate since according to (Mugenda and Mugenda, 1999) a response rate of 70% and over is excellent and adequate for analysis and reporting.

Table 4.1: Response Rate

Target interviewees	17
Responses	12
Response Rate	72%

4.2.2 Length of Time in the Beverage Industry

The researcher sought to find out the length of time the interviewees had worked in the Beverage Industry. The length of service was important to the study because the longer an employee has worked for the organization, the more conversant they be with the organization's policies and practices. The findings are shown in Table 4.3

Table 4.2: Length of Time in the Beverage industry

Less than 1 year – 5 years	2	15%
6-10 years	7	48%
11 and Over	4	37%
Total	12	100%

Source: Research Findings

The interviewees had a total working experience of more than five years with at least three years at the top management level within the commercial beverage industry. This characteristic ensured that they were conversant with the variables under study. The interviewees of the interview were the eleven executive management at Coca-cola bottling company ltd .All the interviewees had enough experience in their fields of work. All the interviewees had a good understanding of human resource practices

and business strategy analysis of their organization. The findings indicate that the institutions have a mix of new and experienced staff in management. The findings also indicate that institutional memory has been maintained with over 50% of staff having worked for more than 5 years. The findings strongly indicate that interviewees have been in the beverage Industry hence the high reliability of their responses

4.2.3 Highest Level of Education

The researcher sought to find out the interviewees highest level of education. Age was considered important in the study because it impacts employee maturity and experience. This has an influence on how employees understand the management aspects of the organization and practices. The level of education of the interviewees influences their understanding of human resource practices and its relation to business strategy. The findings show that the management of the organizations has technical competence to answer the questions during the interview

The findings are shown in Table 4.3

Table 4.3: Level of Education

Interviewees highest level of Education		
Diploma	0	0%
Degree	8	72%
Masters	3	28%
PHD	0	0%
Total	12	100%

4.3 Alignments of HR Practices and Business Strategy

The study aimed at determining the extent of aligning HR practices and business strategy organization strategies .this was done by identifying key HR practices and asking the interviewees on their perception of the extent such practices are aligned to the core business objectives and strategy .the table below highlights the summary of the questions and their responses by the interviewees

Table 4.4: Summary of the questions and their responses by the interviewees

<p>human resource practices such as formal training informed by the objectives of business strategy in the organization</p>	<p>General management response was that HR practices aimed at enhancing employees core competences in delivery to customers more efficiently and effectively are to a very great extent in line with the business strategy of enhancing business competitiveness .this is done by ensuring that the process of training and recruitment is based on line managers business competitiveness needs</p>
<p>HR is integrated to strategic plans in the organization</p>	<p>General management response was that HR indicated that one of the core strategies of the organization was to the use of HR practices to enhance business competitive that would enhance high employee productivity and bring forth a competitive edge in the organization strategy</p>
<p>Do your training and development programs help in acquiring employees with new skills that assist in retaining new</p>	<p>The findings indicate that the training and development programs helped employees with new skills that enhance customer satisfaction and the business strategic goal of competitiveness? Explain</p>

<p>customers for the company and achieving the business strategic goal of competitiveness?</p>	
<p>Does the HR department ensures that programs/activities link clearly and directly to specific business impacts and objectives the line functions are required to achieve? Explain</p>	<p>The findings indicate that HR department ensured that activities are linked to specific business objectives the line functions</p>
<p>Does your company's culture encourage the exchange of knowledge and learning from activities and projects for purposes of enhancing business continuity as stated in the organizations strategic plan? Explain</p>	<p>The findings indicate HR practices to a very great extent entail exchange of knowledge and learning from activities and projects for purposes of enhancing business continuity as stated in the organizations strategic plan? Explain</p>
<p>It is reasonable to assume that the companies that most systematically plan with their human resources in mind be most likely to gain a competitive advantage. Does your company implement such a strategy? Explain</p>	<p>The findings indicate lately human resource management is part and parcel of business strategy formulation since the introduction of competitive HR practices program</p>

Does HR at your company explicitly structure its activities and investments around line units and key business objectives? Explain	The findings indicate management no longer approve financing of any activities that are not in line with business objectives and therefore HR activities have had to be aligned to key business objectives
Are your employees training programs aligned with your organization's strategy and objectives? Explain	The findings indicate the HR activities are aimed at improving employee competencies which lead to improved business competitiveness

4.3.1 Analysis of the Responses

The responses of the interviewees on their perception on extent of aligning of identified HR practices and business strategy in the organization were counted and rated as either being to Not at all =1 little extent=2, moderate extent=3, great extent=4, very great extent=5,.

Table 4.5: Analysis of responses

Alignment of HR practices to business strategy	MN	SD
human resource practices such as formal training are informed by the objectives of business strategy in the organization	4.65	0.04
HR is integrated to strategic plans in the organization	4.75	0.05
training and development programs help in acquiring employees with new skills that assist in retaining new customers for the company and achieving the business strategic goal of competitiveness	4.83	0.03

Does the HR department ensures that programs/activities link clearly and directly to specific business impacts and objectives the line functions are required to achieve? Explain	4.75	0.05
The company culture encourages the exchange of knowledge and learning from activities and projects for purposes of enhancing business continuity as stated in the organizations strategic plan? Explain	4.67	0.13
It is reasonable to assume that the companies that most systematically plan with their human resources in mind be most likely to gain a competitive advantage. Does your company implement such a strategy? Explain	4.92	0.12
Does HR at your company explicitly structure its activities and investments around line units' key business objectives? Explain	4.92	0.12
Are your employees training programs aligned with your organization's strategy and objectives? Explain	4.83	0.03

4.4 Discussion of the Findings

The results of this study indicate that HRM is highly integrated into the company's business operations. The findings indicate that HR practices aimed at enhancing employees core competences in delivery to customers more efficiently and effectively are to a very great extent in line with the business strategy of enhancing business competitiveness. The findings indicate various sections of Strategic HRM objectives were outlined in the organizations business strategy to a very great extent .The findings indicate that the training and development programs helped employees with new skills that enhanced customer satisfaction and the achievement of business

strategic goal of competitiveness. Explain the findings indicate that the training and development programs helped employees with new skills that enhance customer satisfaction and the business strategic goal of competitiveness

The findings indicate that HR department ensured that activities are linked to specific business objectives and that the line functions are trained to enhance delivery on their tasks as stated in the business objective of enhancing business competitiveness. The findings indicate HR practices to a very great extent entail exchange of knowledge and learning from activities and projects for purposes of enhancing business continuity as stated in the organization's strategic plan? Explain. The findings indicate that human resource management is part and parcel of business strategy formulation since the introduction of competitive HR practices program. The findings indicate that management no longer approves financing of any activities that are not in line with business objectives and therefore HR activities have had to be aligned to key business objectives. The findings indicate that management no longer approves financing of any activities that are not in line with business objectives and therefore HR activities have had to be aligned to key business objectives.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary of key data findings, conclusion drawn from the findings highlighted and recommendation. The conclusions and recommendations were drawn are in pursuit of addressing the research objective which was to determine how Coca-Cola bottling company ltd aligns its human resource practices and business strategy

5.2 Summary of the Findings

The interviewees comprised of top management at Coca-Cola bottling company ltd .total 12 out of the 17targeted interviewees provided feedback. The interviewees were able to provide reliable and credible information on the HR and business strategy at the Coca-Cola bottling company ltd .the interviewees had a total working experience of more than five years with at least three years at the top management level within the commercial beverage industry sector. All the interviewees had enough experience in their fields of work. Individual interviewees were interviewed and their perception on the level of alignment of identified HR practices to business strategy was recorded inters of environment

The results of this study indicate that HRM is highly integrated into the company's business operations. The findings indicate that HR practices aimed at enhancing employees core competences in delivery to customers more efficiently and effectively are to a very great extent in line with the business strategy of enhancing business

competitiveness. The findings indicate various sections of Strategic HRM objectives were outlined in the organizations business strategy to a very great extent .The findings indicate that the training and development programs helped employees with new skills that enhanced customer satisfaction and the achievement of business strategic goal of competitiveness. Explain the findings indicate that the training and development programs helped employees with new skills that enhance customer satisfaction and the business strategic goal of competitiveness.

The findings indicate that HR department ensured that activities are linked to specific business objectives and that the line functions and trained to enhance deliver on their tasks as stated in the business objective of enhancing business competitiveness The findings indicate HR practices to a very great extent entail exchange of knowledge and learning from activities and projects for purposes of enhancing business continuity as stated in the organizations strategic plan? Explain The findings indicate lately human resource management is part and parcel of business strategy formulation since the introduction of competitive HR practices program The findings indicate management no longer approve financing of any activities that are not in line with business objectives and therefore HR activates have had to be aligned to key business objectives The findings indicate management no longer approve financing of any activities that are not in line with business objectives and therefore HR activates have had to be aligned to key business objectives.

5.3 Conclusion

Developing an effective HR system that is compatible with organizational strategy is critical for the functioning and success of a firm in the competitive business arena.

Indeed, the increasing complexity of contemporary corporate life has elevated the importance of shedding traditional beliefs that were the concerns of personnel managers, and to shape newer mindsets, proactive attitudes and professional identities, orientations that have placed greater emphasis on the utilization of human resources. In this process, achieving both types of fit is necessary for firms striving for good performance. Traditionally, the HR department was viewed as an entity that served the role of staffing, compensating and training of personnel.

Today these functions are considered to be pragmatic, narrow in scope, and now managerial duties that are less central than the role of the HR manager who embodies 'softer' more important orientations. With the increasing importance of human resources in modern business the management of people is highlighted to be strategic. This means, a systematic and long term view needs to be taken in the management of human capital so as to enhance the organizational competitiveness. Indeed, the HR plans and system need to be developed on the long term plan of the firm, and when of a high quality the HR system feature the internal consistency of various HR practices. This is onerous for establishing the strategy to be compatible as well as internally consistent with the HR system.

Encouraging high trust ideologies to seed collaborative work place relations require the attention and support of top management towards HRM at the corporate level, expertise of managers in both business and HR functional area, and a culture acknowledging the importance of HR as well as facilitating the effective implementation of HR activities. In sum, it is an interactive process that SHRM and business development promote each other. Firms engaging in HR development activities are likely to be rewarded by the improvement of both financial performance

and quality of human capital, which in turn, strengthen those antecedents for achieving better fits, and finally enhancing the competitiveness of the firm.

5.4 Recommendations for Policy and Practice

When HR expands its traditional administrative role, it can have a significant impact on an organization's value creation. To properly align HR with an organization's strategy, it first needs to be organized so that it can play a role in the strategic planning of the organization. It is human capital that leverages all other areas of an organization. Therefore the HR department needs to ensure the human asset is effectively aligned with the strategy that is chosen by the organization. To capitalize on this leverage, organizations need to adopt a new perspective of HR (Becker, & Huselid, 2001).

The first step in aligning HR with strategy is to recognize that the HR department and its duties are a strategic asset, instead of the traditional administrative function of being a cost center, focused on compliance. This administrative role works on efficiency and is therefore a commodity. If an organization fails to recognize this commodity, it misses the opportunity to allow HR to become strategic. This administrative mindset needs to evolve into a focus on value creation. In order to achieve this focus, HR must first recognize that it needs to play a strategic role, and top management must support HR's role by accepting HR into the strategic planning initiatives. The alignment between HR and the strategy of an organization begins with strategy-focused professional.

Secondly, the HR system needs to be created in alignment with the organization's strategy. HR needs to ensure that employees are strategic all focused (Becker &

Huselid, 2001). Every element of the HR function, from hiring, compensation, reviews, training, etc., needs to be developed in order to enlarge the human capital in the organization. Becoming more strategic does not mean that HR can ignore its administrative duties. Rather, to become more strategic, HR must not only recognize its administrative role, but also expand its influence beyond administrative towards a strategic role. Efficient administrative work builds HR's credibility and remains the foundation upon which to build a strategic influence in the organization (Galford, 1998).

To enable HR staff's to focus on more strategic initiatives many of the routine administrative duties can be automated or out-sourced. Obviously, HR cannot abandon its administrative duties, especially employee health benefits and personal legal issues; however instead HR needs to operate at both administrative and strategic levels (Galford,1998).In order to be strategic, a longer view of HR resources is needed (Mills, 1985).Too often the perspective of HR is internally focused. For example, it is common for HR departments to measure their value to the organization by the amount of hires made, performance reviews completed, or training courses delivered (Ulrich, 2000). If HR is to work as an equal partner in the organization's strategic efforts, it must be able to successfully manage the administrative side of its duties, along with being able to talk at a strategic level to others in the organization about the HR responsibility in supporting strategic objectives.

Traditionally, HR personal is not considered to be a central strategic player in most organizations. HR has so much more to contribute towards the success of an organization's strategy and doing so requires an upgrade in personal (Galford, 1998).An organization needs to acknowledge that HR is important to its business

success. In order for HR to achieve this recognition, it must have the right people in place to carry out a strategic initiative. HR needs to define the competencies and skills that it need to be a strategic contributor. Outstanding HR personal need to build their business knowledge, financial skills, as well as consulting skills. Furthermore, HR personal need to become technologically oriented, so they can be free from routine administrative work, as well as leverage information about the workforce. Enabled by technology, HR be able to play a more strategic managerial role (Frangos, 2002).

5.5 Limitations of the Study

One of the main limitations of this study is that the data collected cannot necessarily be generalized to the wider population. Some case studies are not scientific and are they not able to be generalized. This can be attributed to them being case studies are generally on one person, but there also tends to only be one experimenter collecting the data. This can lead to bias in data collection, which can influence results more than in different designs. It is also very difficult to draw a definite cause/effect from case studies. Overall, case studies are an important and useful method of data collection, especially in cases of rare phenomena as data is collected on new cases

While quantitative research requires the standardization of data collection to allow statistical comparison, qualitative research requires flexibility, allowing you to respond to user data as it emerges during a session. Thus, qualitative research usually takes the form of either some form of naturalistic observation such as ethnography or structured interviews. In this case, a researcher must observe and document behaviors, opinions, patterns, needs, pain points, and other types of information without yet fully understanding what data be meaningful.

Following data collection, rather than performing a statistical analysis, researchers look for trends in the data. When it comes to identifying trends, researchers look for statements that are identical across different research participants. The rule of thumb is that hearing a statement from just one participant is an anecdote; from two, a coincidence; and hearing it from three makes it a trend. The trends that you identify can then guide product development, business decisions, and marketing strategies. Because you cannot subject these trends to statistical analysis, you cannot validate trends by calculating a p-value or an effect size as you could validate quantitative data so you must employ them with care.

The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried out. The study, however, minimized these by conducting in-depth interviews that significantly covers the shortcomings of the study. There was a challenge which was encountered during the study. Some Officers that participated in the study were initially reluctant to release information making arguments that it was confidential. That reluctance delayed the completion of data collection. Further, the data was tedious to collect and compute as it was in very raw form.

Further content analysis of data is a highly tedious and subjective process that is unique to each research objectives process. Additionally, because it is not possible to automate qualitative-data collection as effectively as you can automate quantitative-data collection, it is usually extremely time consuming and expensive to gather large amounts of data, as would be typical for quantitative research studies. Therefore, it is usual to perform qualitative research with only 6 to 12 participants, while for quantitative research; it's common for there to be hundreds or even thousands of

participants. As a result, qualitative research tends to have less statistical power than quantitative research when it comes to discovering and verifying trends.

5.6 Recommendations for Further Research

Further studies, especially empirical based investigations, are needed to better understand the mechanisms through which HRM and business strategy influence business competitiveness. For example, the three types of factors take different roles in facilitating the realization of both fits and such roles may be distinct in firms with different backgrounds, such as firms from different industries, with different ownership types and size. Despite the extant studies on the role of firm strategy on vertical fit (e.g., Delaney & Huselid 1996, Youndt, Snell, Dean & Lepak 1996, Fey & Bjorkman 2001), further evaluations that rigorously examine the effect of other firm level factors, and even functional and personal level elements, need to be made for a comprehensive understanding of the antecedents of SHRM.

In addition, it may be worthwhile to examine the possible interactions among these factors that may have an impact on the performance of a firm. For instance, HR policy is usually formulated based on firm strategy, and the HR frameworks and top level managers are relevant in this process. Clarification of the relationship among these determinant factors from different levels contribute to a better understanding of the overall process underlying how both fits are realized, and so lead to better outcomes. Methodologically, qualitative research and longitudinal designed empirical studies be very helpful, for achieving desirable corporate objectives.

Further research in the areas of strategic human resource management practices would be useful in understanding the impact that the practice has in organizations competitiveness and management process for enhanced productivity. It was also

worth making some recommendations for improvement: For successful implementation, monitoring and evaluation of human resources management in Kenya, it is the responsibility of organizations to undertake exploratory studies to address to human resources challenges in Kenya associated with poor on-the job training and orientations and lack of extensive efforts to set clear job expectations and deliverables.

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APPENDICES

APPENDIX I: INTERVIEW GUIDE

SECTION A: BIO DATA

- 1. Years in operation.....

- 2. Designation.

- 3. Number of years in this organization.....

- 4. Level of education

SECTION B: ALIGNMENT OF HR PRACTICES AND BUSINESS STRATEGY AT THE COCA-COLA BOTTLING COMPANY IN NAIROBI

2. Are human resource practices such as formal training informed by the objectives of business strategy in your organization? If so to what extent .Explain

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3. Is HR integrated to strategic plans in your company? Explain

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4. Do your training and development programs help in acquiring employees with new skills that assist in retaining new customers for the company and achieving the business strategic goal of competitiveness? Explain

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5. Does the HR department ensures that programs/activities link clearly and directly to specific business impacts and objectives the line functions are required to achieve? Explain

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6. Does your company's culture encourage the exchange of knowledge and learning from activities and projects for purposes of enhancing business continuity as stated in the organizations strategic plan? Explain

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7. It is reasonable to assume that the companies that most systematically plan with their human resources in mind be most likely to gain a competitive advantage. Does your company implement such a strategy? Explain

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8. Does HR at your company explicitly structures its activities and investments around line units' key business objectives? Explain

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9. Are your employees training programs aligned with your organization's strategy and objectives? Explain

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THANK YOU