

# **INFLUENCE OF STRATEGIC HUMAN RESOURCE MANAGEMENT (SHRM) PRACTICES ON EMPLOYEE PRODUCTIVITY: A CASE OF THE ENERGY SECTOR IN KENYA**

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## **ABSTRACT**

HR strategy greatly recognizes HR's partnership role in the strategizing process to achieve organizational excellence in all respects through a highly committed and competent workforce, preferably in a non-union environment. The study sought to establish the influence of strategic human resources management (SHRM) practices on employee productivity: A case of the energy sector, Kenya. The study was guided by the following specific objectives: effect of socialization to employee productivity in the energy sector, strategic compensation affects employee productivity in the energy sector, effect of strategic Work life balance on employee productivity in the energy sector and the influence of succession practice on employee productivity in the energy sector, Kenya. A comprehensive literature review has been carried out in chapter two outlining previous research on same area of study. Based on comprehensive literature review a suitable conceptual framework which dramatically depicts the key areas of study was be developed. This conceptual framework outlines the independent variables (socialization, strategic compensation, and strategic Work life balance and succession practice) and dependent variables (employee productivity in the energy sector). The study adopted a descriptive survey design. The total population is 8 firms in the energy sector which has 1250 employees, but the study target population includes human resource department, top management and operation level management, the sample size was 10% of the target population which was 125 respondents. The study relied on primary

data collected through administering a structured questionnaire comprising closed and open-ended questions. The data was analysed using descriptive analysis such as descriptive statistics, mean scores and standard deviations, frequencies distributions and percentages. The results were presented in form of table, pie charts, graphs and figures. The study established that A unit increase in strategic compensation would significantly result into 30.4% improvement in employee productivity  $p=0.001<0.05$ . A unit increase in Succession practice would significantly lead to 66.3% increase in employee productivity  $p=0.000<0.05$ . The study concluded there were several aspects of socialization at the work place of the studied organization that included encouraging formation of self-managing teams, team building days and promotion of top down social interactions. Based on both correlation and regression results, strategic compensation significantly affected employee's productivity. The highly practiced aspect of strategic work life balance was appropriate leave programs, appropriate part time working schedule and understanding that long daily and weekly working hours caused conflicts between work and relationships with respondents' families. From both correlation and regression analysis, succession practices significantly affected employee's productivity. The study recommends that all organizations in the Energy sector in Kenya should strengthen on their socialization practices at their work place. The management team of Energy sector in Kenya should ensure that the pay to is

equitable to the work they perform. Employees with greater tasks should be rewarded highly relative to staff with low amount of work performed. The top management team of all Energy firms operating in Kenya should provide

technological resources that allow staff to work from home if they have family affairs to attend to.

**Key Words:** *strategic human resource management (SHRM) practices, employee productivity, energy sector, Kenya*

## **INTRODUCTION**

According to Malhotra (2003), as a tool that enhances organizational excellence, Human Resource HR strategy results into new ways of doing things in an organization by changing the structure of an organization, entire attitudes of employees and the systems and operations. HR strategy is an agent of change in an organization. It results into changes in the way human resources activities are carried out in an organization. It aligns the specific goals and objective of HR with other business goals. It is one the ever-evolving strategies in businesses today.

A number of studies have been done with regard to how Strategic Human Resource Management (SHRM) relates with productivity of employees in different contexts including United Kingdom and in United States of America. Different authors have expressed need for further studies in other areas and contexts (Ericksen & Dyer, 2005; Wright et al., 2005). Most of these studies on the link between HR practices and productivity of employees do not factor in issues of vertical and horizontal alignment and integration.

This however is key in SHRM principle of relationship that is synergetic among several practices. It is important to measure contribution of relationships that are synergetic to performance of employees in an organization. Moreover, the link between this SHRM principle, synergetic relationships and overall strategy of the business ultimately influences performance of employees in an organization. There are various ways that an interlink between HR practices and performance can be evaluated in different ways. Firstly, one can assess the independent SHRM practices affect performance of an organization. Secondly, it is important to investigate how HR variables and productivity of employees are interrelated.

According to Schuler (2002), SHRM is all about integrating and adapting all other functions within an organization. It aims at ensuring full integration of HR management with all the strategies and needs of the enterprise. It also ensures that HR policies are coherent across all functions of an organization and its hierarchies. Strategic human resource management all ensures that HR practices undergo adjustments to be accepted and used by employees and line managers in their day to day activities within an organization. As noted by Holder and Dyer (2008), strategic HRM results into unified frameworks that integrative, wide and contingency based. The rationale for strategic HRM lies in the perceived merits of having and understood and

agreed basis of formulation and implementing approaches towards management of people in response to the ever-changing business environment.

### **Employee Productivity Indicators in Context of SHRM**

Performance is the achievement of the actual as compared to expected goals and objectives. Employee productivity is one of the measures of performance (Alchian & Demsetz, 2012). Performance according to Campbell's (2009) is a set of actions or behavior that helps one to in attaining the established goals and objectives over a span of time. It the comparison of the actual targets with the planned targets. Employee productivity is an indicator of motivation (Ramanujam, 2010). Highly motivated employees have greater productivity as compared to those whose morale is relatively lower.

Clearly specified meaning of constructs measuring performance of an organization has not been established in most studies into HRM performance (Guest, 2011). In some studies, subjective measures have been used in evaluating performance for instance the level of commitment of employees, absenteeism, customer satisfaction and employee morale and satisfaction. In other studies, several objective measures of performance are used for instance market and financial indicators. Thus, no single theory exists with regard to organizational performance. Different measures and indicators of performance are employed by different researchers.

It is important to have a theory of performance so as come up with proper dimensions, standards and expectations while measuring performance. Such a theory would also provide restrictions on how best to measure performance. This theory would also provide a basis of deciding whether to use relative or absolute measures and standards in determining performance (Boxall, Purcell & Wright, 2007).

Organizations play an important role our day to day lives and thus successful business organization are vital towards economic growth and development. On this basis, various scholars refer to organizations as engines that spur both social, economic and political progress. Hence, performance of an organization is among the most important variables in management research.

### **SHRM and Strategic Management**

Ac strategy is a broad guideline that stipulates how an organization would go about attaining the set goals and objectives. (Butler, Ferris & Napier, 2011). The changing business environmental has presented the need for HR function to become more strategic and therefore a need for HR strategies. HR strategy is the acceptance of HR functions as strategic partners in formulating and implementing strategies of the company through Human Resources activities like recruitment processes, retaining and motivation of employees. Strategy formulation is deciding on the vision and mission statements of an organization, establishment of goals that are either short term or

long term as a way of making sure that the objectives and goals are realized (Buck & Watson, 2002).

During strategy implementation process, the processes, structures and systems of an organization are aligned with the selected strategies. Strategy implementation entails deciding to align the strategy with the structure of an organization and availing sound leadership that help employees to achieve the goals and objectives. During strategy implementation, employees are required to change their daily styles and methods of working. The partnership role of Human Resources is greatly recognized in the JHR strategy so as to help an organization attain organizational success (Srivastava, 2012).

### **Employee Productivity**

Before embarking to describing employee, productivity there is need to first understand the meaning of the word productivity. According to Krugman (2004), productivity is expressed in terms of inputs versus output. This is to mean that productivity is a measure of how well an organization efficiently converts inputs into outputs. Employee productivity on the other hand measures the ability of an employee to effectively and efficiently convert resources (inputs) into final outputs (Sagimo, 2002). Productivity is a vital importance in any organization; it depends on two key factors; the employee's job performance and resource utilization (Gillen, 2007).

Proper management of factors affecting productivity results into a favorable outcome (Gurbuz & Mert, 2011). Some of these factors with an influence on productivity of employees include opportunities for employees to grow and develop their careers, the underlying policies and rules guiding operations of an organization, the of leadership style in place, level of motivation of employees and the attitude of management. When an organization efficiently manage all these factors, employees are encouraged to work for an organization resulting into greater productivity. Employees strive to achieve their set targets. There is no waste of time resulting into greater outputs. Reworks and accidents are eliminated. Quantity and quality per employee are increased. All these ultimately result into attainment if standards of performance and targets (Krugman, 2004).

### **Kenya Energy Sector**

Kenya energy sector is here marked as one of the most important of achievement of the vision 2030 economic blue print. It consists of the electricity and petroleum sub sectors among others. In the electricity subsectors we have the generation of electricity mostly done by Kenya Electricity Generating Company and Independent Power producers (IPPS) and the Transmitting and distributing currently mostly done by National Power Distributor & Lighting Company Limited and Kenya Electricity Transmission Company Limited (KETRACO). According to a Price Water Coopers report, about 70 percent of the whole energy consumed in Kenya is from biomass. On the other hand, electricity and petroleum energies total up to 9 percent and 21

percent respectively. Efforts to move from the current consumption of energy to cleaner and modern types of energy (electricity) have been made by the government. This desire for a cleaner energy is also driven by the urge to conserve the economy due oil price instabilities and environment as a whole hence sustainability. Currently, one thousand, four hundred megawatts (MW) of electricity is produced in the country. This production is projected to rise by five hundred megawatts in the coming three years. This level of production however is not enough on the basis of the current demand that stands at 1,191 MW relative to the 1500 MW capacity. The peak load is anticipated to grow to about 2,500 MW by 2015 and 15,000 MW.

In order to meet for this demand, the projected installed capacity need to gradually rise to 19,200 MW over the next twenty years. To meet the projected demands effort are done to diversify the traditional sources of electricity form hydroelectricity to more clean and reliable sources including geothermal and wind power.

### **STATEMENT OF THE PROBLEM**

The cornerstone of any business success in the dynamic environment is the company effectiveness in managing of human resources. In order to use strategic opportunities in addressing the increased level of competition, sound SHR programs need to be in place among organizations. Studies have indicated that about 70% of many SHRM programs fail, especially in projects of Business Process Re-engineering (Cafasso, 2013). Furthermore, the ability of enterprises to manage strategic human resources in an efficient manner is key in helping an organization gain competitiveness. It can therefore be seen that effectiveness in managing human resources directly relates to company performance. For instance, Atembe (2014) studied the problems of employee participation in management and found that employee participation influenced productivity, while Lijungu (2010) studied the industrial relations and personnel management in Kenya. (Gekonge, 2009; Bwibo, 2010; Mbogo,2013; Rukunga,2013) carried out studies on human resources management practice in Kenya targeting various companies including Non-Governmental organizations, firms listed in the stock exchange and specific firms such as Kenya Commercial Bank and Nairobi Bottlers and concluded that rewards system and promotion influences employees' performance positively. Atebe (2001) conducted a study on the effect of Business Process Re-engineering on business process cycles at KPLC, Albert (2006), conducted a study on strategic change practices in energy sector. Irene (2006), conducted a study on the response of energy sector to change management, while Muriithi (2007), conducted a survey of staff attitudes towards adoption of ISO 9000 certification in energy sector. From the above, relevant studies so much has been done on change management practices but there has been no study on the relationship between strategic human resources management on practices and employee productivity especially in the energy sector. This study therefore used the variable (socialization, strategic compensation, strategic Work life balance and succession practices) to fill the gap in the body of knowledge by determining the influence of strategic human resources management practices on employee productivity in the energy sector in Kenya.

## **PURPOSE OF THE STUDY**

The purpose of this study was to establish the influence of strategic human resources management (SHRM) practices on employee productivity. A case of the energy sector, Kenya

## **SPECIFIC OBJECTIVES**

1. To examine the effect of socialization to employee productivity in the energy sector, Kenya.
2. To establish the extent to which strategic compensation affect employee productivity in the energy sector, Kenya
3. To evaluate the effect of strategic Work life balance on employee productivity in the energy sector, Kenya
4. To assess the influence of succession practice on employee productivity in the energy sector, Kenya

## **RESEARCH HYPOTHESIS**

H1: Socialization has a positive and significant effect on employees, productivity in the energy sector, Kenya.

H2: Strategic compensation has a positive and significant effect on employees, productivity in the energy sector, Kenya

H3: Strategic Work life balance has a positive and significant effect on employees, productivity in the energy sector, Kenya

H4: Succession practice has a positive and significant effect on employees' productivity in the energy sector, Kenya

## **THEORETICAL FRAMEWORK**

### **Contingency Theory**

This theory is also called best fit HRM. The holds that there exists no clear definition of practices and policies of HR. Human resource strategies are contingent the business strategy and the prevailing culture in an organization (Wright & Snell, 2005). Scholars have shown the effectiveness in HR strategies lies in the ability of an organization to integrate them with other specific environmental and organizational factors. The main emphasis of the best fit theory is the need to recognize and ensure that HR strategies are relevant to prevailing circumstances and conditions within an organization including external forces of the environment, processes and culture within an organization.

During formulation and implementation of a HR strategy, the needs of people and the organization as whole should be taken into consideration. This theory a link existing between strategic management and HRM. This is done by investigating the extent of vertical integration between business strategies on one end and the policies, practices and guidelines of HR on the other end (Schuler & Jackson, 1987; Dyer, 2005; Mahoney & Decktop, 2006). According to McWilliams, McMahan and Wright (2004), aligning both business strategies with the practices and policies of HR is important ingredient in SHRM models (Legge, 2005).

Vertical integration is a significant aspect of strategic management that takes care about the needs of people in an organization. This is achieved through the set policies and procedures (Dyer, 2005). Vertical integration safeguards the existing link between policies and internal policies and the external market in strategy of the business. This results into creation of competences that have potential of being crucial sources of competitiveness of an organization (Wright, Gardner & Allen, 2005). The contingency view holds that SHRM on its own can not ultimately result into improvement in performance of an organization; but rather, it requires to be integrated with other determinants of HR performance. Based on this assertion, it can be argued that the strategic positioning of an organization determines its HR practices. Firms take several approaches in response to competitive forces depending on available pool of capabilities and talents.

This theory however suffers from a number of criticisms. First, organization reality is greatly oversimplified by the theory. In an attempt to relate dominant variables to an organization (for example cost to quality) to other internal variable, a linear and non-relationship is deemed to exist. This theory according to Purcell (2001) is limited by the fact that it is impossible to model all variables that are contingent. It is also difficult to show how these contingent variables are interconnected and the way in which a change in one variable impacts the other one.

According to Purcell and Boxall (2003), it is complicated to match the HR and business strategies in response to changes in an environment. This leads to a model formulated by Wright (2005) which asserts that flexibility and fit in response to the future should be provided by SHRM. However, achievement of external fit may be affected by the response to external demands (Legge, 2005). In models of external fits, the needs of employees are not well captured in. Additionally, businesses in the highly competitive environment cannot survive without striking a balance between interests of employees, labour practices and laws and the existing social norms. This therefore requires a business to align its goals with those of employees.

### **Campbell Theory**

This theory was advanced by Campbell's (1999). Performance according to this theory are actions or sets of behaviour that plays an important role in attainment of the goals and objectives of an organization. Job performance according to this theory what an organization pays an employee to do or what should one be paid to do. According to the theory, performance



can be measured using various indicators that can either be objective or subjective. Most studies today use organizational performance as a dependent variable in most studies today. Similarly, organizational performance remains to be loosely defined and clear construct (Rogers & Wright, 2008). Most studies on strategy have focused on the financial aspect of performance. Organizational performance conceptually has been viewed as a comparison of the produced and expected value of the company (Alchian & Demsetz, 2012). According to Ramanujam and Venkatraman (2006), the main focus of performance is on application of financial measures in reflecting attainment of the goals and objectives of an organization.

Several studies on the performance of the HRM function have not established clear meaning of constructs of performance of an organization. In some studies, subjective measures of performance have been used in evaluation of performance of an organization. Some examples of these subjective measures of performance include the level of satisfaction of customers, commitment of employees and staff morale. In other studies, performance is measured in quantitative terms include market and financial related indicators. Performance according to Brumbrach (2008) is a combination of results and behaviour of employees in a work place. Behaviour arises from performers and result into transformation of performance to action from abstraction. Apart from being outcomes, behaviour is also an instrument of measuring results of employees in a work place. The definition of performance results into a conclusion that consideration should be paid to both inputs and outputs in management of performance in an organization. Thus, performance is beyond mere achievement of the set goals in a Management by Objective imitative (Armstrong, 2006). In summary, performance theory is required so as to measure dimensions, standards and other indicators of performance. Such dimensions would help in determining either relative or absolute performance (Boxall, Purcell & Wright, 2007).

### **Resource Based View**

This theory was advanced by (Barney, 1991). The theory raises need for an organization to leverage on resources it has to gain competitive advantage. A firm according to the theory is made up of a bundle of resources. Several studies have been done to support this theory. For instance, Crook et al. (2008) noted that there has been an increase in the level of competition among firms in the present ever changing environment.

One of the resources of an organization is the number of employees. Today, employees are seen as vital assets and therefore resources of an organization that contribute towards realization and attainment of goals and objectives (Barney, 1991). For an organization to realize competitive advantage, the available supply of labor should not easily be substituted by rivals, they must be rare and competitors should not be in position to copy them easily. For an organization to gain competitive advantage, this theory suggests that an organization needs to establish bundles of these resources (Galbreath, 2005).

## **EMPIRICAL REVIEW**

Effective management of factors influencing performance results into favorable situations on an organization (Gurbuz & Mert, 2011). Some of these factors that require proper management to affect performance include work environment, leadership styles, rules and policies of an organization and the existing structure and systems. Effective management of these factors grows interest of employees to work and thus increasing employee productivity. This reduces challenges and problems at the work place that ultimately increase performance of employees and organization as a whole. There will be increased efficiency and effectiveness at the work place reducing wastage and stoppages. This will also increase the quality of output with possibility of attainment of goals, targets and standard (Krugman, 2004).

### **Employee Socialization**

Every organization is made up several components including people within it. Since people are seen as social being, they service through interaction with each other. The interactions between these people determine the overall success of an organization (McDonald, 2011). The ability of people in an organization to coexist and work together in harmony is a critical determinant of the overall success of an organization. Employees according to employers are sets of individuals brought and bound together by common interests, goals and objectives of an organization (McDonald, 2011).

Many companies today have encouraged employees to form self-management and quality circles. A clear observation of individuals working together in a team could reveal several social processes including communication abilities, competition and cooperation among each other (Hausknecht, 2012). Within an organization, social processes result into several opportunities that improve the level of employee productivity. Effectiveness and presence of employee socialization programs can increase the level of commitment among employees (McDonald, 2011). A study by Conway, Edel, Kathy and Monks (2010) revealed that employee socialization processes significantly affected their levels of commitment and ultimately performance (Conway, Edel, Kathy & Monks, 2010). Besides, an improvement in performance is brought about by practices and attitudes that help employees to easily identify and solve issues and challenges within an organization before they grow into serious ones (Gupta, 2004).

Social processes within an organization is viewed by many people as competition, communication and power. The level and degree of interaction of these processes within an organization ultimately determine employee commitment levels (Conway, Edel, Kathy & Monks, 2010). Employee commitment is high in organizations with open channels of communication and where there is high degree of transparency and openness among employees (Gantasala, 2011). For effective social processes within an organization, there must be procedures emphasizing on social interactions from top to lower levels of an organization (Mark and McDonald, 2011).

## **Strategic Compensation**

Employees at the work place are promoted when they move from a lower level position to a relatively senior position that requires more responsibilities. It occurs when an employee moves across the hierarchy of an organisation (Dessler, 2008). Promotion can result into a significant rise in amount of pay besides authority, responsibility and control. It is a way of identifying employees who are productive in the business while also ensuring recognition among employees. This will go a long way to increasing satisfaction levels of employees with the job and an organization.

Employees will be pleased and satisfied with their job if they perceive opportunities for growing and moving up the ladder that can be achieved through promotion. When employees move up the ladder, they are given more challenging responsibilities that gauge their abilities. However, an increase in responsibilities also increase their salaries. In most organizations, employees are highly encouraged to gain more advanced skills that would increase their probability of being promoted. The costs of tuition are usually paid by the companies on behalf of employees taking courses in institutions of higher learning. During yearly performance review for instance, a clear path should be mapped out by a supervisor to an employee showing his /her what is expected and the new skills required.

The effect of a rise in salaries resulting from promotion has significant influence on the level of satisfaction among employees in an organization. According to Abbas and Nadeem (2009), dissatisfied employees express greater desire to exit an organization. According to Bennet (2010), an increase in probability of promotion would increase the level of job satisfaction among employees. Employees feel satisfied in perceiving that there are several benefits that accrue from promotion in place.

## **Strategic Work Life Balance**

According to Powers (2004), staff who have large influence and control over their work activities are likely to have greater satisfaction and commitment to an organization. Flexible working schedules according to Hill et al., (2010), helps employees to effectively manage the families and work at the same time. It allows employees to balance between responsibilities of the family and what is required of them at the work place. According to Dalcos and Daley (2009), employees are given options to select with regard to where and when to work thus accomplishing their activities. Studies on work life balance have linked it with greater employee productivity and performance besides increased motivational levels (Williams et al., 2000). A study by Keng-Howe's and Chow (2006) in Singapore noted that work life balance resulted into flexible time that increased employee productivity.

A study was conducted by Sestero, Mukerjee and Meyer (2001) on 'One hundred business entities for Working Mothers'. The findings of the study indicated that greater profits accrued to

organizations with work life balance in place. The study identified the work life balance in an organization is seen through telework and family sick leaves and these had positive correlation with increased profits. From the findings, telework resulted into longer hours of working by staff who did not require to commute in order to work.

According to the European Working Conditions Survey, eighty five percent of employees engaged in working for lower than thirty hours in a week had greater satisfaction with their flexible working schedules. Furthermore, lowest level of health and physical challenges were reported by employee working on a part time basis for lower than 35 hours in a week (Clarke et al., 2004). Although working on a part time basis is likely to lower overall experiences in conflicts between work and life, studies however have also confirmed that part time hours included lowly paid and less secure work (McDonald et al., 2009). Therefore, a reduction in hours is likely to boost work and life related outcomes. However, other aspects of jobs including opportunity and security are reduced.

A study was conducted by Ng'ang'a (2010) among international NGOs in Kenya. One of the recommendations of this study was the need to adopt sound WLB practices. Some good practices of WLB include telecommuting, putting in place child care centers, compressed and alternative schedules of work, job sharing and wellness initiatives. The findings of the study indicated a rise in motivation and level of productivity of employees of an organization were attributed to adoption of WLB programs. The findings indicated that productivity and flexible working schedules were positively related.

### **Employee Succession Practice**

Porkiani et al. (2015) sought to determine succession planning practices among state agencies. The study was done in Iran. It was revealed that organizations today are faced with a challenge of obtaining talented and qualified employees. Organizations introduced succession planning so as to create employment for such people. Succession planning is seen as a process where an organization recruits and develops employees in preparation for crucial roles within an organization. The study noted that consideration of requirements of an organization helps management of an organization to successfully recruit, evaluate, train and develop talents.

In a competency-based succession planning paper by Novak (2007), it was revealed that many organizations have paid greater attention to competency-based framework in all the activities. In order for organizations to remain successful and enhance their performance, clear ways of identification, quantification, measurement and assessment of intellectual capital assets need to be put in place. This according to the study can be achieved through a competency-based framework.

According to Kreitzer (2008), as a wider strategy, workforce planning significantly influenced productivity and overall performance of employees at the work place. Workforce planning is

ensuring that employees (human capita) in an organization are aligned with the general direction of the business. It entails analysis of the current labour force with the aim of determining future needs of the work force. This helps in establishing gaps as a result of either excess or deficit.

There exists a close link between succession planning and knowledge transfer practices. This is because development of new leadership implies that before retirement, knowledge of current leaders shall be shared. As work force plans are developed and implemented by business owners and supervisors, it is important to determine an interlink between several components. Several benefits accrue from succession planning especially current business leaders and staff in an organization. It provides an assurance to departing employees that they are exiting an organization in good faith having handed down skills to others that ensures continuity.

### **Employee Productivity**

Measures of productivity are used in tracking the success and progress of an organization relative to its strategic plan and the established goals. Measures of productivity are used in determining project performance in ensuring that datelines are attained and control of costs. Employee productivity in the current study was assessed in terms of effectiveness within an organization, the level of satisfaction among employees and customers. A number of studies have confirmed that WLB experiences of many employees results into sound determination of their levels of commitment within an organization (Muse et al., 2008). Additionally, interference of work with family and vice versa have negative correlation with the level of commitment among employees at the work place (Allen et al., 2000). The interest of an organization in its ability to effectively manage work life balance is drawn from the manner which people are managed and performance of an organization are interconnected (Purcell, 2002). Studies (Williams et al., 2000; Chow and Keng-Howe's, 2006) have revealed that flexible work schedules are associated with greater productivity among employees.

## **RESEARCH METHODOLOGY**

### **Research Design**

Research design is a framework that facilitates the research to collect and analyse data (Cooper & Schindler, 2003). It is a structure that ultimately determines how the study would be done (Kothari, 2004). A research design ultimately determines how research questions would be answered. The study used a descriptive research design. This study helped the research to collect adequate information for analysis. According to Orodho and Kombo (2002), this type of research design is appropriate where the researcher seeks for information on the attitude of people. This type of research design helped the researcher to effectively determine how SHRM were linked with productivity of employees at the work place.

## **Population**

Population is a group of items that are closely related (Mugenda & Mugenda, 2003). The study on the effect of strategic human resources' management practices on the entire eight energy sector. The population of interest in this study consisted Kenya's energy sector comprises of the Ministry of Energy and Petroleum, one National Energy Regulator, one National Power Generator, one National Power Distributor, one National Rural Electrification Authority, one National Transmission Company, one National Geothermal Developer and twenty-two Independent Power Producers (IPPs) which comprises 1250 employees.

## **Sampling Frame**

A sampling frame refers to a list made up of sampling units of the whole elements of the population (Kothari, 2004). The sampling frame of the study was top management, middle management and lower level management employers in human resource management department in the eight energy sectors. This is because they have the knowledge and expertise on SHRM. They were also in position to understand SHRM and human resource practices.

## **Sample and Sampling Design**

This study used purposive stratified sampling method because the study had responses from various group of respondents. Respondents were purposively picked from each the identified strata. The researcher picked 10% of sample from each proportion of the population in every stratum hence the sample size was 125. This was in line with Kothari (2004) who established that a sample size of between 10% and 30% is representative enough to inform a study in a case which is realistic. This was enabled generalization of a larger population with a margin of error that is statistically determinable (Mugenda and Mugenda, 2003).

## **Data Collection Methods and Procedures**

Data collection instruments are tools that the researcher use while in field to obtain required information for instance questionnaires, interview and focussed group discussion guides and data collection sheets (Cooper & Schindler, 2003). In choosing which method to employ in collecting data, the researcher considers types of data (Kothari, 2004). Questionnaires were employed in the study. Questions were semi-structured and this was in line with the recommendation of Bless, Smith and Kagee (2008) who suggested that use of questions that are both open and close ended. Three research assistants were used to distribute questionnaires to respondents. They were fully trained on ethical issues in research for one week before being deployed to the field to collect data. The research assistants adopted a drop and pick latter methodology in distribution of questionnaires. This ensured that respondents have ample time to fill in questionnaires without interfering with their daily schedules. At the point of dropping questionnaires, contact details of respondents were noted and a follow up was made at an agreed time using the established details.

## **Data Analysis and Presentation**

During data analysis, the researcher organizes, manipulates and interpret the data collected from the field (Bless et al., (2008). Data analysis results inti information that help in formulation of policies and making of decisions (Cooper & Schindler, 2003). The collected data was analysed using SPSS software. Both descriptive and inferential statistics aided the analysis processes.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y = Employee Productivity;  $\beta_0$  = constant;  $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$  = beta coefficients;  $X_1$  = Socialization;  $X_2$  = Strategic Compensation;  $X_3$  = Strategic Work Life Balance;  $X_4$  = Succession Practices;  $\varepsilon$  = Error term

The analysed findings were presented through percentages, means, standard deviations and frequencies in graphical and tabular manner.

## **RESEARCH RESULTS**

The main purpose of the study was to establish the influence of strategic human resources management (SHRM) practices on employee productivity; a case of the energy sector, Kenya. Specifically, the study examined the effect of socialization, strategic compensation, strategic work life balance and succession planning on employee productivity in energy sector in Kenya. The study relied exclusively on primary data collected using questionnaires. The collected data was coded into SPSS software and the analysis was done using both descriptive and inferential statistics. The analysed findings are indicated in this section.

### **Socialization**

Socialization was practiced in the energy sector, Kenya. The most practice of socialization put in place was encouraging formation of self-managing teams (M=4.26, SD=0.489), having team building days (M=4.18, SD=0.440), promotion of top down social interactions (M=3.89, SD=0.984) and lastly way day (M=3.08, SD=1.247). The study established positive and significant relationship between socialization ( $r=0.306, p=0.002<0.05$ ) employee productivity.

### **Strategic Compensation**

From the findings, the practice of strategic compensation ranged from moderate to high with ensuring the pay was both timely and consistent (M=4.49, SD=0.502), having in place both financial and non- financial rewards ( M=4.06, SD=0.826), ensuring that pay was able to meet the current cost of living (M=3.92, SD=0.938), and lastly making sure that the pay was equitable to the work respondents performed ( M=3.69, SD=1.261). The study established positive and significant relationship strategic compensation ( $r=-0.289, p=0.004<0.05$ ) and employee

productivity. From regression analysis, a unit increase in strategic compensation would significantly result into 30.4% improvement in employee productivity  $p=0.001<0.05$

### **Strategic Work Life Balance**

There was a moderate to high practice of strategic work life balance in the energy sector, Kenya. The highly practised aspect of strategic work life balance was appropriate Leave programs (M=4.22, DS=0.586), appropriate part time working schedule (M=3.50, SD=1.234), understanding that long daily and weekly working hours caused conflicts between work and relationships with respondents' families ( M=3.34, SD=1.079), ensuring that employees finish work on time because of flexible work schedule (M=3.30, SD=0.618) and lastly workplace not providing technological resources that allowed respondents to work from home if they had family affairs to attend to ( M=2.98, SD=1.113). Correlation results indicated relationship between strategic work life balance ( $r=0.443$ ,  $p=0.000<0.05$ ) and employee productivity.

### **Succession Planning**

Energy sector in Kenya practiced succession planning from a moderate to a high extent. The most practiced succession planning was annual performance appraisal (M=4.28, SD=0.455), followed by training opportunities (M=4.21, SD=0.413), management trainee programs (M=4.08, SD=0.671), education opportunities (M=3.95, SD=0.610), career planning programs (M=3.94, SD=0.667), Mentoring/coaching (M=3.85, SD=1.080) and lastly job rotation (M=3.80, SD=1.047). From correlation analysis, succession practices ( $r=0.643$ ,  $p=0.000<0.05$ ) had significant effect on employee productivity. Regression results indicated that a unit increase in Succession practice would significantly lead to 66.3% increase in employee productivity  $p=0.000<0.05$ .

## **INFERENCE STATISTICS**

### **Relationship between Pairs of Variables**

The researcher conducted correlation analysis to measure the strength and direction of the relationship between the study variables. The findings are indicated in Table 1. The study established positive and significant relationship between socialization ( $r=0.306$ ,  $p=0.002<0.05$ ), strategic compensation ( $r=-0.289$ ,  $p=0.004<0.05$ ) and employee productivity, strategic work life balance ( $r=0.443$ ,  $p=0.000<0.05$ ), succession practices ( $r=0.643$ ,  $p=0.000<0.05$ ).

Based on the Hypotheses; the study accepts the following hypothesis;

Based on the findings above, the study therefore accepts the following hypothesis: **H1:** Socialization has a positive and significant effect on employee's productivity in the energy sector, Kenya; **H3:** Strategic Work life balance has a positive and significant effect on employee's productivity in the energy sector, Kenya; **H4:** Succession practice has a positive and



significant effect on employee`s productivity in the energy sector, Kenya. The study rejects hypothesis; **H2**: Strategic compensation has a positive and significant effect on employee`s productivity in the energy sector, Kenya.

**Table 1: Relationship between Pairs of Variables**

		Employee Productivity	Socialization	Strategic Compensation	Strategic Work Life Balance	Succession LifePractices
Employee Productivity	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	97				
Socialization	Pearson Correlation	.306**	1			
	Sig. (2-tailed)	.002				
	N	97	97			
Strategic Compensation	Pearson Correlation	-.289**	-.032	1		
	Sig. (2-tailed)	.004	.756			
	N	97	97	97		
Strategic Work Life Balance	Pearson Correlation	.443**	.351**	-.875**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	97	97	97	97	
Succession Practices	Pearson Correlation	.673**	.178	-.706**	.724**	1
	Sig. (2-tailed)	.000	.081	.000	.000	
	N	97	97	97	97	97

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

**Influence of Variables on EMP**

In order to determine the combined influence of (socialization, strategic compensation, strategic work life balance, and succession planning and employee productivity) on employee productivity, multiple linear regression analysis was conducted and the results are presented in Table 2, Table 3 and Table 4. The Model Summary is indicated in Table 2. It presents the coefficient of correlation R and the coefficient of determination R square. The coefficient of correlation measures the strength of the relationship between the study variables while R square indicates a proportion of dependent variable that is explained by the independent variables of the study.

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750 <sup>a</sup>	.563	.544	.83125

a. Predictors: (Constant), Succession Practices, Socialization, Strategic Compensation, Strategic Work Life Balance

The coefficient of correlation R is 0.750; an indication that strategic human resource management practices have a strong and direct bearing effect on employee productivity in the Kenyan energy sector. Coefficient for determination was 0.563 showing that 53.3% change in

employee productivity in the energy sector in Kenya is explained by strategic human resource management practices while 46.7% is explained by other factors. An Analysis of Variance ANOVA was processed at 5% level of significance. The findings are indicated in Table 3 showing the degrees of freedom, the F calculated and the significance.

**Table 3: ANOVA**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	81.873	4	20.468	29.622	.000 <sup>b</sup>
Residual	63.570	92	.691		
Total	145.443	96			

a. Dependent Variable: Employee Productivity

b. Predictors: (Constant), Succession Practices, Socialization, Strategic Compensation, Strategic Work Life Balance

From the findings, F calculated is 29.622. The value of F critical at (d.f. 4, 92) is 2.47. Clearly, F calculated is greater than F critical, an indication that the overall regression model was significant predictor of the effect of strategic human resource management practices on employee productivity. The significance level shows a p value  $p=0.000 < 0.05$ , signifying that at least one of the independent variables of the study had a significant effect on employee productivity. The regression coefficients used in modeling the relationship between the study variables are shown in Table 4.

**Table 4: Regression Coefficients**

<b>Model</b>	<b>Unstandardized Coefficients</b>		<b>Standardized t</b>	<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	
(Constant)	-3.085	3.057	-1.009	.315
Socialization	.080	.152	.049	.600
Strategic Compensation	.304	.089	.625	.001
Strategic Work Life Balance	.141	.077	.362	.069
Succession Practices	.663	.080	.844	.000

a. Dependent Variable: Employee Productivity

From the findings, the possible value of employee productivity all factors held constant would be -3.469. A unit increase in strategic compensation would significantly result into 30.4% improvement in employee productivity  $p=0.001 < 0.05$ . A unit increase in Succession practice would significantly lead to 66.3% increase in employee productivity  $p=0.000 < 0.05$ . However, socialization had an insignificant effect on employee productivity  $p=0.600 > 0.05$ . Strategic Work Life Balance had an insignificant effect on employee productivity  $p=0.069 > 0.05$ . These findings contradict with Nadeem and Abbas (2009) who established that the impact of wage raise, a result of promotion, is found to be more significant than fixed income on job satisfaction.

Based on the findings above, the study therefore accepts the following hypothesis: **H2**: Strategic compensation has a positive and significant effect on employee's productivity in the energy sector, Kenya; **H4**: Succession practice has a positive and significant effect on employee's productivity in the energy sector, Kenya. The study however rejects the following hypotheses; **H1**: Socialization has a positive and significant effect on employee's productivity in the energy sector, Kenya, **H3**: Strategic Work life balance has a positive and significant effect on employee's productivity in the energy sector, Kenya;

## **CONCLUSIONS**

There were several aspects of socialization at the work place of the studied organization. First, the organization encouraged formation of self-managing teams. Secondly, there were team building days. Thirdly, there was promotion of top down social interactions. Lastly, there was provision of way days. Based on both correlation and regression results, strategic compensation significantly affected employee's productivity. The practice of strategic compensation ranged from moderate to high with ensuring the pay was both timely and consistent, having in place both financial and non- financial rewards, ensuring that pay was able to meet the current cost of living and lastly making sure that the pay was equitable to the work respondents performed. There was a moderate to high practice of strategic work life balance in the energy sector, Kenya. The highly practised aspect of strategic work life balance was appropriate leave programs, appropriate part time working schedule, understanding that long daily and weekly working hours caused conflicts between work and relationships with respondents' families, ensuring that employees finish work on time because of flexible work schedule and lastly workplace not providing technological resources that allowed respondents to work from home if they had family affairs to attend to. From both correlation and regression analysis, succession practices significantly affected employee's productivity. Several forms of succession practices were in place in the studied organization. First, there was annual performance appraisal, Secondly, training opportunities were in place. Thirdly, there were management trainee programs. These three forms of succession practice were followed by career planning programs, education opportunities, job rotation and lastly mentoring/coaching.

## **RECOMMENDATIONS**

The study recommends that all organizations in the Energy sector in Kenya should strengthen on their socialization practices at their work place. This can be done more so by improving on the top down social interactions within staff working in these organizations. The management team of Energy sector in Kenya should ensure that the pay to is equitable to the work they perform. Employees with greater tasks should be rewarded highly relative to staff with low amount of work performed. The pay should be linked to output of the staff. The top management team of all Energy firms operating in Kenya should provide technological resources that allow staff to work from home if they have family affairs to attend to. This enhanced staff morale which results into increased productivity. Management of Energy sector and all organizations generally operating

in Kenya should improve on their succession planning at the work place. This could be done through provision of education opportunities for example offering scholarships, liaising with the Higher Education Loans Board to get loans and bursary for educational advancement and offering educational leave to employees wishing to advance their education.

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