

## **An Investigation on the Extent of Integration and Coherence of Human Resource Strategies Formulated and Implemented by Agricultural Sector Employers in Kenya**

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### **ABSTRACT**

The Agriculture sector in Kenya, as in most other developing countries, is characterized by great unpredictability in terms of markets, growing conditions and cost of inputs. Formulation and implementation of human resource (HR) strategies, in these circumstances, cannot be a simple exercise, but getting it right is more important than for organizations in more predictable environments. This study sought to establish the types of human resource strategies implemented, the extent of integration of these strategies, the strategic human resource management processes used as well as the approaches to formulation of human resource strategies. The study had 120 respondents, comprising of Managers in charge of human resource management at agricultural sectors companies which are members of the Agricultural employers Association. Most of the data was collected by way of Questionnaires, personally administered to ensure clarification is offered where necessary. Data analysis was done using descriptive statistics (percentages, frequencies and averages) and Pearson's Product Moment Correlation Coefficient (r) followed by data presentation on tables. The study found that the most important HR strategies currently in use are Performance Management and Reward Management, both of which are used by 100% of the firms. The use of these two strategies reinforces the main mode of payment, which is based on performance. The study found that the firms use several related HR strategies at the same time. Complementary strategies are used together, whereas non-complementary strategies are not used together. The findings of the study indicate that Continuous Learning and Reward Management are the easiest to use in concert with other HR strategies. Teamwork, despite its heralded position as a major HR strategy, was shown by the study to be not integrated with any other HR strategies. The study found that the HR implications of business strategies are always clearly spelt out, and that in arriving at HR strategies that best complement the chosen business strategies, the most-used process is an integrated process (57.1%). In this process, HR strategy is an integral part of the business strategy, along with other functional strategies. In addition, the study sought to find the approaches used in formulating and implementing HR strategies and found that the majority, 72%, use the Best-Fit approach which as Cappelli (1999) notes, requires the choice of practices that an employer pursues to be contingent on a number of factors, mainly business and production strategies

**Keywords:** Human resource strategies, Human resource integration, Strategic Human resource management

### **INTRODUCTION**

Although it is generally agreed that different organizations and different corporate scenarios require different HR strategies, Armstrong (2009) differentiates between two basic types: (a) general strategies, including high-performance working, high commitment and high-involvement, and; (b) specific strategies, relating to different aspects of human resource management such as learning, development, reward etc.

Although each organization tackles Strategic Human resource Management (SHRM) on its own and follows whichever approach is appropriate to its circumstances, Armstrong and Baron (2007) argue that certain themes stand out, such as the modification of values, behaviours and attitudes. According to them, some key components of the HR strategy can be pointed out as investing in intellectual capital, performance management, job design, the reward system and the work-life balance. Armstrong (2009) suggests that in the process of formulating HR strategies, it is important to achieve a vertical fit, that is integrating the business and HR strategies, as well as a horizontal fit (or bundling), that is achieving coherence and mutual support between various HR strategies.

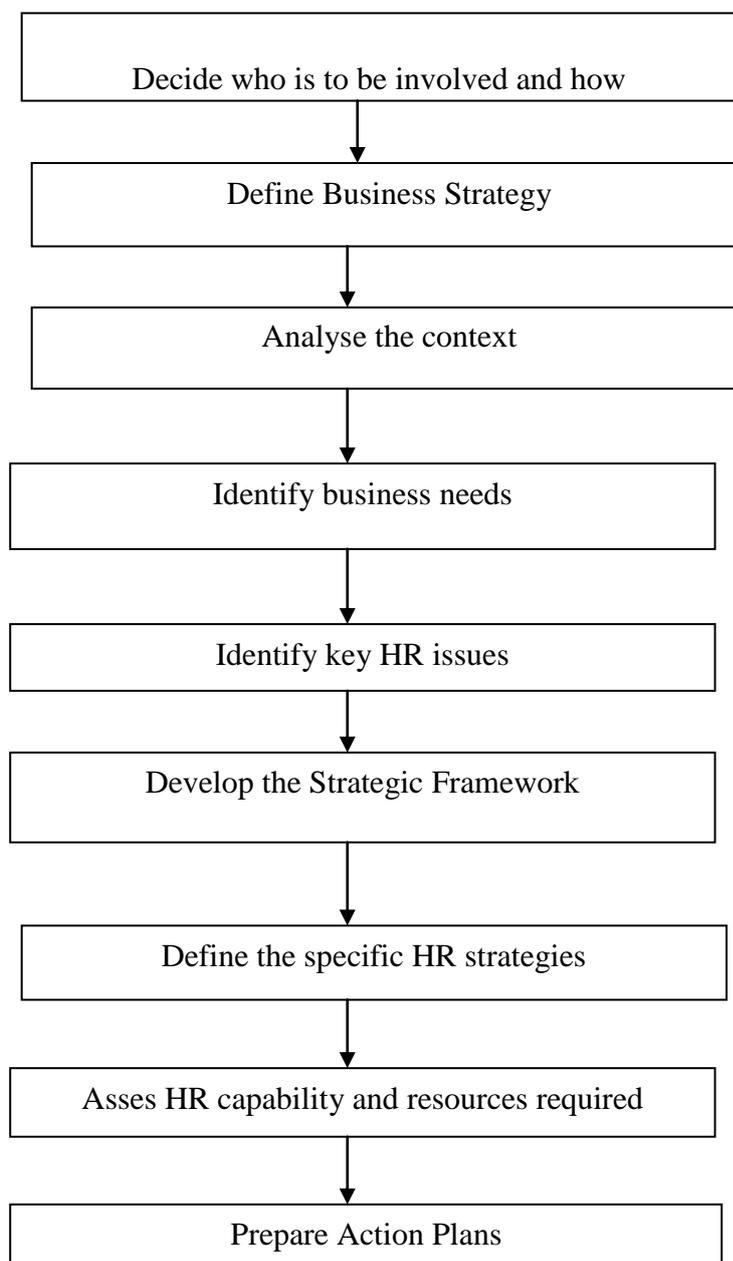
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Businesses in the formal sector in Kenya are generally unlikely to hire more workers as they are convinced that the costs of doing so will exceed the benefits. They therefore choose to either maintain their operations at lower levels than they would if the benefits of hiring more workers exceeded the costs, or increase the use of machines in their operations as substitutes for employing workers as their preferred means of expanding their operations (UNDP, 2007). Nowhere is this truer than in Agriculture, where traditionally labour intensive jobs are becoming increasingly mechanized due to the ever-rising labour wages. These firms therefore need to take a strategic view of their human resource requirements. Due to the seasonal nature of their operations, coupled with susceptibility to such external phenomena as wage rates, foreign exchange rate fluctuations and international prices, they walk a tight rope in terms of labour numbers and costs.

This study set out to not only establish the types of human resource strategies employed but also to find out if these strategies are internally consistent and therefore able to address the challenges of the agricultural sector firms.

### **DEVELOPING HUMAN RESOURCE STRATEGIES**

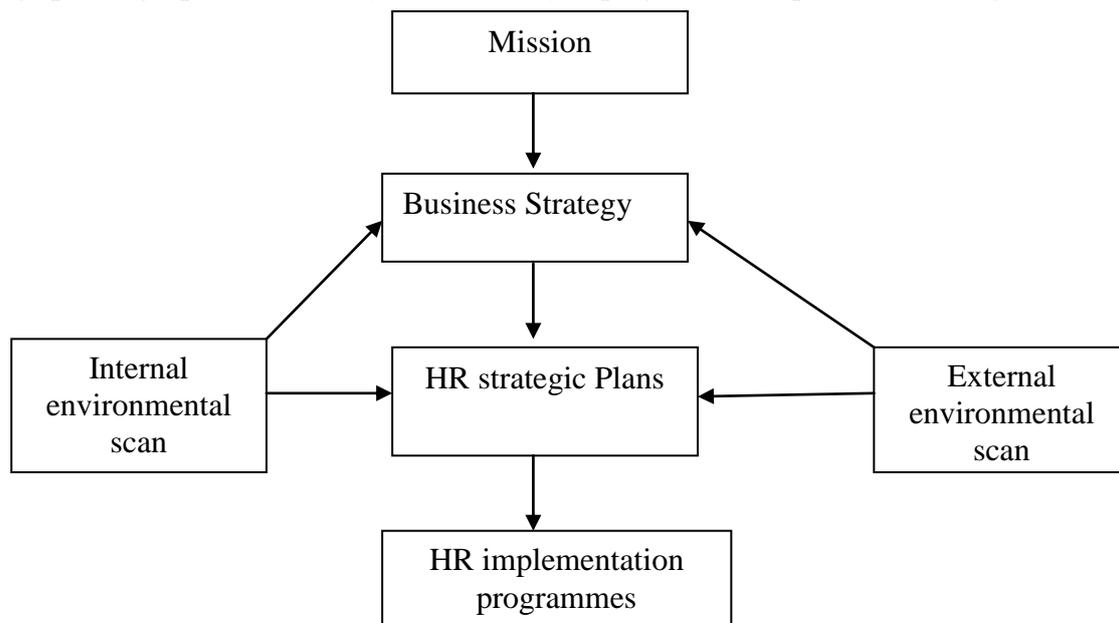


**Fig1.** *Formulating HR Strategy*

**Source:** *Armstrong and Baron (2007)*

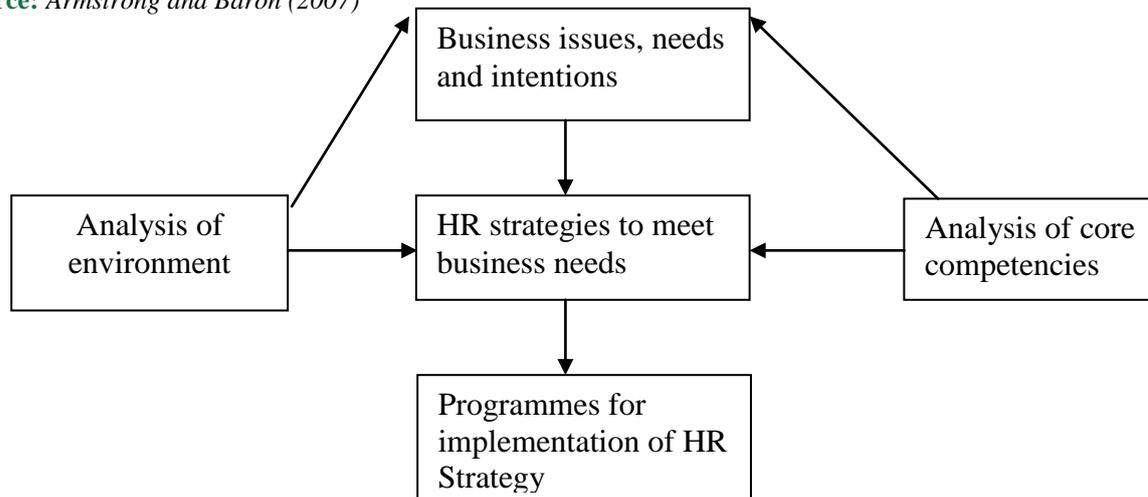
The process of formulating HR strategies involves deciding on the Human resource Management (HRM) options and then making appropriate strategic choices. It has been noted by Cappelli (1999) that the choice of practices that an employer pursues is heavily contingent on a number of factors including business and production strategies. The process of developing HR strategies involves the adoption of a contingent approach in generating strategic HRM options and then making appropriate strategic choices. There is seldom, if ever, one right way (Cappelli, 1999). Armstrong and Baron (2006) reinforce this view and state: “The HR strategy of an organization must be contingent on the needs and circumstances of that organization. The actual strategic elements depend on the requirements and context of the organization.” Fig.1. below depicts the HR strategy formulation process starting by deciding who is to be involved, defining the business strategy, identifying the business needs to be achieved by the HR strategy, defining the specific HR strategies to be implemented and finally preparing and implementing the action plans.

Armstrong and Baron (2007) divide HR strategy formulation into two approaches. The first is a classical sequential approach based on the assumption that there are formal and well-articulated business strategies and a logical flow from the defined mission of the organization to formulation of business strategy within the context of the internal and external environment of the organization, setting up strategic plans, and finally to the delivery of programs for implementation (Fig. 2.).



**Fig2.** Sequential Strategic HRM Model

**Source:** Armstrong and Baron (2007)



**Fig3.** Model of empirical approach to strategic HRM

**Source:** Armstrong and Baron (2007).

The second approach is an Empirical needs-based approach (Fig. 3.) which sees strategic HRM as a much less orderly affair than the classical sequential approach envisages. The empirical approach to strategic HRM has elements of the sequential approach but goes further to be cognizant of the HRM strategy formulation and implementation process, which can only be meaningful within the context of continuously reviewing the implications of emerging business environmental changes.

Wright, Snell and Jacobsen (2004), on their part, identify two approaches to HR strategy formulation: the inside-out approach, and the outside-in approach, making the following observations about HR-strategy linkage; the inside-out approach begins with the status quo HR function (in terms of skills, processes, technologies etc.) and then attempts (with varying degrees of success) to identify linkages to the business (usually through focusing on people issues), making minor adjustments to HR activities along the way. On the other hand, within the outside-in HR approach, the starting point is the business, including the customer and competitor and the business issues they face. The HR strategy then derives directly from these challenges to create real solutions and add real value. They suggest that the most advanced linkage is the integrative one in which the senior HR executive is part of the top management team, and is able to sit at the table and contribute during development of the business strategy. This study seeks, among other things, to find out whether the HR strategies are formulated using the inside-out or outside-in approach.

### **APPROACHES TO STRATEGIC HRM**

There are a number of models within which the framework of the strategic HRM concept describes various approaches to its development and implementation. These approaches include the Best Practice Approach, Best-Fit Approach and Configurational Approach (Armstrong and Baron, 2006).

The Best Practice Approach is based on the belief that there is a set of best HRM practices and that adopting them will lead to superior organizational performance (Armstrong and Baron, 2006). The best known set is Pfeffer's (1994) list of the seven HR practices of successful organizations: employment security, selective hiring, self-managed teams, high compensation based on performance, training, flatter organizational structure and information sharing. However, according to Gooderham, Parry and Ringdal (2008), even those bundles that impact on performance play only a relatively modest role in terms of explaining overall performance. Off-the-shelf HRM bundles of practices are inadequate. There is need for HR practitioners to become more embedded in their organizations' strategic processes so that their offerings are more strategically integrated.

The Best-Fit Approach offers a solution to the shortcomings of the Best-Practice Approach. This approach holds that the aim of SHRM is to provide a fit between the policy goals of HRM and the business. The HR strategy of an organization must be contingent on the needs and circumstances of that organization (Guest, 1989). According to Armstrong and Baron (2006), the Best-Fit Approach has been accepted by most of the commentators as being more important than Best Practice. There can be no universal prescription for HRM policies. This is not to say that good practice should be ignored, but having learnt what works and what does not in comparable organizations, it is up to the firm to decide what can be adapted to its particular strategic and operational requirements. Bennett (1999) adds that the strategic approach to HRM involves the integration of personnel and other HRM considerations into the firm's overall corporate planning and strategy formulation procedures. It is proactive, constantly seeking new ways of utilizing the labour force in a more productive manner, thus giving the business a competitive edge.

Under the Best-Fit Approach, strategy formulation is about preferences, choices and matches rather than an exercise in applied logic (Mintzberg, 1994). It is an empirical approach to formulating strategy which starts with tuning into the process of business decision making at the top, identifying the key business issues and needs and thus being able to describe, in broad terms, the strategic intentions of the business. It is then possible, in conjunction with stakeholders such as line managers and other employees, to determine the strategic HR options available. Furthermore, it has to take account of the needs for the consideration of strategic fit and flexibility (Armstrong and Baron, 2006). The problem with “best-fit” is that the search for a matching model of HRM is limited by the impossibility of modelling all contingent variables, the difficulty of showing their interconnection, and the way in which changes in one variable have an impact on others (Armstrong and Baron, 2006).

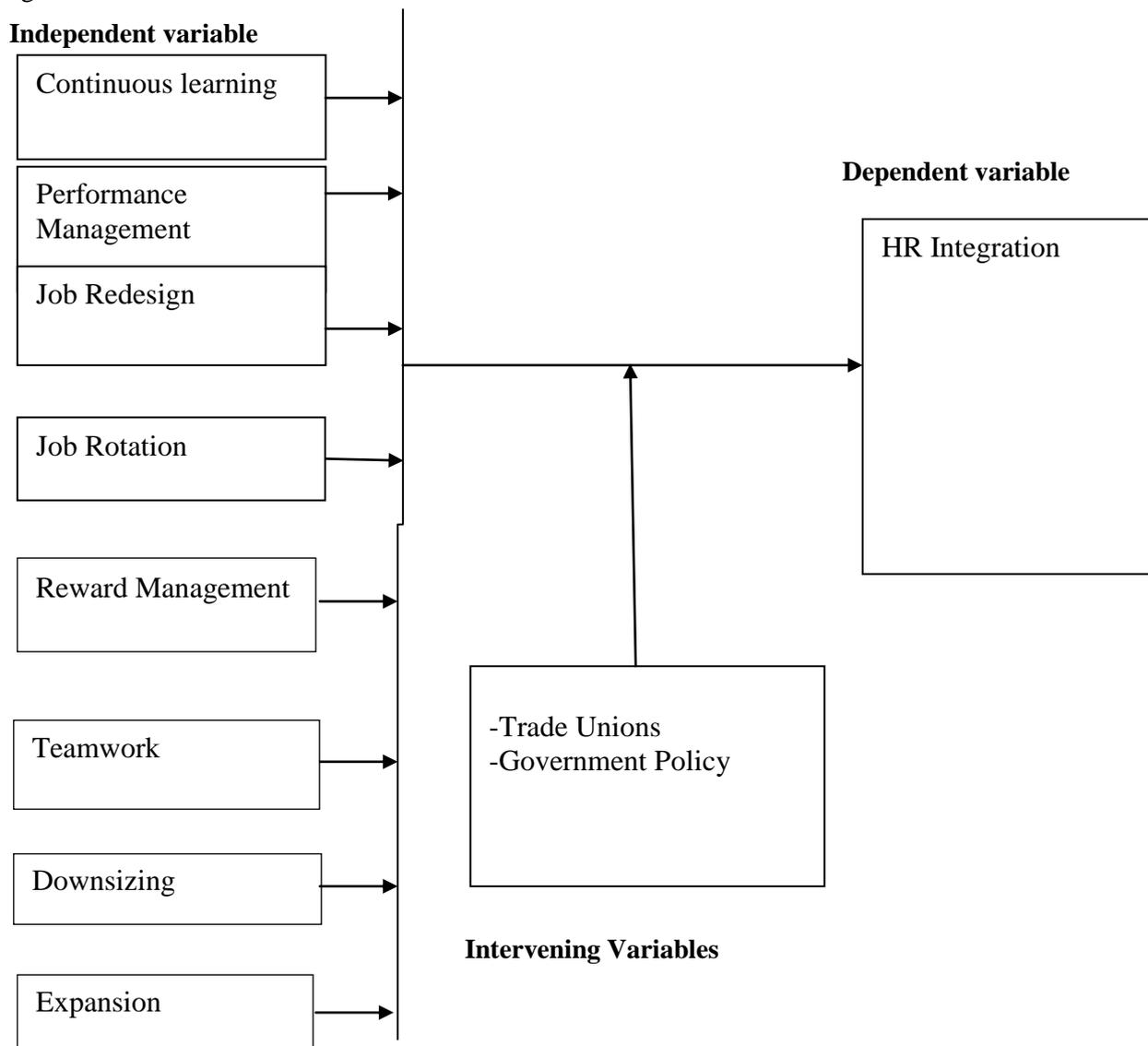
The Configuration School draws attention to three beliefs: first, that strategies may vary according to the life cycle of the organizations, second, that they depend on the sector of the organization, and third, that they are about change and transformation (Purcell, 2001). The key issue in the

Configurational perspective is the argument that a given HRM practice, regardless of its situational superiority, is unlikely to yield substantial benefits at the organizational level unless it is combined with other effective practices (Lepak and Shaw, 2008). This perspective suggests that a configuration of a set of internally-aligned HRM practices will have a much greater ability to explain variation in organizational performance than single HRM practices taken in isolation (Delery, 1998). The above views are reinforced by Gooderham, Parry and Ringdal (2008) who argue that HR practitioners should not only select but also adapt strategically relevant HRM practices and thereafter monitor their strategic impact. Perhaps the most well-known configurational study was conducted by Huselid (1995). In a large cross-industry study, he demonstrated that a system of practices, labelled a High Performance Work System (HPWS), was positively and significantly associated with important organizational outcomes. The core characteristics of the HPWS are leadership that empowers others, a relentless focus on strategy and results, open sharing of relevant information, borderless sharing of power, a team-based organizational structure, and teamwork reinforced through rewards (Rayner and Associates, 2010).

This study places emphasis on the Best- Fit Approach while remaining cognizant that even the best strategic fit can only be achieved through certain appropriate but adaptable practices, as espoused by the Configurational Approach.

### **CONCEPTUAL FRAMEWORK**

The study is based on the conceptual Framework depicted in Figure 4 below. The conceptual framework shows the integration of the various human resource strategies implemented by the agricultural firms so as to attain cohesion and coherence between them.



**Figure4.** Conceptual Framework

## **MATERIALS AND METHODOLOGY**

### **Target Population**

The target population of the study comprised of 189 Kenyan agriculture sector companies who are members of the Agricultural employers association represented by Managers in charge of human resource management. Sample size of 127 was selected using simple random sampling technique. The sample size is adequate as provided by Kathuri and Pals (1993).

### **Data Collection Instruments and Procedure**

Questionnaires were distributed to all the 127 respondents. Of these, 120 questionnaires were successfully completed and returned to the researcher by respondents, giving a response rate of 94%, a figure considered substantially sufficient for the study. In designing an instrument that would yield content valid data, the researcher specified the domain of indicators which were relevant to the variables being measured, to ensure that they contained all possible items that would be used in measuring the variables. The instruments were pilot tested and Cronbach's Alpha Coefficient of 0.71 confirmed the reliability of the instruments.

### **Data Analysis Method**

Data analysis was done using descriptive statistics (percentages, frequencies and means) and Pearson's Product Moment Correlation Coefficient (r) followed by data presentation on tables.

## **FINDINGS**

### **Human Resource Strategies**

The study sought to determine the human resource strategies employed by the agricultural companies over the last five years as well as those formulated for implementation over the next five. The study finds that the human resource strategies of continuous learning, performance management, job redesign, job rotation, reward management, teamwork, downsizing and recruitment are employed by the organizations in varying degrees. Data regarding the human resource strategies is analyzed and presented under the various headings below.

### **Continuous Learning**

The researcher asked the respondents about the importance of continuous learning as a HR strategy geared towards creating an organization skilled in creating, acquiring and transferring knowledge and at modifying its behaviour to reflect new knowledge and insights. The findings are presented in Table 1 below.

**Table1.** *Continuous Learning*

| <b>Importance of strategy</b> | <b>Frequency</b> | <b>Percent</b> |
|-------------------------------|------------------|----------------|
| 0                             | 17               | 14             |
| 4                             | 17               | 14             |
| 6                             | 33               | 28             |
| 8                             | 36               | 30             |
| 9                             | 17               | 14             |
| <b>Total</b>                  | <b>120</b>       | <b>100</b>     |

Thirty six respondents (representing 30%) indicated that continuous learning was of 80% importance while thirty three respondents (representing 28%) indicated it was of 60% importance to their organizations. Seventeen respondents (14%) indicated that continuous learning was being employed to a degree equivalent to 40% and 90% respectively. A further seventeen respondents (14%) felt that continuous learning was of absolutely no importance to their organization. The findings demonstrate that continuous learning is an important HR strategy in these organizations, as 72% of the HR managers indicated that it has above 60% importance. Continuous learning is necessary to make employees flexible in order to cope with the ever-changing business environment.

### **Performance Management**

The study sought to understand the importance of performance management as a HR strategy, whose import is the maximization of productivity and compensation based on results. The findings are presented in Table 2 below.

**Table2.** *Performance Management*

| Importance of strategy | Frequency  | Percent    |
|------------------------|------------|------------|
| 8                      | 17         | 14         |
| 9                      | 68         | 57         |
| 10                     | 35         | 29         |
| <b>Total</b>           | <b>120</b> | <b>100</b> |

The majority, 57%, indicated that performance management is of importance to a degree equivalent to 90%, while 29% of the respondents felt the degree of importance to be equivalent to 100%. Fourteen percent put the level of importance at 80%. From the findings, all the HR Managers put the importance of this strategy at 80% at least. Due to the escalating labour costs, it is important that performance is generally well managed in order that the firms can retain fewer people but with higher productivity and performance. Performance management is therefore one of the most important HR strategies employed.

### **Job Redesign**

Redesigning jobs to better interface between the employees and their jobs is another possible HR strategy that the firms could employ. The findings, presented in Table 3 below, however indicate that 86% of respondents currently feel that this strategy has absolutely no value to them, while only 14% use it but to a very limited extent, represented by only 10% importance. The firms have not yet appreciated the contribution to the performance of appropriate job designs coupled with paying attention to workplace ergonomic factors.

**Table3.** *Job Redesign*

| Importance of strategy | Frequency  | Percent    |
|------------------------|------------|------------|
| 0                      | 103        | 86         |
| 1                      | 17         | 14         |
| <b>Total</b>           | <b>120</b> | <b>100</b> |

### **Job Rotation**

Job rotation as HR strategy may be undertaken by progressively moving employees to all departments of the organization to enable them to holistically understand the operations of the organization. The findings regarding the extent to which job rotation strategy is used are presented in Table 4 below.

**Table4.** *Job Rotation*

| Importance of strategy | Frequency  | Percent    |
|------------------------|------------|------------|
| 0                      | 68         | 57         |
| 4                      | 17         | 14         |
| 6                      | 17         | 14         |
| 7                      | 18         | 15         |
| <b>Total</b>           | <b>120</b> | <b>100</b> |

From the findings, job rotation is not used much as a HR strategy. The majority, 57% of the respondents, indicated that job rotation has absolutely no role among their HR strategies. The rest, 43%, indicated it had a role but in varying degrees. This is due to the fact that the focus has not been on developing employees for future and organization-wide roles—they have mostly been trained to fix short-term skill deficiencies.

### **Reward Management**

The study sought to understand the importance of reward management as a HR strategy geared towards maximization of productivity and compensation based on results. The findings are presented in Table 5 below.

**Table5.** *Reward Management*

| Importance of strategy | Frequency  | Percent    |
|------------------------|------------|------------|
| 5                      | 17         | 14         |
| 6                      | 34         | 29         |
| 8                      | 52         | 43         |
| 10                     | 17         | 14         |
| <b>Total</b>           | <b>120</b> | <b>100</b> |

The majority, 57%, indicated that reward management is of importance to a degree equivalent to between 80% and 100%, while 29% of respondents felt the degree of importance to be equivalent to 60%, and 14% of respondents put the level of importance at 50%. The findings demonstrate that all the HR Managers put the importance of this strategy at 50% at least. Reward management is therefore one of the important HR strategies employed. It is noteworthy, however, that greater importance is attached to performance management than reward management, which is an indicator that though the firms insist on superior performance, rewards for this type of performance are not as readily forthcoming. This leads to short-term performance gains which cannot be sustained in the long run.

### **Teamwork**

The researcher asked the HR Managers about the importance of teamwork as a HR strategy, whose import is in having employees work in teams rather than as individuals, so that the organization can benefit from their varied strengths. The findings are presented in Table 6 below.

**Table6.** *Teamwork*

| <b>Importance of strategy</b> | <b>Frequency</b> | <b>Percent</b> |
|-------------------------------|------------------|----------------|
| 0                             | 17               | 14             |
| 4                             | 17               | 14             |
| 6                             | 17               | 14             |
| 7                             | 35               | 30             |
| 8                             | 17               | 14             |
| 10                            | 17               | 14             |
| <b>Total</b>                  | <b>120</b>       | <b>100</b>     |

A very significant 69% of respondents indicated that teamwork is of importance to a degree equivalent to 70% or above, while 28% of respondents felt that the degree of importance is equivalent to between 40% and 60%. Only 14% of respondents indicated that this strategy is of no use to their organizations. The findings demonstrate that the HR managers feel this is a very important HR strategy as it contributes to employee commitment.

### **Downsizing**

Downsizing as a human resource strategy is usually used when the number and skills of employees available in an organization are excess to requirements, for instance when part of the business has been sold or when, due to the introduction of a more efficient means of production, fewer people are required to carry out the same level of operations. This study sought to find out the importance of the downsizing strategy to these firms. The findings of the study are tabulated in Table 7 below. According to the findings, the majority (87%) indicated that downsizing is of importance to a degree equivalent to at least 50%, while only 14% indicated it is of absolute insignificance. From the findings, it can be concluded that downsizing is an important HR strategy meant to redress the high and escalating costs of labour in the immediate to medium term.

**Table7.** *Downsizing*

| <b>Importance of strategy</b> | <b>Frequency</b> | <b>Percent</b> |
|-------------------------------|------------------|----------------|
| 0                             | 18               | 13             |
| 5                             | 34               | 29             |
| 8                             | 34               | 29             |
| 9                             | 34               | 29             |
| <b>Total</b>                  | <b>120</b>       | <b>100</b>     |

### **Recruitment**

The study sought to know about the importance of recruitment as a HR strategy, whose aim is to increase the number of employees following expansion of the organization’s operations. The findings are presented in Table 8 below.

**Table8.** *Recruitment*

| <b>Importance of strategy</b> | <b>Frequency</b> |            |
|-------------------------------|------------------|------------|
| 0                             | 103              | 86         |
| 1                             | 17               | 14         |
| <b>Total</b>                  | <b>7</b>         | <b>100</b> |

From Table 8, 86% of the HR Managers indicated that the organizations do not use recruitment as one of their HR strategies, that is the firms are not expanding the quantity of their human resources. Only 14% indicated that recruitment is used, but even then at only 14% importance. The findings show that there is a net downsizing of the labour force (as opposed to expansion) in order to check the rising labour costs.

### Work-Life Balance

From the findings of the study, work-life balance is still a new concept in these organizations. Indeed, all the HR Managers indicated that work-life balance is not one of the strategies they use.

### Integration of HR Strategies

The study sought to establish whether there is integration between HR strategies employed by the transnational tea companies. In order to establish whether there is integration, Pearson’s product moment correlation coefficient (r) was calculated. Findings of the study indicate integration between specific related HR strategies as it shows that complementary strategies are used together, whereas non-complementary strategies are not. The findings are shown in Table 9 below.

**Table9.** Correlation results for integration of HR strategies

|                          |                     | Continuous Learning | Performance management | Job redesign | Job rotation | Reward management | Team work | Downsizing | Expansion/recruitment |
|--------------------------|---------------------|---------------------|------------------------|--------------|--------------|-------------------|-----------|------------|-----------------------|
| Continuous Learning      | Pearson Correlation | 1                   | 0.138                  | -0.129       | 0.15         | .644(*)           | 0.542     | .766(**)   | -0.129                |
|                          | Sig. (2-tailed)     | .                   | 0.668                  | 0.689        | 0.641        | 0.024             | 0.069     | 0.004      | 0.689                 |
| Performance management   | Pearson Correlation | 0.138               | 1                      | 0.095        | 0.155        | .730(**)          | -0.357    | .614(*)    | 0.095                 |
|                          | Sig. (2-tailed)     | 0.668               | .                      | 0.768        | 0.629        | 0.007             | 0.255     | 0.034      | 0.768                 |
| Job redesign             | Pearson Correlation | -0.129              | 0.095                  | 1            | .952(**)     | -0.012            | -0.238    | -0.014     | -0.357                |
|                          | Sig. (2-tailed)     | 0.689               | 0.768                  | .            | 0            | 0.971             | 0.456     | 0.965      | 0.255                 |
| Job rotation             | Pearson Correlation | 0.15                | 0.155                  | .952(**)     | 1            | 0.213             | -0.055    | 0.253      | .952(**)              |
|                          | Sig. (2-tailed)     | 0.641               | 0.629                  | 0            | .            | 0.506             | 0.864     | 0.427      | 0                     |
| Reward management        | Pearson Correlation | .644(*)             | .730(**)               | -0.012       | 0.213        | 1                 | -0.07     | .841(**)   | -0.012                |
|                          | Sig. (2-tailed)     | 0.024               | 0.007                  | 0.971        | 0.506        | .                 | 0.829     | 0.001      | 0.971                 |
| Teamwork                 | Pearson Correlation | 0.542               | -0.357                 | -0.238       | -0.055       | -0.07             | 1         | 0.415      | -0.238                |
|                          | Sig. (2-tailed)     | 0.069               | 0.255                  | 0.456        | 0.864        | 0.829             | .         | 0.18       | 0.456                 |
| Downsizing               | Pearson Correlation | .766(**)            | .614(*)                | -0.014       | 0.253        | .841(**)          | 0.415     | 1          | -0.014                |
|                          | Sig. (2-tailed)     | 0.004               | 0.034                  | 0.965        | 0.427        | 0.001             | 0.18      | .          | 0.965                 |
| Expansion/re recruitment | Pearson Correlation | -0.129              | 0.095                  | -0.357       | .952(**)     | -0.012            | -0.238    | -0.014     | 1                     |
|                          | Sig. (2-tailed)     | 0.689               | 0.768                  | 0.255        | 0            | 0.971             | 0.456     | 0.965      | .                     |

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

\* Correlation is significant at the 0.05 level (2-tailed).

The findings of the study indicate that continuous learning HR strategy has a moderately strong positive correlation with reward management (r=0.644) and strong positive correlation with downsizing (r= 0.766), implying that training is accompanied by rewarding those who have a propensity to learn and transfer the learning to the job. As downsizing is carried out, those who remain need to be afforded the skills and capabilities necessary to shoulder the additional responsibilities.

Performance management has a strong positive correlation with reward management (r=0.730) and a moderately strong positive correlation with downsizing (r=0.614). These results show that those who perform well are also adequately compensated, while at the same time, once performance is improved, there is no longer need to retain the less productive labour force.

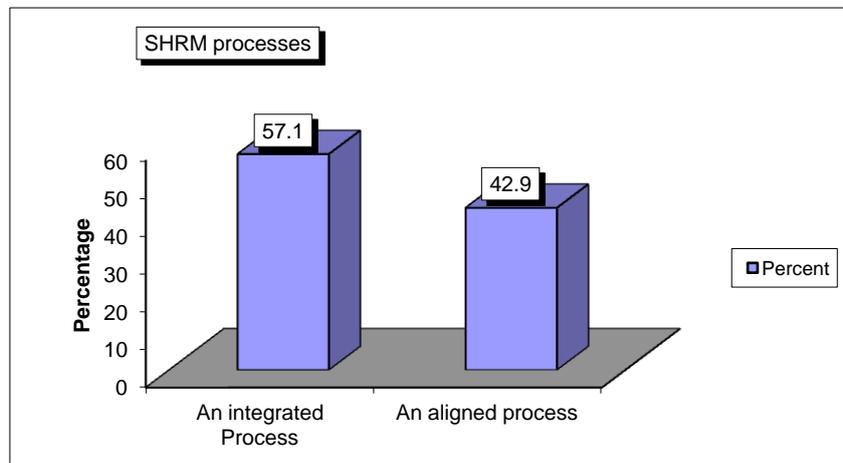
Job redesign, the findings show, has a strong positive correlation with job rotation (r=0.952), while job rotation, in addition to the strong positive correlation with redesign, has a strong positive

correlation with recruitment ( $r=0.952$ ). When jobs are redesigned, employees often need to be moved to jobs in which they fit best, while job rotation may make it necessary to recruit additional staff into jobs from which others have moved.

Reward management, in addition to the strong positive correlation with performance management, has a moderately strong positive correlation with continuous learning ( $r=0.644$ ) and a strong positive correlation with downsizing ( $r=0.841$ ). People who have shown a strong tendency for continuous learning, which leads to better performance, need to be rewarded for it. At the same time, better individual performance may make it necessary to reduce labour as the firm then remains with fewer better-performing employees. Teamwork has a moderately strong correlation with continuous learning and downsizing, an indicator that learning makes people better appreciate working in teams. Furthermore, people can be trained to work in teams in order to achieve the synergy that comes with working together, and not separately. At the same time, those who remain in the organization after a downsizing exercise need to work together more closely for psychological support.

### Strategic HRM Processes

The study sought to identify the strategic human resource management processes used by the firms. The essence of asking respondents about the strategic HRM processes used by their firms was to find out how coherence between the business and HR strategies is arrived at. In addition to establishing that the HR implications of the business strategies are always clearly spelt out, the study found that 57% of the HR Managers use an integrated process, while 43% use an aligned process. None of them use a separate process (see Fig. 5 below). For the majority, therefore, HR strategy is an integral part of the business strategy, along with all the other functional strategies. For the 43% who use an aligned process, HR strategy is developed together with the business strategy. They may be presented and discussed together but they are distinct outcomes of parallel processes. By considering them together, there is the likelihood that they will influence each other and be adopted as a cohesive whole.



**Fig5.** SHRM processes

### Approaches to Formulation and Implementation of HR Strategies

Findings on the approaches to formulation and implementation of HR strategies are shown in Table 10 below. Seventy two percent of the firms use the Best-Fit Approach, while Best-Practice and Configurational Approaches are each used by 14% of the HR Managers. For the majority of the managers, therefore, there is a recognition that it is up to the firm to decide what HR strategies can be adapted to its particular business strategies and operational requirements at a particular time. Those who use best-practice believe that there is a set of universal best HRM practices, and that adopting them will lead to superior organizational performance. The Configurational approach means the use of a combination of bundles of HR practices with high levels of fit with its competitive strategy.

**Table10.** Approaches to formulation and implementation of HR strategies

| Approaches      | Frequency  | Percent    |
|-----------------|------------|------------|
| Best-practice   | 17         | 14         |
| Best –fit       | 86         | 72         |
| Configurational | 17         | 14         |
| <b>Total</b>    | <b>120</b> | <b>100</b> |

## **CONCLUSIONS AND IMPLICATIONS**

Human resource strategies prescribe the overall direction the organization wishes to pursue in achieving its objectives through people. Wright and Snell (1989) are of the view that HR strategies are those HR activities used to support the firm's competitive strategy. The test of their benefits or appropriateness is therefore the extent to which they support business strategy. The study found that the most important HR strategies currently in use are Performance Management and Reward Management, both of which are used by 100% of the firms. The use of these two strategies reinforces the main mode of payment, which is based on performance. However, the importance attached to Performance Management is greater than that attached to Reward Management. Performance and reward strategies are two sides of the same coin and equal weight ought to be attached to them. Granted, all respondents indicated that both strategies are in use, but the fact that Reward Management is of lesser value would imply that the good performance may not be sustainable in the long term. According to Jackson and Schuler (2001), the emphasis for organizations needs to be on improved performance by increasing the capabilities of employees, but even the most capable employees will not perform well unless they are motivated to do so. Performance Management systems address the issue of motivating employees to ensure that capabilities are fully utilized, while Reward Management addresses the issues of motivation, employee satisfaction and employee morale.

Downsizing is practiced by 87% of the organizations. This is because there is a shift from purely labour intensive production to a mix of labour use and mechanization. Moreover, the study found that downsizing has, in the main, meant the cutting down of the permanent labour force and their replacement with temporary workers.

The next most important HR strategies are Continuous Learning and Teamwork, both of which are practiced by 86% of the organizations. Armstrong and Baron (2006) contend that continuous learning is a systematic process of training and growth by which employees gain and utilize skills, knowledge, attitudes and insights to carry out the work in their organizations efficiently and effectively, and that while development activities may improve performance in one's current job, that is not typically its objective. Its major objective is to prepare people for the roles they may have in the future, and its main concern is having employees that are capable of implementing the overall organization strategy. While the training carried out by these organizations has been growing in importance, this training is mostly meant to fix the immediate competence-performance gap. As the firms are on a continuous downsizing trend, it is unlikely that the kind of development that prepares employees for future roles is prioritized.

Job Rotation (43%), Job Redesign (14%) and Expansion/Recruitment (14%), follow in that order. Job Rotation is a strategy mostly used to develop supervisory and management level employees for long-term placement within the organization, while Job Redesign is necessary especially where Business Process Reengineering (BPR) has taken place. Expansion of human resources is low due to the fact that these organizations are on a trend of downsizing. Work-life balance is a concept not yet embraced by these organizations. This is a further confirmation that the organizations are task-rather than people-centred. Armstrong and Baron (2007) argue that although each organization tackles Strategic HRM on its own and follows whichever approach is appropriate to its circumstances, certain common themes stand out, such as modifying values, behaviours and attitudes. These key components of the HR strategy, they point out, include investing in Intellectual Capital, Performance Management, Job Redesign, Reward System and Work-life balance. Other than Work-Life balance, the findings of the study are largely in agreement with Armstrong and Baron.

The study further found that the firms use several related HR strategies at the same time. Complementary strategies are used together, whereas non-complementary strategies are not used together. The findings of the study indicate that Continuous Learning and Reward Management are the easiest to use in concert with other HR strategies. Teamwork, despite its heralded position as a major HR strategy, was shown by the study to be not integrated with any other HR strategy.

The study found that the HR implications of business strategies are always clearly spelt out, and that in arriving at HR strategies that best complement the chosen business strategies, the most-used process is an integrated process (57%). In this process, HR strategy is an integral part of the business strategy, along with other functional strategies. The remaining 43% of the respondents use an aligned process, while none of the respondents indicated they use a separate process.

In addition, the study sought to find the approaches used in formulating and implementing HR strategies and found that the majority, 72%, use the Best-Fit approach which as Cappelli (1999) notes, requires the choice of practices that an employer pursues to be contingent on a number of factors, mainly business and production strategies. The Best-Practice approach and Configurational approach were each found to be used by only 14% of the respondents. The firms therefore do not purport to use bands of universal HRM best practices. It is especially important to use this contingency approach as the industry is susceptible to rapid and often unforeseeable changes.

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