THE ROLE OF STRATEGIC HUMAN RESOURCE MANAGEMENT
IN ORGANIZATIONAL PERFORMANCE IN KENYA.
(A case of Kenya Ports Authority and Kenya Sugar Research
Foundation)

BY
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for the award of Master of Business Administration (MBA - HRM),
Kenyatta University.

August, 2005
DECLARATION

I declare that this is my original work and has not been submitted for examination in any other University.

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ABSTRACT

The study examined the role of strategic Human Resources Management in Organizational performance especially in relation to parastatals in Kenya.

The study provides some insight on strategic management as an approach to organizational performance. The foundation of the study is laid in the literature review. The literature review explains the nature of strategic Human Resources Management, the concept definitions and approaches in strategic decision making.

The scope of the study centers on one parastatal namely the Kenya Ports Authority which is based in Mombasa, Coast Province.

The data was collected from one level of staff by use of interviews and mail survey. The major findings of the study are as follows:

That all the Human Resources factors are crucial in determining staff morale and the general performance of individual members of an organization. Organizations therefore, need to balance up their act on Human Resources aspect in order to maintain a moribund work force that is willing to perform at their best.

The indicators of an organizational performance was found not only in profitability result but also seem to be highly determined by other factors such as production levels, efficiency in service delivery, customer satisfaction, return on investment, staff morale among others.

The strategic human resources management approach was found to impact positively on performance but a high degree of suspicion was also detected in areas where members of an organization were not fully informed about the approach.

The general recommendation therefore is that for an effective introduction and implementation of a strategic human resources management approach there is need to involve all members of the organization since an “inclusion” policy may be necessary in order to create and maintain an enabling environment.

A well instituted human resources programme will ensure achievement of individual and organizational goals.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic HRM is an approach to making decision on the intentions and plans of the organization concerning the employment relationship and the organization's recruitment, training, development, performance management, reward and employee relations strategies, policies and practices. The defining characteristic of strategic HRM is that it is integrated – HR strategies are generally integrated vertically with the business strategy and horizontally with one another. The HR strategies developed by a strategic HRM approach are essential components of the organization's business strategy.

Modern HR management calls for the inclusion of the HR directors in the board of Directors in organizations, consideration of staff as workers rather than subordinates, better staff welfare programs, emphasis on teamwork, improved social responsibility and the maximization of employee potential (Armstrong, 1998).

This is however yet to be fully realized in Kenya and in the Africa region where organizations put more emphasis on functional departments rather than the integration of the entire systems and departments. In Kenya state corporations indicate poor performance due to the fact that most HR related decisions are still being made by top officials, like the General Managers and Chief Executive Officers other than the specialized human resource managers.
HR managers globally are now aware that the HRM function is moving beyond the traditional and classical areas into the broader area of business and strategic management. There is therefore need for the HR manager to embrace overall aspects of business management and strategy. In Kenya, most organizations do not realize the need for effective strategic HR and due to this there has been an influx of discontent by employees of many state corporations who are the main actors in any organization (Waweru, 1988).

The Kenya Ports Authority is situated at the port of Mombasa, and is one of the region’s favourite. KPA is a member of the Cruise Indian Ocean Association, which comprises Port Authorities and National Tourism Boards in the Eastern and Southern Africa sub region.

KPA is a government parastatal established through an act of parliament on 20th January 1978 to manage the port of Mombasa and other scheduled ports along the Kenyan coastline. The mandate of KPA is to maintain, operate, improve and regulate all scheduled seaport situated along the Kenyan coast.

The vision of KPA is to be rated amongst the top 20 ports in the world in terms of reputation and performance by the year 2010. The mission is to facilitate sea borne trade in the most efficient manner by progressively benchmark their operational targets to internationally acceptable standards.
Effective and efficient human resources ensure that the right people with proper mix of knowledge and skill will be in the right place at the right time, at the right cost and condition so as to achieve organizational strategic objectives. The state owned corporations in Kenya should also follow suit and ensure proper HR policies and guidelines in their operations are practiced.

1.2 Statement of the Problem

State corporations / parastatals in Kenya have been registering huge losses in many years past. This has been evidenced by poor performance in income and expenditure statements, balance sheets and closure of most of the old parastatals e.g. Kenya Meat Commission, Kenya Farmers Association, Kenya Power and Lighting Company among others. As a result there has been lots of borrowing from the treasury and other financial institutions, high staff turn over and low morale among existing staff.

Political orientation, nepotism and survival tactics among other vices have also been rife. All this has led to poor performance meaning that some of the organizations have not been able to meet their intended objectives.
1.3 **Objectives of the study**

The main objective of the proposed study is to establish the role of strategic human resource management approach in organizational performance.

Specifically, the study seeks:-

i. To establish the factors influencing the organizational performance in relation to strategic HR approach

ii. To establish indicators of organization performance

iii. To establish the extent to which the factors have affected organization performance.

iv. To make recommendations for strategic decision making in the organization.

1.4 **Research Questions**

The study seeks to answer the following questions:

i. What are the factors influencing organizational performance?

ii. What are the indicators of organization performance?

iii. To what extent has strategic HR factors affected performance?

1.5 **Significance of the Study**

The study is significant in the following ways: -

1. Fill into the knowledge gaps existing in this area.

2. Come up with possible solutions/recommendations and thereby improve performance.
3. Be an ‘eye opener’ to those running public/government institutions and thereby reducing some of the causes of the problems encountered in some institutions.

4. Future researchers and scholars will use it as a reference material in their academic endeavors.

1.6 Justification for the Study

The study was highly justified for the following reasons:

1. Operational results of some state corporations in Kenya, indicate that in the last five years they have been registering huge losses.

2. As a stakeholder, the researcher would wish to positively contribute towards effective and efficient management values and principles.

3. Improvement in performance will inject incomes into our economy thereby reduce the rate at which taxes are considered as one of the main injectors into our economy.

5. Recommendations that have been made in the study may be useful in the day to day running of state corporations/parastatals.

6. Sound strategic management has been employed as a result of its positive findings.
CHAPTER TWO

LITERATURE REVIEW

2.1 Strategic Human Resources Management

Definition: Strategic HRM is an approach to making decision on the intentions and plans of the organization concerning the employment relationship and the organizations recruitment, training, development, performance management, reward and employee relations strategies, policies and practices. The defining characteristic of strategic HRM is that it is integrated – HR strategies are generally integrated vertically with the business strategy and horizontally with one another. The HR strategies developed by a strategic HRM approach are essential components of the organizations business strategy.

Strategic HRM is a term describing an integrated approach to the development of HR strategies, which will enable the organization to achieve its goals. (Armstrong 2001)

Human Resources Management is very instrumental in providing management with up to date and comprehensive information about such matters as laws, social changes and modern management theories and policies so as to ensure organizations conformity to current trends, protection against unwarranted for court cases e.g. unfair and unprocedural dismissal.

Some of the management theories practiced can be described as follows: -

- The classical school of management
- The human relation school
- The qualitative school
Because there have been so many rapid, important and complicated changes in all areas, management has become a more complex responsibility. This enlarged responsibility requires that:

a) Human Resources Managers know what choices are available in handling various situations that they have a clear idea of why a particular approach should be taken and that they determine how clients would be served best.

b) To make maximum use of human resources, that is, human resource utilization involves careful selection, training, developing, appraising, rewarding and retaining of employees so that collectively their efforts contribute to the goals and direction that management has established.

c) People in the Human Resources Management positions need to have an opportunity to shape the direction of the organization and ultimately help employees and management achieve their goals.

2.1.1 Stages in Development of Human Resources Management

While human resources have always been important to the success of an organization, their strategic importance has been evolving in importance.
Stages in Human Resources Management Evolution

Stage 1: File maintenance (up to early 1960's) emphasized

- Screening applicants
- Orienting employees
- Collecting and storing personal data
- Planning social events.

Stage 2: Government Accountability (early 1960s to mid 1980s)

- Laws, court rulings and regulations
- Advising on new programs
- Facilities and other major Human Resources decisions
- Dealing with equal employment opportunities, environmental protection, employee health and safety.
- Urban renewal and development
- Community relations
- Social relations
- Managerial ethics.

Stage 3: Gaining and sustaining a competitive advantage (mid 1980 – present)

- Social consciousness
- Controlling costs
- Enhancing competitiveness
- Adding value to organizational products
2.1.2 Objectives of Strategic Human Resources Management

The main objective of Human Resources Management is:

- To achieve an effective utilization of human resources for the achievement of organizations goals.

For enabling the Human Resources Management to fulfill the stated objectives, the top management has to ensure that the following conditions are met:

a. Existence of capable people in the organization picked up on the basis of merit and not other considerations.

b. Plans for effective utilization efforts and potentialities of individuals or groups for appreciation of work well done and future advancement and training.

c. Considering employees as co-worker rather than subordinates.

d. A proper division of tasks of an organization in accordance with a sound plan into functions, positions, each indicating a clear-cut authority, responsibility and duties in relationship of one position to another.

e. The formulation of strategic plans and objectives, in consultation with senior persons in the organization and common understanding among managers at all levels of the organization.

2.1.3 Functions of Human Resources Management

1. To anticipate vacancies;

- Estimating future vacancies
• Estimating additional future positions
• Anticipating deaths, dismissals, retirement and resignations
• Anticipating future promotions
• Anticipating future transfers

2. Recruitment:

• Preparing job analysis
• Preparing man specifications
• Analyzing the sources of potential employees
• Attracting potential employees

3. Organizational Planning:

• Analyzing organizational structure
• Forecasting manpower requirements
• Recommending organizational changes
• Analyzing key position requirements

4. Selection:

• Preparing questionnaires
• Weeding out undesirables through analysis or questionnaires.
• Interviewing the applicants
• Testing the applicants psychologically, where necessary.
• Investigating their references.
• Arranging medical examination, if necessary.
• Evaluating the applicants and making the final selection.

5. Classification of employees:
• Preparing the job descriptions
• Assigning of proper title to each position
• Reviewing periodically the correctness of job descriptions

6. Staffing: -
• Orienting new employees into their jobs.
• Ascertaining training requirements of such employees to make them more competent for their jobs.
• Providing facilities for their future education and development.

7. Transfer and Promotion: -
• Continuously analyzing job descriptions
• Evaluating employee performance standards.
• Determining training requirements
• Promotion according to employees development.

8. Training e: -
• Planning and preparing training programs
• Providing training staff and faculty resources.
• Conducting the training programmes
• Evaluating the training results.

9. Manpower development: -
• Developing performance standards
• Appraising performance.
• Planning individual development programs

10. Rate determination: -
• Analyzing jobs and giving job descriptions
• Evaluating such jobs
• Developing wage scales

11. Recreation:
• Conducting social activities
• Conducting athletic activities
• Providing recreational facilities for employees.

12. Communications:
• Developing channels and media for information throughout the organization
• Introducing and administering suggestion scheme
• Conducting opinion surveys
• Developing grievance procedures

13. Collective bargaining:
• Negotiating agreements
• Interpreting and administering such agreements

14. Employee discipline:
• Establishing rules for conduct
• Administering disciplinary measures, where necessary.

15. Performance evaluation:
• Developing performance evaluation
• Conducting performance evaluation interviews
• Analyzing performance evaluation results.
16. Employee counseling: -
   - Selecting and training counselors
   - Arranging counseling interviews
   - Assessing extent of help actually rendered.

17. Safety: -
   - Establishing safety rules
   - Investigating accidents
   - Conducting safety precautions
   - Preventing or eliminating hazards.

18. Medical services: -
   - Developing and administering prevention programs
   - Examining employees and job applicants
   - Providing medical treatment
   - Educating in health matters.

19. Protection and security: -
   - Developing and administering security regulations
   - Organizing fire fighting services
   - Providing guard or watchman services

20. Personnel research: -
   - Analyzing personnel problems
   - Recommending improved practices
2.2 The focus of strategic HRM

Strategic HRM focuses on actions that differentiate the firm from its competitors. It develops declarations of intent, which define means to achieve ends, and it is concerned with the long-term allocation of significant company resources while matching those resources and capabilities to the external environment. Strategy is a perspective on the way in which critical issues or success factors can be addressed, and strategic decisions aim to make a major and long-term impact on the behavior and success of the organization.

2.2.1 Aims of strategic HRM

To generate strategic capability by ensuring that the organization has the skilled, committed and well-motivated employees it needs to achieve sustained competitive advantage. Its objective is to provide a sense of direction in an often-turbulent environment so that the business needs of the organization; the individual and collective needs of its employees can be met by the development and implementation of coherent and practical HR policies and programs. Strategic HRM should attempt to achieve a proper balance between the hard and soft elements i.e. all organizations exist to achieve a purpose and they must ensure that they have the resources required to do so and that they use them effectively but they should also take into account the human considerations contained in the concept of soft strategic HRM.
Approaches to strategic HRM

The three main approaches to the development of HR strategies have been defined as follows:-

1. The best practice approach that is based on the belief that there is a set of superior HRM practices which if adopted will lead to better organization performance.

2. The best fit approach, which is based on the belief that there can be no universal prescriptions for HRM policies and practices. It is all contingent on the organizations context and culture and its business strategy.

3. The configurationally approach, which focuses on the search for distinctive configurations – arrangements of 'joined-up' HR practices which combined function more effectively that if they existed as unrelated entities. This concept is commonly referred to as 'bundling'.

Barriers to the implementation of HR strategies

The barriers which can be met by HR strategists when attempting to implement strategic initiatives are often concerned with a failure to understand the strategic needs of the business, with the result that HR strategic initiatives are seen as irrelevant, even counter productive. The problem is compounded if there has not been adequate assessment of the environmental and cultural factors, which affect content of the strategies. Implementation will also be difficult if one initiative is pursued in isolation without considering its implications on other areas of HR practice or trying to ensure that if the practical problems of getting the initiative accepted by all concerned, including importantly top management have not been addressed. Inability to achieve ownership
amongst line managers or to develop the skills they require to play their part in implementation will be a major obstacle. It is also necessary to ensure that supporting processes for the initiative (e.g. performance management to support performance pay) and the financial and people resources required are available.

**Overcoming the barriers**

To overcome these barriers it is necessary to:

1. **Conduct a rigorous initial analysis**

The initial analysis should cover business needs, corporate culture and internal and external environmental factors. The framework could be a SWOT analysis of strengths, weaknesses, opportunities and threats facing the organization, or PESTLE analysis (the political, economic, social, technological, legal and environmental contexts within which the organization operates).

2. **Formulate strategy**

This should set out the rationale for the strategy and spell out its aims, cost and benefits.

3. **Gain support**

Particular care needs to be taken to obtain the support of top managers (for whom a business case must be prepared), line managers, employees generally and trade unions. This means communication of intentions and their rationale and the involvement of interested parties in the formulation of strategic plans.
4. **Assess barriers**

An assessment is required of potential barriers to implementation, especially those relating to indifference, hostility (resistance to change) and lack of supporting processes or resources.

5. **Prepare action plans**

These should spell out what is to be done, who does it and when it should be completed. A project plan is desirable which indicates the stages of the implementation programme, the resources required at each stage, and the stage and final completion dates. The action plan should indicate the consultation, involvement, communication and training programmes that will be required. It should also state how progress will be monitored and the criteria for measuring success against objectives.

6. **Project management implementation**

This should be conducted by reference to the action or project plan and involves monitoring progress and dealing with problems as they arise.

7. **Follow up and evaluate**

Nothing can be taken for granted. It is essential to follow up and evaluate the results of the initiative. This can take place through interviews, focus groups and desirably attitude surveys. The evaluation should point the way to action in the form of amendments to the original proposals, the provision of supporting processes, additional support to line managers, intensified communication and training and the need for more resources.
2.3 **BASIC MODEL OF STRATEGIC MANAGEMENT**

Strategic management consists of four basis elements:

a) Environmental scanning
b) Strategy formulation
c) Strategy implementation
d) Evaluation and control

**A. Environmental Scanning**

This is the monitoring, evaluating and disseminating of information from the external and internal environments to key people within the corporation. Its purpose is to identify strategic factors i.e. external and internal elements that will determine the future of the corporation. The simplest way to conduct environmental scanning is through SWOT analysis. SWOT is an acronym used to describe those particular strengths, weaknesses, opportunities and threats that are strategic factors for a specific company.

The external environment consists of variables (opportunities and threats) that are outside the organization and not typically within the short-run control of top management. These variables form the context, which the corporation exists for example trends, technology, legal framework among others. The internal environment of a corporation consists of variables (strengths and weaknesses) that are within the organization itself and are not usually within the short-run control of top management. These variables include the corporations’ structure, culture and resources such as Human Resources. Key strengths form a set of core competencies, which the corporation can use to gain competitive advantage. (Cole, 2000)
B. Strategy Formulation

It is the development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses. It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. (Armstrong, 2001).

An Organizational Mission

An organizations mission is the purpose or reason for the organizations existence. It tells what the company is providing to society – either a service like housecleaning or a product like automobiles. A well conceived mission statement defines the fundamental, unique purpose that sets a company apart from other firms of its type and identifies the scope of the company’s operations in terms of products (including services) offered and markets served. It puts into words not only what the company is now, but also what it wants to become – management’s strategic vision of the firms’ future. Some people like to consider vision and mission as two different concepts: a mission statement describes what the organization is now; a vision statement describes what the organization would like to become. (Armstrong, 2001)

The mission statement promotes a sense of shared expectations in employees and communicates a public image to important stakeholder groups in the company’s task environment. It tells who we are and what we do as well as what we would like to become.
A mission may be defined narrowly or broadly in scope. An example of a broad mission statement is that used by many corporations: ‘Serve the best interests of shareowners, customers and employees’. A narrow mission very clearly states the organizations primary business but it may limit the scope of the firms’ activities in terms of product or service offered, technology used and market served.

Objectives

This is the end result of planned activity. They state what is to be accomplished by when and should be quantified if possible. The achievement of corporate objectives should result in the fulfillment of a corporation’s mission. Some of the areas in which a corporation might establish its goals and objectives are:

- Profitability (net profits)
- Efficiency (low costs, etc).
- Growth (increase in total assets, sales, etc).
- Shareholder wealth (dividends plus stock price appreciation)
- Utilization of resources
- Reputation (being considered a ‘top’ firm)
- Contribution to employees (employment security, wages, diversity)
- Contributions to society (taxes paid, participation in charities, providing a needed product of service
- Market leadership
- Technological leaders (innovations, creativity).
- Survival (avoiding bankruptcy)
1. Personal needs of top management (using the firm for personal purposes, such as providing jobs for relatives). (Dessler, 2001)

Strategies

A strategy of a corporation forms a comprehensive master plan stating how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage. There are three types of strategy: corporate, business and functional.

**Corporate strategy** describes a company's overall direction in terms of its general attitude towards growth and the management of its various businesses and product lines. Corporate strategies typically fit within the three main categories of stability, growth and retrenchment.

**Business strategy** usually occurs at the business unit or product level and it emphasizes improvement of the competitive position of a corporation's products or services in the specific industry or market segment served by that business unit. It may fit within the two overall categories of competitive or cooperative strategies.

**Functional strategy** is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity. It is concerned with developing and nurturing a distinctive competence to provide a company or business unit with a competitive advantage.

Policies

A policy is a broad guideline for decision-making that links the formulation of strategy with its implementation.
C. Strategy implementation

It is the process by which strategies and policies are put into action through the development of programs, budgets and procedures. It is also referred to as operational planning as it often involves day-to-day decisions in resource allocation.

Programs

It is a statement of the activities or steps needed to accomplish a single-use plan. It makes the strategy action oriented. It may involve restructuring the corporation, changing the company’s internal culture, or beginning a new research effort.

Budgets

It is a statement of a corporation’s program in terms of dollars. Used in planning and control, it lists the detailed cost of each program.

Procedures

It is sometimes termed Standard Operating Procedures (SOP), a system of sequential steps or techniques that describe in detail how a particular task or job is to be done. They typically detail the various activities that must be carried out in order to complete the corporation’s program.

D. Evaluation and control

It is the process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems. Although evaluation and control is the final major element of strategic management, it also can pinpoint weakness in previously implemented strategic plans and thus stimulate the entire process to begin again. For evaluation and control to be effective, managers
must obtain clear, prompt and unbiased information from the people below them in corporation’s hierarchy. (Bethel Fox, 1998)

2.4 PHASES OF STRATEGIC MANAGEMENT

As managers attempt to better deal with their changing world, a firm generally evolves through the following four phases of strategic management.

Phase 1: Basic financial planning
This is where managers initiate serious planning when they are requested to propose next year’s budget. There is very little analysis involved.

Phase 2: Forecast based planning
As annual budgets become less useful at stimulating long term planning, managers attempt to propose five years plans. They now consider projects that may take more than one year. They consider both internal and external information on an ad hoc basis.

Phase 3: Strategic planning
This happens when managers are frustrated with highly political, yet ineffectual 5-year plans; top management takes control of the planning process by initiating strategic planning. The company seeks to increase its responsiveness to changing markets and competition by thinking strategically. Planning at this point is taken out of the hands of lower level managers and concentrated in a planning staff whose task is to develop strategic plans for the corporations. Consultants often provide the sophisticated and innovative techniques that the planning staff uses to gather information and forecast future trends.
Phase 4: Strategic management

Realizing that even the best strategic plans are worthless without the input and commitment of lower level managers, top management forms plans, group’s managers and key employees at different levels from various departments and workgroups. They develop and integrate a series of strategic plans aimed at achieving the company’s primary objectives.

Strategic plans now detail the implementation evaluation and control issues rather than attempting to perfectly forecast the future, the plans emphasize probable scenarios and contingency strategies. The sophisticated annual five to ten-year strategic plans therefore replaced with strategic thinking at levels of the organization throughout the year.

Strategic information previously available only centrally to top management, is now available via local area networks to people throughout the organization. Instead of a large centralized planning staff, internal and external planning consultants are available to help guide group strategic discussions.

Although top management may still initiate the strategic planning process, the resulting strategies may come from anywhere in the organization. Planning is typically interactive across levels and is no longer top down. People at all levels are now involved. (Tyson and York, 1985).
2.5 The Need for a Learning Organization

Strategy management has now evolved to the point that its primary value is in helping the organization operate successfully in a dynamic, complex environment. Managers at all levels are expected to continually analyze the changing environment in order to create or modify strategic plans throughout the year. *To be competitive in dynamic environments, corporations have to become less bureaucratic and more flexible.* In stable environments such as have existed in years past, a competitive strategy simply involved defining a competitive position and then defending it. But as changes occur in short period’s organizations are finding that there is no such thing as permanent competitive advantage. Any sustainable competitive advantage lies not in doggedly following a centrally managed five-year plan but in stringing together a series of strategic short term through standards. (Richard D’ Averi, 1997).

Learning organizations are skilled at solving problems systematically, experiment with new approaches, learn from their own experiences and past history as well as from the experiences of others and transfer knowledge quickly and efficiently throughout the organization.

Learning organizations avoid stability through continuous self-examination and experimentation. *People at all levels, not just top management need to be involved in strategic management i.e. helping to scan the environment for critical information, suggesting changes to strategies and programs to take advantage of environmental shifts*
and working with others to continuously improve work methods, procedures and evaluation techniques (Armstrong 2001).

2.6 Modes of Strategic Decision Making

a) Entrepreneurial mode

Strategy, in this case is made by one powerful individual. The focus is on opportunities while problems are secondary. Strategy is guided by the founders' own vision of direction and is exemplified by large, bold decision.

b) Adaptive mode:

Sometimes referred to as 'muddling through this decision making mode is characterized by reactive solutions to existing problems, rather than a proactive search for new opportunities. Strategy is fragmented and is developed to move the corporation forward incrementally. It is typical of most universities, large hospital, governmental agencies and a surprising number of large corporations.

c) Planning mode:

It involves the systematic gathering of appropriate information for situation analysis, the generation of feasible alternative strategies and the rational selection of the most appropriate strategy. It includes both proactive search for new opportunities and the reactive solution of existing problems. (Armstrong, 1996).

In some instances, a corporation might follow a fourth approach called logical incrementalism, which is a synthesis of the planning, adaptive and to a lesser extent, the entrepreneurial modes of strategic decision making. As described by Quinn, top management might have a reasonably clear idea of the corporation's mission and objectives, but, in its development for strategies, it chooses to use an interactive process
which the organization probes the future, experiments and learns form a series of partial (incremental) commitments rather than through global formulations of total strategies'. This approach appears to be useful when the environment is changing rapidly and when it is important to build consensus and develop needed resources before committing the entire corporation to a specific strategy.

2.7 Strategic Decision-Making Process: Aid to Better Decision

Good arguments can be made for using either the entrepreneurial or adaptive modes in certain situation. There are eight steps that can be used to improve strategic decision making which are: -

a) Evaluate current performance results in terms of return on investment, profitability and so forth: the current mission, objectives strategies and policies.

b) Review corporate governance, that is, the performance of the firms’ board of directors and top management.

c) Scan and assess the external environment to determining the strategic factors that pose opportunities and threats.

d) Scan and assess the internal corporate environment to determine the strategic factors that are strengths (especially core competencies) and weaknesses.

e) Analyze strategic (SWOT) factors to pinpoint problem areas, review and revise the corporate mission and objectives as necessary.

f) Generate, evaluate and select the best alternative strategy in light of the analysis conducted.

g) Implement selected strategies via programs, budgets and procedures.
Evaluate implemented strategies via feedback systems and the control of activities to ensure their minimum deviation from plans.
SHRM aims to make an impact on the performance of the firm through its people in such areas as productivity, quality, and level of customer service, growth, profits and ultimately the delivery of increased shareholder value. It emphasizes the practice of rigorous recruitment and selection procedures, expensive and relevant training, incentive pay system, quality work life and generally tuning up overall HR strategy to be in line with overall business strategy.
CHAPTER THREE

RESEARCH DESIGN METHODOLOGY

3.1 Research Design

The researcher adopted an exploratory research design to assist in attaining primary data to test to answer questions concerning the current status of the issue under investigation. The study also adopted a descriptive research design to collect and gather secondary data for the study. This data was obtained through a library research of analysis of books, journals, several government publications and the Internet. The purpose of the descriptive research was to determine and report the way issues were.

3.2 Target Population

The proposed study was carried out in one company namely, Kenya Ports Authority situated in Mombasa, Coast Province in Kenya. The target population for the study will be 5400 employees of KPA. These were the middle and top-level managers because they are the ones who engage in strategic management. Mombasa was ideal for the study because the company has its head office there and thus the information provided for the research was quite significant and representative.

3.3 Sampling Strategy

Stratified Random sampling technique was used. The goal was to achieve desired representation from various subgroups in the population.
The researcher stratified the target population into the following groups. An attempt was made to cover all available and concerned departments.

Table 3.1(a): The study Sample

<table>
<thead>
<tr>
<th>STRATA</th>
<th>Target population</th>
<th>Ratio</th>
<th>Sample</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Managers</td>
<td>50</td>
<td>0.5</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>Middle managers</td>
<td>200</td>
<td>0.5</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Supervisors/ Skilled workers</td>
<td>550</td>
<td>0.5</td>
<td>275</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>800</td>
<td></td>
<td>400</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Researcher (2005)

3.4 Data Collection Procedure

The study employed both primary and secondary data. Primary data was derived through administration of questionnaires and conduction of structured interviews to top managers who did not have so much time to fill questionnaires. The interviews also allowed the researcher to ask probing questions to get clarifications to issues.

Questions included in the questionnaires were mostly open-ended and there were some few closed-ended questions. Open-ended questions were used to solicit qualitative data and suggestions while closed ended questions sought to obtain quantitative data for
3.5 Data analysis

Data for this study was analyzed using measures of central tendencies like mean, modes and median and with the help of excel packages; the data was presented in charts, graphs, tables and cross tabulations to allow easy interpretation, conclusion of the findings and finally recommendations of the study.
CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Overview of Data collected and analyzed

Out of the 500 questionnaires that were administered 300 were returned. This provides a response rate of 60% respectively.

The following analysis was made out of data collected:

4.2 The kind of management approach used:

1) Strategic management = 240.
2) Authoritarian style of management = 70.
3) Democratic style of management = 20.

Graph 4.2.1
The results in the above shown chart reveals that 73% of correspondents felt that the style of management being used is a strategic approach.

Percentages of collected data

4.2.2 Type of organizational environment (culture):
   i. Professional – 180.
   iii. Political – 120.
   iv. Social – None.

Figure 4.2.2 Percentage of organizational culture.

The above analysis shows that the majority of the correspondents (55%) indicated that the organizational exhibits professionalism.
4.3 Impact of organizational culture.

i. Positively – 220.
ii. Negatively – 70.

Chart 4.3.1 Impact of organizational culture on performance.
The above analysis shows that 76% of the respondents believe that organizational culture highly influences performance.

4.4 Actual Performance

Figure 4.4.1 Profitability
The above chart clearly shows that 52% of respondents felt that the actual organization performance has been good while 38% felt that it is fair and 10% felt that it is poor.

**Figure 4.4.2 Production.**

The pie chart shown above depicts that 50% of the respondents believe that production level has been good, while 37% felt that it has been fair and 13% felt that it was poor.

**Figure 4.4.3 Revenue collection.**

The pie chart shown above reveals that 47% of the respondents believe that revenue collection was good, while 40% felt that it has been fair and 13% felt that it was poor.
The above shown chart indicates that 30% of the respondents believe that staff was good; while 50% felt that it has been fair and 20% felt that it was poor.

4.5 Respondents view on performance.

Figure 4.5.1 Views on performance.
The above shown chart indicates that 60% of the respondents felt that the performance registered thus far was satisfactory while 40% feel otherwise.

4.5.3 The following were said to be the main indicators of Performance

Annual report, Maintenance of equipment, Good staff morale, Meeting of targets, Huge profits registered, Huge sums of tax paid, Government subsidy, Operational targets been met, Measurement of standards set.

4.5.4 The following was said to highly impact on staff morale.

Staff training, Compensation system, Overall performance, Good equipments, Work environment, Professionalism practiced, Modernization of equipments, Good political climate, and Training programs.
4.5.5 Negative influences on staff morale was said to be as follows:

Negative politics (ethnicity), Corruption, Recruitment of non-professionals, Poor implemental programs, Poor staff security, Lack of equipments, Non-involvement of staff in decision-making.

4.5.6 The following views were found to be negative perception on Strategic approach of management.

Politics, Corruption, Political influence, recruiting of non-professionals, Salary increase need, Staff security is poor. Lack of equipments, Non-optimization of facilities.

4.6 How human resources decision are made.

Table 4.6.1

<table>
<thead>
<tr>
<th>Type</th>
<th>Professionally</th>
<th>Unprofessionally</th>
<th>By HR specialist</th>
<th>By Non-HR specialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>120</td>
<td>70</td>
<td>110</td>
<td>None</td>
</tr>
</tbody>
</table>

Figure 4.6.2 Percentage of how human resources decisions are made

Key:
Un-p = Unprofessionally
HR-s = By HR specialist
P = Professionally
Non-p = By Non-HR specialist
The above shown chart reveals that 37% of the respondents stated that human resources professionals make Human Resource decisions, 40% believed that the decisions are made professionally while 23% believed that the decisions are made unprofessionally.

4.7. The level of external influence on human resource decisions.

Table 4.7.1

<table>
<thead>
<tr>
<th>Number</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>250</td>
<td>250</td>
<td>50</td>
</tr>
</tbody>
</table>

Figure 4.7.2 Percentage of external influence in human resource decisions

17%
83%
The above shown chart shows that 83% of the respondents felt that there was a lot of external influence on the human resources related decisions while 17% felt that there was no external influence.

4.8. a) Staff awareness of strategic plan.

<table>
<thead>
<tr>
<th>Table 4.8.1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Number</td>
<td>290</td>
</tr>
</tbody>
</table>

Figure 4.8.2 Staff awareness on existence of strategic plan.
Figure 4.8.3 Percentage of awareness on existence of strategic plan.

The above shown figures indicates that 97% of staff seemed aware of the existence of a strategic plan while 3% had no idea of its existence.

4.9. Number of staff knowledgeable in strategic vision or mission.

Table 4.9.1

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>200</td>
</tr>
</tbody>
</table>

Figure 4.9.2 Percentage of staff knowledge on strategic mission and vision.
The chart shown above reveals that a higher percentage of staff (67%) seemed unaware of the organizational mission and vision while 33% were aware.

4.10. Participants in strategic plan.

<table>
<thead>
<tr>
<th>Level</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>All levels of staff</td>
<td>50</td>
</tr>
<tr>
<td>Top management staff</td>
<td>240</td>
</tr>
<tr>
<td>Top management and middle staff</td>
<td>10</td>
</tr>
<tr>
<td>All management staff</td>
<td>0</td>
</tr>
</tbody>
</table>

Analysis from the above shown chart indicates that 80% of the respondents stated that top management is the only one involved in charting the strategic plan, 17% said that there is involvement at all levels of staff while 3% felt that middle level were the ones involved.

4.11. Employee's view on quality work life.

<table>
<thead>
<tr>
<th></th>
<th>260</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>40</td>
</tr>
</tbody>
</table>
Figure 4.11.1 Percentage of staff enjoying quality work life.

The above pie chart shows that 90% of the respondents stated that they enjoy quality work life while 10% did not enjoy the same.

4.11.2 How strategic plan affects organization performance.

The result from the respondents above shows that 80% of the respondents stated that a strategic plan affects the organizations performance while 20% thought it did not.
4.12 Employee perception on Strategic Human Resource Approach of Management was as follows:

Table 4.12.1

<table>
<thead>
<tr>
<th>Positive</th>
<th>Negative 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outlines strategic direction (guide).</td>
<td>It could be misused i.e. few will benefit</td>
</tr>
<tr>
<td>Smooth workflow.</td>
<td>Misused to suit top management objectives and not others.</td>
</tr>
<tr>
<td>It leads to efficiency.</td>
<td>Reduction of staff morale.</td>
</tr>
<tr>
<td>Improves cargo handling</td>
<td>Retrenchment due to cost reduction.</td>
</tr>
<tr>
<td>Improves customer service.</td>
<td>Change of operation affects negatively.</td>
</tr>
<tr>
<td>Setting of goals and objectives.</td>
<td>Lack of preparation (Training) results to conflicts.</td>
</tr>
<tr>
<td>Identification of organizational strength, weaknesses, opportunities, and threats leading to better decisions.</td>
<td>Lack of change management leads to strife.</td>
</tr>
<tr>
<td>Facilitation of positive changes.</td>
<td>Retrenchment.</td>
</tr>
<tr>
<td>Setting of targets.</td>
<td></td>
</tr>
<tr>
<td>Reduction of costs</td>
<td></td>
</tr>
<tr>
<td>Time Saving</td>
<td></td>
</tr>
<tr>
<td>Improves on training programmes.</td>
<td></td>
</tr>
<tr>
<td>Appraisals of performance, measure of improvements</td>
<td></td>
</tr>
<tr>
<td>Acts as motivator to meet set targets.</td>
<td></td>
</tr>
<tr>
<td>Organization environment is clearly understood.</td>
<td></td>
</tr>
</tbody>
</table>

4.13 Human resources factors influencing performance.

The respondents listed the following Human Resources factors as those affecting their productivity and eventual performance. Motivation, Work environment, Supervision (employee relationship), Compensation system, Training, Teamwork, Medical, Pension scheme, Welfare, Fringe benefits, Training Selection, Motivation makes workers feel appreciated, Compensation has a direct impact on staff morale, Training a skillful employee is a productive employee, Salary structures, Work environment, Training, Good working environment, Training, Work relation, Bonus leads to motivation, Good salary, Work environment, Shift allowances, Bonuses and Staff supervision.

Table 4.14.1

<table>
<thead>
<tr>
<th>Function</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a support unit</td>
<td>40</td>
</tr>
<tr>
<td>As a service providing unit</td>
<td>70</td>
</tr>
<tr>
<td>As a strategic business unit</td>
<td>50</td>
</tr>
<tr>
<td>As a functional department</td>
<td>130</td>
</tr>
</tbody>
</table>

Chart 4.14.2

A higher percentage of respondents (45%) considered Human Resource Management as a functional department, 24% regarded it as a service-providing unit, 17% as a strategic business unit while 14% thought it as just a support unit.
4.15 View on how the organization conducts staff training

**Table 4.15.1**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>For all staff</td>
<td>200</td>
</tr>
<tr>
<td>For management</td>
<td>30</td>
</tr>
<tr>
<td>For non-management</td>
<td>0</td>
</tr>
</tbody>
</table>

**Chart 4.15.1 Periodic training programmes**

The above shown pie chart reveals that a higher percentage of respondents (87%) considered training programs are conducted for all levels of staff, while 13 % thought that training was just for management.

**Table 4.15.2 Yearly training programs.**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>For all staff</td>
<td>170</td>
</tr>
<tr>
<td>For management</td>
<td>70</td>
</tr>
<tr>
<td>For non-management</td>
<td>60</td>
</tr>
</tbody>
</table>

**Chart 4.15.3**
The analysis shown above indicates that 57% of the respondents believed that yearly training programs are conducted for all levels of staff within the organization, 23% thought that these programs were only for management staff while 20% believed that the programs are for non management staff.

Table 4.15.4 Contents of training programs

| Target market related (stake holders/customers) | 40 |
| Operational based | 130 |
| Strategic related | 80 |
| Management based | 130 |
| Environment based | 70 |
| Human related based | 80 |
| All of above | 10 |

Chart 4.15.5 Types of training programmes
The results indicated that the organization conducts an assortment of training programmes such as Management, Environmental based, operational training among others.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings and Recommendations
The discussions about strategic human resource management that its main distinction is in the fact that human resource strategies are generally integrated vertically with the business strategy and horizontally with one another has been exhaustive. That all Human Resources related decisions should be in line with overall organizational objective and business strategy is clearly indicated in the survey results. Some of the notable results in the research project were that:-

5.1.1 Strategic Human Resource Approach
Strategic Human Resource approach was found to highly contribute to organizational performance due to its goal oriented nature. The overall objectives/goals of the human resource related decisions that is to fit into the overall organizational goals has led to setting of departmental goals resulting to target setting and performance measurement. This as a result serves as a drive force towards achievement of the overall organizational goals.

5.1.2 Human Resources Factors Influencing Performance
The human resources factors such as recruitment and placement, remuneration, training, work environment and culture, incremental programmes, staff welfare among others were seen to have a high degree of influence in determining staff morale which translated to individual performance and eventual overall organizational performance.

5.1.3 Performance Indicators
The study revealed that profitability may not be the only indicator of organizational performance but equally important are factors such as production levels in comparison to efficiency of machines and equipments, return on investments ie level of investment in comparison to actual performance, staff morale in relation to motivational factors, service
delivery in comparison to customer satisfaction and meeting of the overall organizational among others.

5.1.4 Role of Strategic Human Resource Management

Clear indications were that human resource management is still considered by many as a mere factional unit and not necessarily a strategic management department. Generally the entire strategic human resource management approach was found to be positively contributing to organizational performance due to its nature of approach. The fact that clear objectives are stipulated, clear target are set and appraisal are made highly acts as a driving force for staff to perform.

Strategic human resource management has also led to quality work life due to the welfare programmes enjoyed by the members of the organization.

Other human resources factors such as recruitment, staff development programmes, remuneration among others were found to be quite influential in determining staff perception of the entire organization and therefore highly regarded. This clearly shows that members of organization highly perceive the organizational culture and value accordingly from the human resource point of view.

5.1.5 Learning Organization

The study revealed that a continuous learning organization ie through continuous training programmes adds value to individuals contributions which as a result/ impacts positively on overall organizational performance.

5.1.6 Strategic Management Process

The survey clearly revealed that where there is no “total inclusion” policy in the strategic management plan, the results were negative. This was evidenced by suspicion raised about the process and implementation in areas where some members of organization seem ignorant of the process.
This as a result clearly states that the positive performance may be as a result of target setting and performance measurements but not necessarily due to the fact that staff understand and appreciates the approach.

5.1.7 The Degree of Influence of Human Resources Factors in Performance.
The study showed that staff rated the following factors to be most important as far as influence of their performance is concerned that is motivation, remuneration, and training.

5.2 Limitation of the Study
The proposed study was confined to Kenya Ports Authority, which is based in Mombasa, in the Coast Province of Kenya. Mombasa was ideal for the study because the Kenya Ports Authority has its head offices there and thus the information provided for the research will be quite significant and representative.

However, in the course of this study, the researcher encountered some shortcomings. These were viewed as challenges and not handicaps and the researcher tried as much as possible to overcome them. These limitations were:

(i) Financial constraints
Since the research was self-sponsored the researcher encountered financial difficulties at some point. However, efforts were made as soon as the research proposal was approved for financial support from interested stakeholders.

(ii) Time Frame
Time was a major issue as far as the research project was concerned since the researcher was expected to perform her regular duties at her work place. The researcher however requested for time off during data collection to be able to conduct interviews when necessary.
(iii) Co-operation
Other speculated limitations were lack of corporation from some of managers in selected areas since not everyone viewed the research surveys and titles objectively. Not all correspondents were willing to give information due to suspicion that it would be used against them and some due to the workload.

(iv) Equipments / machines
The research required use of machines such as computers, printers for typing analysis and printing information. The researcher was forced to hire typists due to lack of stated facilities at personal level. This also increased the cost of the research project.

5.3 Recommendations
In view of the above conclusions the following recommendations are made:

(i) Strategic Human Resource Management Approach
The Strategic Human Resource Management Approach is highly recommended for use in Managing the human resource factor of an organization as has been evidenced by its positive influence in determining performance.

However the process of planning and adoption should be fully exhausted so as to avoid loop holes and suspicion on the whole approach. The policy of total inclusion is highly recommended for acceptance of change and smooth running of any organization.

(ii) Human Resources Factors
The researcher recommends that management should balance up all human resources factors such as remuneration system, training programmes, organizational culture among others as they highly influence staff performance. The said factors also determines staff view of the overall organizational culture and therefore its importance can not be over emphasized.
(iii) Training
Organizations should maintain a continuous learning culture due to the fast changing environment they operate in. This will enhance improved performance due to meeting organizational and customer expectations.
Training also acts as motivator to staff. Increased knowledge and improved skills add value to staff and highly contribute to performance.
Training can also be useful to “unlearn” obsolete ideas and practices which lead to poor performance.

(iv) Human Resource Management
The researcher also recommends that the human resources function be considered as a strategic business unit and be given its due recognition since most of the factors influencing and hindering business performance are human resources related.

(v) Strategic Management Process
The researcher recommends that management should move all the way with every member of the organization so as to foster harmony and understanding in the way forward. When every member is aware of where the organization is, where its going and how its getting there, results are attainable not just out of fear but as a result of team spirit and mutual understanding. This as a result brings about positive results.

(vi) Performance Indicators
The researcher recommends that organization should consider viewing performance not just in Light of annual monetary results but also in areas pertaining to customer satisfaction, staff morale, and production levels in comparison to man and machine capabilities, return on total investment, sustenance of mission, meeting of the departmental and overall organizational objectives, staff turnover among others.
This will ensure a balanced approach in viewing performance management while measuring the total system and not just a single factor.
5.4 Suggestion for Further Studies

The research was conducted over a short period of time and therefore could not cover a wider scope. The researcher would like to suggest that a similar study be carried out and this time with a wide scope in terms of sample size and scope. A wider selection of cases such as ten five parastatals in the transport industry could also be considered. The researcher would also like to suggest related studies especially in areas of strategic planning, strategic management in Kenyan parastatals for the purpose of finding out the clear impact of strategic management in Kenyan organization.
REFERENCES

Agrawal (1993), *problems of planning and development* Rashwani printers. Delhi, India.


### APPENDICES

#### Appendix 1

**BUDGET**

<table>
<thead>
<tr>
<th>Item</th>
<th>KSHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource materials i.e. paper, pens, spiral binding</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Computer typing</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Email, telephone</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Transport</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Accommodation</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Photocopies</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Typing papers</td>
<td>3,000.00</td>
</tr>
<tr>
<td>Interviews, refreshments</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Contingencies</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Postage (questionnaires)</td>
<td>3,000.00</td>
</tr>
<tr>
<td>Research assistant</td>
<td>40,000.00</td>
</tr>
<tr>
<td>Purchase of computer</td>
<td>19,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>188,000</strong></td>
</tr>
</tbody>
</table>
Appendix 2

TIME SCHEDULE

March 2004: Consultation with one of the lecturers on Topic and Research structure.

April 2004: Designing Research Proposal

May 2004: Research problem, objectives, questions, purpose.

December 04 – January 2005 Literature review

February – May 2005 Data collection

May-July 2005 Analysis and interpretation

August 2005 compiling final reports
Appendix 3

Cover Letter

Flaura Juma
P.O. Box 10275,
Bamburi,
Mombasa.

Dear Respondent,

I am a postgraduate student in the School of Business, Kenyatta University. I am undertaking a research project on "Strategic Human Resources Management as an approach to organizational performance (A case of Kenya Ports Authority)" This is in fulfillment of the requirements for the Master of Business Administration (MBA) degree.

Please kindly fill in the attached questionnaire as honestly as possible. The information you give is needed purely for academic research and will be treated with strict confidence.

Your assistance and cooperation is highly appreciated. Thank you.

Yours sincerely,

FLAURA JUMA.
QUESTIONNAIRE

Sample questionnaire for a Research Project entitled "Strategic Human Resources Management as an approach to organizational performance'. A case of KPA. Please read the instructions carefully:

Part A: - PERSONAL DETAILS (optional)
Age: ____________________________________________________________

Organization: _______________________________________________________________________

Occupation: _______________________________________________________________________

Experience: _______________________________________________________________________

Department: _______________________________________________________________________

Part B: ANSWER ALL QUESTIONS CAREFULLY
1. What kind of management approach does your organization employ?
   a) Strategic management   b) Authoritarian style of management
   c) Democratic style of management   c) Scientific style of management

2. What kind of organizational environment does your organization portray?
   a) Professional   b) Unprofessional
   c) Political   d) Social

3. How do you think your answer for question 1 and 2 above have impacted on organizational performance?
   a) Positively   b) Negatively

4. What has been the actual performance for your organization in the past 5 (five) years? (tick one) Profitability, Production level, Revenue collection, Staff morale
   For each of the factors (use separate sheet)
   a) 2004   a) 2005   a) 2006   a) 2007   a) 2008
   a) Good   a) Adequate   a) Fair   a) Poor
   a) Good   a) Adequate   a) Fair   a) Poor
   a) Good   a) Adequate   a) Fair   a) Poor
   a) Good   a) Adequate   a) Fair   a) Poor
5. In your own view, is this performance satisfactory given prevailing circumstances or you could have done better?
   a) Satisfactorily  b) Non satisfactory

5b) Give reasons for your answer in 5(a) above. (*Use a separate sheet herein provided*)

6. How are your Human resources management decisions made? (Choose any correct or several) e.g. recruitment, promotion, transfers etc.
   a) Professionally  b) Unprofessionally  c) By HR specialist  d) By non HR specialist

7. Is there any external influence as far as human resources decisions are made?
   a) Yes  b) No

8. Does your organization have a strategic plan?
   a) Yes  b) No

8b) If Yes – what is your organizations’ (*Use separate sheet*)
   Mission
   Vision
   Strategy

9. Who was involved in the drafting of strategic plan?
   a) All levels of staff  b) Top management staff
   c) Top management and Middle staff  d) All management staff
10. Does your organization enjoy quality staff work life e.g. welfare, team work?  
   a) Yes  
   b) No  

11. How do you think your strategic plan is affecting your overall organization's performance?  
   a) Positively  
   b) Negatively  

11b) Give your reasons for 11(a) above. (*use separate sheet*)  

12. In your own view what are some of the human resources management issues directly influencing performance?  
   a) Motivation  
   b) Compensation system  
   c) Work environment  
   d) Training  
   e) Employee/Supervision relations  
   f) Team work  
   g) Any other  
   h) All the mentioned  

12b) Give your reasons for 12(a) above. (*use separate sheet*)  

13. Where does your organization policy place the human resources management function (department)?  
   a) As a support unit  
   b) As a service providing unit  
   c) As a strategic business unit  
   d) As a functional department  

14. How does your organization conduct staff training? (tick one or more appropriate)  
   a) Periodic  
   (i) For all staff  
   (ii) For management  
   (iii) For non-management  
   b) Yearly programs  
   (i) For all staff  
   (ii) For management  
   (iii) For non-management
15. What are the main contents of your training programs?

(i) Target market related (stakeholders customers)
(ii) Operational based
(iii) Strategic related
(iv) Management based
(v) Environmental based (technology)
(vi) Human relations based

THANK YOU FOR SPARING SOME TIME TO ANSWER THE QUESTIONS.
## Appendix V

**HRM BEST PRACTICES**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>• Selection and the careful use tests to identify those with potential to make a contribution</td>
<td>• Sophisticated selection and recruitment processes</td>
<td>• Employment security</td>
<td>• Careful and extensive systems for recruitment, selection and training</td>
</tr>
<tr>
<td>• Training and in particular a recognition that training is an ongoing activity</td>
<td>• Sophisticate induction programmes</td>
<td>• Selective hiring</td>
<td>• Formal systems for sharing information with employees</td>
</tr>
<tr>
<td>• Job design to ensure flexibility, commitment and motivation, including steps to ensure that employees have the responsibility and autonomy to use their knowledge and skills to the full</td>
<td>• Sophisticated training</td>
<td>• Self managed teams</td>
<td>• Clear job design</td>
</tr>
<tr>
<td>• Communication to ensure that a two way process keeps everyone fully informed</td>
<td>• Coherent appraisal systems</td>
<td>• High compensation contingent on performance</td>
<td>• High level participation process</td>
</tr>
<tr>
<td>• Employee share ownership programmes to keep employees aware of the implications of their actions, including absence and labour turnover, the financial performance of the firm.</td>
<td>• Flexibility of workforce skills</td>
<td>• Training to provide a skilled and motivated workforce</td>
<td>• Monitoring of attitudes</td>
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<tr>
<td></td>
<td>• Job variety on shop floor</td>
<td>• Reduction of status differentials</td>
<td>• Performance appraisals</td>
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<td></td>
<td>• Use of formal teams</td>
<td>• Sharing information</td>
<td>• Properly functioning grievance procedures</td>
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<tr>
<td></td>
<td>• Frequent and comprehensive communication to workforce</td>
<td></td>
<td>• Promotions and compensation schemes that provide for the recognition and reward of high performing employees</td>
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<tr>
<td></td>
<td>• Use of quality improvement teams</td>
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<td>• Harmonized terms and conditions</td>
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<td>• Basic pay higher than competition</td>
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<td>• Use of incentive schemes</td>
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A LINEAR STRATEGIC HRM MODEL

- Business strategy
  - Internal environment
  - Overall HR strategy
  - Resourcing strategy
  - Human resource development strategy
  - Reward strategy
  - Employ relations strategy
- External environment
## LINKING HR AND COMPETITIVE STRATEGIES

<table>
<thead>
<tr>
<th>Competitive strategy</th>
<th>Resourcing</th>
<th>HR development</th>
<th>Reward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve competitive advantage through innovation</td>
<td>Recruit and retain high quality people with innovative skills and a good track record in innovation</td>
<td>Develop strategic capability and provide encouragement and facilities for enhancing innovative skills and enhancing the intellectual capital of the organization</td>
<td>Link rewards to quality performance and the achievement of high standards of customer service</td>
</tr>
<tr>
<td>Achieve competitive advantage through quality</td>
<td>Use sophisticated selection procedures to recruit people who are likely to deliver quality and high levels of customer service</td>
<td>Encourage the development of a learning organization, develop and implement knowledge management processes, support total quality and customer care initiatives with focused training</td>
<td>Review all reward practices to ensure that they provide value for money and do not lead to unnecessary expenditure</td>
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<tr>
<td>Achieve competitive advantage through cost leadership</td>
<td>Develop core/periphery employment structures, recruit people who are likely to add value; if unavoidable, plan and manage downsizing humanely</td>
<td>Provide training designed to improve productivity, inaugurate just-in-time training which is closely linked to immediate business needs and can generate measurable improvements in cost-effectiveness</td>
<td></td>
</tr>
<tr>
<td>Achieve competitive advantage by employing people who are better than those employed by competitors</td>
<td>Use sophisticated recruitment and selection procedures based on a rigorous analysis of the special capabilities required by the organization</td>
<td>Develop organizational learning processes, encourage self-managed learning through the use of personal development plans as part of a performance management process</td>
<td>Develop performance management processes which enable both financial and non-financial rewards to be related to competencies and skills; ensure that pay levels are competitive</td>
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