THE EFFECTS OF HUMAN RESOURCE MANAGEMENT STRATEGIES ON THE EFFECTIVENESS OF COFFEE MARKETING ORGANIZATIONS IN MERU

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D53/OL/16201/2006

THIS RESEARCH PROJECT IS SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTERS IN BUSINESS ADMINISTRATION OF KENYATTA UNIVERSITY

MARCH, 2011

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The effects of human resource management
DECLARATION

This research study is my original work and has not been presented to any college or other examination body for academic accreditation.

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I dedicate this research project to my wife Euphraith Kariuki and my daughters Celine and Laurene.
ACKNOWLEDGMENT

I am grateful to the Lord God almighty for the opportunity He has given me in the pursuit of Masters of Business Administration. I sincerely appreciate the staff of Kenyatta University for the great impartation of knowledge which I have been a partaker.

Thanks to my supervisor Mrs. Esther Gitonga with whose effort I made it to fulfill my dream as a scholar and a researcher.

May the good Lord bless you.
ABSTRACT
Strategic human resource management is a coherent approach to the management of an organization's most valued asset; the people working there who individually and collectively contribute to the achievement.

This study was an investigation into the influence of human resource management strategies on the effectiveness of coffee marketing organizations in Meru. The specific focus of the study was on the influence of organizational development, culture management strategies, knowledge management strategies, change management strategies, development of climate of high commitment and trust strategies on the performance of the coffee marketing organization in Kenya.

This study was of importance to the management of the MCFCU in enlightening them on the human resource strategies and their effects on organizational effectiveness. It was also of great importance to future researchers who may want to understand the strategies in the MCFCU and the future issues concerning human resource management. The ministry of co-operative and marketing may also benefit from this study as it would provide some vital information for policy making on the issues affecting the achievement of expected organizational performance through the employees.

Looking at the scope of the study, it focused on the strategic issues in the human resource management of MCFCU. The study therefore included all the employees of the MCFCU. This coffee union is situated in Imenti North district with its headquarters in Meru town along the Meru-Nanyuki road.

The study was a case study with a target population of 58 employees of Meru Central Coffee Union. The Union is situated in Meru town where it serves its affiliate societies totaling to 34 in number. A census was conducted as the whole target population was issued with the questionnaire for data gathering. The whole population was accessible and limited to 58. The target population was categorized based on the levels that the employees served in the organization structure.

Data analysis was done using descriptive statistics and presented in figures and tables. Use of spreadsheet was necessary for the drawing of the figures and the tabulation of the data.

The findings were that Human resource strategies affected the performance of the employees directly translating to the performance of the organization as a whole. Organizational development issues like culture management and change affected the general performance of the organization. Knowledge management through sharing vital information and training affected the level of skills and hence the performance of the organization as a whole.

It was also found that the values of the organization, which form the platform of what is expected of the employees affected the culture and ultimately the performance
expectation of the employees. This directly affected their performance as an integral part of the organizational performance.

The recommendations were that MCFCU management should improve on the implementation of the strategic plan as there were some employees who were not aware of the issues in the strategic plan. All the respondents said that the implementation of the strategic plan was not conducted well. The management of MCFCU should also ensure that recognition of the employees is given first priority so that their morale may be higher for better results.

The management of MCFCU and the Ministry of co-operative and marketing should ensure that among the policies for human resource management all employees including the support staff were trained.

Further research was recommended particularly on how building value in the employees would better performance because MCFCU seemed to neglect the training of the support staff. Research could also be conducted using a different methodology to check on whether the findings in this case study hold over time and across different environmental settings. Finally since organizations are a complex of different activities, human resource strategies have effects on product and marketing strategies among others, it was recommended that further studies should be conducted to find out the effects of human resource strategies on other strategies of the organization.
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## OPERATIONAL DEFINITION OF TERMS

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<td>Organizational Development and Transformation Strategies</td>
<td>This is a planned systematic process in which applied behavioural science principles and practices are introduced into an ongoing organization towards the goals of effecting organizational improvement, greater organizational competence, and greater organizational effectiveness.</td>
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<td>Culture Change Management Strategies</td>
<td>These are concerned with how the culture of an organization can be moved from the present state to a future desired state. They are about the achievement of longer-term objectives either for changing the culture in specified ways or for reinforcing the existing culture.</td>
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<td>Knowledge Management Strategies</td>
<td>This is any process or practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organizations.</td>
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<td>Development of High Climate of High Commitment and Trust Strategies</td>
<td>This refers to the feeling of attachment and loyalty to the organization and as such plays an important part in the human resources philosophy.</td>
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<td>Organizational effectiveness</td>
<td>This is the achievement of business goals and a positive culture. This can be measured in terms of the match between the opportunities and the resources, adapting flexibility to environmental changes, creativity and mutual trust.</td>
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<td>Abbreviation</td>
<td>Description</td>
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<td>ACCOSCA</td>
<td>African Confederation of Co-operatives Savings and Credit Association</td>
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<td>CBK</td>
<td>Coffee Board of Kenya</td>
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<td>International Co-operative Alliance</td>
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<td>Kenya National Federation of Co-operatives</td>
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<td>KPCU</td>
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<td>KUSCO</td>
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<td>MACCU</td>
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CHAPTER ONE
INTRODUCTION

1.1: Background of the Study

Strategy is about deciding where one wants to go and the means to get there. A strategy is a declaration of intent. According to Rama Rao (2008) strategy is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.

Human resource strategies are intents of the organization to increase effectiveness and efficiency on the operative functions of the human resource. Human resource strategies make the organization effective in the functions of recruitment, selection, training and development, reward and retention of employees. Strategic human resource management focuses on actions that differentiate the firm from its competitors (Purcell, 1999).

The ability of the organization to match the opportunities to the resources in order to achieve organizational goals (organizational effectiveness), is the most sought after aspect in the life of an organization. According to Ulrich et al., (1990), Human resource management (HRM) systems can be the source of organizational capabilities that allows the firm to learn and capitalize on new opportunities. Organizations exist to achieve their objectives, some of which are, to meet the customers’ needs, to maximize profits and to maximize shareholder value among others. However, there are other organizations that may not have a focus on the profits such as the non-profit making organizations. Though they do not have this focus they still have their objectives which require human capital to achieve. This makes the aspect of human capital important for the performance of any organization.

According to Cappelli et al., (1996) distinctive human resource practices shape the core competencies that determine how firms compete. According to Bontis et al., (1999) human capital represents the human factor in the organization; the combined intelligence, skills and expertise that gives the organization its distinctive character. It is therefore true
as per the above statements that the performance of the organization will so much depend on the human capital and the skills, knowledge and expertise they have.

According to Kibera F. (1996), in the farmers co-operatives the unions carry out the functions of bookkeeping, bulk purchase of firm inputs, stationery and other supplies, credit and savings facilities, education of staff committee members and the members of primary co-operatives affiliated to the union. The primary co-operatives subscribe capital and this enables the unions to have resources, facilities, equipments and better trained staff to carry out various duties. This means that the union requires to be strategic in order to achieve its goals effectively through the available staff. It is through the implementation of strategic human resource management that the staff will be effective.

1.2: History of Meru Central Farmers Union (MCFCU)

Meru Central Farmers Coffee Union (MCFCU) is situated in Meru town with a workforce of 58 employees. This Union is a spin-off of the older giant Meru Central Farmers Coffee Union. It started in 1963 as a coffee Union under the name of Meru African Coffee Co-operative Union (MACCU). The sole purpose of establishing the union as a secondary co-operative was to provide the primary coffee societies with the farm inputs and implements. The union played this role until the liberalization that was required on co-operatives by the government in the 1990s (Union profile, 2005).

By then the union had diversified its investments in dairy products, maize milling, hotel industry and the Sacco. After liberalization the peripheral investments became autonomous and the coffee union was licensed to sell coffee for the affiliated co-operative societies (Union Profile, 2005).

The main function of the present MCFCU is handling the coffee management. It has a vision of becoming the leading cooperative union in management and marketing of quality coffee worldwide. MCFCU is actively involved in coffee research and continuous analysis of the global coffee prices in order to seek competitive business in the local and international markets.
It is the responsibility of this union to establish strong business relationships with the relevant partners in the industry such as development partners on the best practices in coffee farming and processing, financial institutions to enable easy access to credit and other management services. There are also seminars held to enlighten the societies’ management committees on the risks involved in the coffee supply chain and how to mitigate them. The most outstanding function is the creation of marketing channels for the coffee farmers. MCFCU was licensed to market the coffee in the direct export market in 2006. Outstanding Achievements of MCFCU have been evidenced including the established web site; www.merucoffee.co.ke.

MCFCU has held several seminars in the recent past aimed at training their staff on the current strategies to marketing coffee and inform them on the logistics involved (www.merucoffee.co.ke).

1.3: Statement of the Problem

An effective organization is one that achieves its purpose by meeting the stakeholder’s needs, matching its resources to opportunities, adapting flexibility to environmental changes and creating a culture that promotes commitment, creativity, shared values and mutual trust. The improvement of organizational effectiveness for the union is important as it is required for the delivery of services to the affiliated primary co-operatives. For organizational effectiveness to be achieved the organization will therefore be required to engage in organizational development and transformation, culture management and knowledge management. The organization also has to work on change management, developing a climate of high commitment and trust, quality management, continuous improvement and customer relations.

It is therefore important for the whole process of strategizing to be holistic in the main areas of resourcing and talent management, learning and development, performance management as well as reward and employee relations. Without proper strategies organizations are not effective and hence not competitive.
It is within the principles of the co-operatives that trainings should be conducted for the members, who involve the employees as well. The participation of the members should be economic and democratic. This introduces a balance in the affairs of the organization so that the organization is effective in its operations and management of the human capital. Max Weber said that among the propositions, social distance should be observed—meaning that there should not be very close and intimate relationships between employees in the workplace. Irrespective of the principles of co-operative, some employees may remain unskilled and untrained on what to do in their job.

The union survived from 1963 while many of the secondary co-operatives (unions) were being revived with the help of the government. It was therefore of interest to the researcher to find out the influence of the strategies for human resources management on the performance of the union.

1.4: Objectives of the Study

1.4.1: General Objective

To investigate on the effects of human resource management strategies on the effectiveness of coffee marketing organizations in Meru

1.4.2: Specific objectives

i). To assess the effects of organizational development on the effectiveness of MCFCU.

ii). To determine the effects of culture management on the effectiveness of MCFCU.

iii). To explore on the effects of knowledge management on the effectiveness of MCFCU

iv). To determine the effects of development of climate of high commitment on the effectiveness of MCFCU.

v). To inquire on how human resource strategies affect the policies of MCFCU.
1.5: Research Questions

i) What are the effects of organizational development on the effectiveness of MCFCU?

ii) What influence does culture management have on the performance of MCFCU?

iii) What is the effect of knowledge management on the performance of MCFCU?

iv) What effects does development of climate of high commitment have on the effectiveness of MCFCU?

v) What effects do the human resource strategies have on the policies of MCFCU?

1.6: Importance of the Study

This study was of importance to the management of the MCFCU in enlightening them on the human resource strategies and their impacts on organizational development. It was also of great importance to future researchers who may want to understand the strategies in the MCFCU and the future issues concerning human resource management.

The ministry of co-operative and marketing may also benefit from this study as it provided some vital information for policy making on the issues affecting the achievement and expected organizational performance through the employees.

1.7: Scope of the Study

This study focused on the strategic issues in the human resource management of MCFCU. It included all the employees of the MCFCU. This coffee union is situated in Imenti North district with its headquarters in Meru town.

1.8: Limitations

There were a few non-respondents. This means there were cases of unreturned and partially filled questionnaires. These were not considered and instead only the fully filled questionnaires were used for the data analysis.
The time available within which the research was to be conducted was constraining as well as the finances. The research was however managed within the budget and adhered to the schedule of activities annexed in the appendices.

1.9: Assumptions of the Study

The information given by the respondents was taken as truthful and representative of the actual situation. It was also assumed that all respondents understood all the questions and answered them correctly.
CHAPTER TWO
LITERATURE REVIEW

2.1: Introduction
This chapter contains the theoretical review of literature, the analytical or critical review of literature and the summary of the gaps to be filled in the study. The chapter also has the conceptual framework.

2.2: Theoretical Review of Literature
2.2.1: Overview of the Coffee Industry
Coffee was introduced in Kenya by French and Scottish missionaries in the 1890s. The first plantation of one acre was done in 1900 in Nairobi at St' Austin's, which is currently James Gichuru road (Kenneth Davids, 2001). It was during the scramble for Africa that the British Empire encouraged British subjects from around the world to come and settle in East Africa with the idea of opening up the continent. Very many soldiers flocked to take opportunities of the new lands and they ventured into coffee growing. These settlers lived in mud or dung houses with thatched roofs. Coffee was produced, pulped, fermented, washed and then stored (a practice that is in place to date). This parchment (pulped coffee) was railed to Mombasa and shipped all the way to London. In London it was milled, graded and marketed to the consuming world -United States of America, United Kingdom, Canada, Australia and South Africa (Kenneth Davids, 2001).

2.2.2: Operating Practices of Co-operatives
Men have always found it necessary to work together to survive, and have always struggled to gain advantages and personal advancement. Cooperation in the sense of working together for a common goal is no doubt, as old as civilized society itself (Karen Zimbelman, 2007).

Associations differ from one another in operation and their operating methods. The more important methods are; how they buy products from the members, the handling of
products in separate accounts basis, pooling products, selling on commission basis and bargaining for prices.

The larger co-operatives provide opportunities for employees to be upgraded through employee-training programs. Although for many employees work at co-operatives is just like any other job, for others it is an opportunity for dedicated service to fellow citizens and for community welfare. Employees are often urged to buy shares in the organization so that they will take a deeper interest in the co-operative (Kibanga Manyara, 2005).

The first co-operative society in the world was formed in 1844 in a village in England known as Rochdale, by a group of people referred to as the Rochdale Pioneers, when Britain was undergoing the industrial revolution. The Rochdale Pioneers decided to draw up some principles which would guide their operations as a co-operative society. The seven co-operative principles currently used all over the world have evolved over time from the first principles drawn by the Rochdale Pioneers (Karen Zimbelman, 2007).

The first Kenya’s Co-operative Society, Lumbwa Co-operative Society, was formed in 1908 by the European farmers with the main objective of purchasing fertilizer, chemicals, seeds and other farm input and then markets their produce to take advantage of economies of scale. In 1930, Kenya Farmers Association was registered as a co-operative society to take over the role of supply of farm input played by Lumbwa Co-operative Society. The African smallholder farmers fought for formation of their own co-operatives and later in 1950’s they were allowed to promote and register co-operatives for cash crops like coffee and pyrethrum. Consequently at independence in 1963, there were 1,030 co-operative societies with 655 being active and having a total membership of 355,000 (Kibanga Manyara, 2005).

A co-operative society is a business entity where people associate voluntarily and on the basis of equality for the furtherance of their common economic interest. The primary motive of a co-operative society is to provide maximum service to its members but not to make profit. A co-operative society raises its capital from its members in form of share
capital. The proceeds arising from operations are shared among members in an equitable manner based on a set of established co-operative principles (Kibanga Manyara, 2005).

A co-operative society is then required to be registered under the Co-operative Societies Act (CAP 486) of the laws of Kenya (in case of those in Kenya). It has a perpetual succession, which is not affected by the entry or exit of members. The co-operative movement started in Britain in the early 19th century and spread to other European countries and then to the rest of the world.

In Kenya the movement started in the early 1930s, mainly for European farmers. In the 1930s the small-scale farmers in the rural areas started establishing co-operative societies. Consumer co-operative societies, co-operative credit societies, farming co-operative societies and co-operative housing societies are some examples of this type of movement. Co-operative societies worldwide share a common creed – known as the “co-operative principles” (David Thomson 1994).

**The Co-operative Values and Principles**

Values are those things that really matter. A principle is a law or rule that has to be, or usually is to be followed, or can be desirably followed. It is an accepted or professed rule of action or conduct.

According to David Thomson (1994), co-operative societies are based on the values of self-help, self-responsibility, democracy, equity and solidarity. In the tradition of their founders, members of co-operative societies believe in the ethical values of honesty, openness, social responsibility and caring for others.

**Principles**

The co-operative principles were developed in the mid-1800s by groups of people struggling to provide unadulterated and quality food when the market offered them very few options. These principles were eventually endorsed by the International Co-operative Alliance (ICA) Congress in 1995 as the standards by which all co-operative societies
should operate and by which members maintain democratic control (Kibanga Manyara, 2005).

Voluntary and open membership -Co-operative societies are voluntary organizations, open to all persons able to use their services and willing to accept the responsibility of membership, without discrimination on gender, social, racial, political or religious basis.

Democratic member control -Co- operatives are democratic organizations controlled by their members who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) (Kibanga Manyara, 2005).

Member economic participation -Members contributes equitably to and democratically control the capital of the co-operative. At least part of that capital is usually the common property of the co-operative. These members usually receive limited compensation, if any, on capital subscribed as a condition of membership. In addition the members allocate surpluses for setting up reserves and supporting activities.

Autonomy and Independence -Co-operatives are autonomous, self- help organizations controlled by their members. If they enter into agreements with other organizations, including governments or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy (Kibanga Manyara, 2005).

Education, Training and Information -Co-operatives provide education and training as well as information meetings for their members, elected representatives, managers and employees so that they can contribute to the development of their co-operative (David Thomson 1994).
Co-operation among co-operatives - Co-operatives serve their members more effectively and strengthen the co-operative movement, by working together through local, national and international bodies of the co-operative movement.

Concern for the community - While focusing on members' needs, co-operatives work for the sustainable development of the communities in which they operate through various policies embraced by the members of the co-operative.

Primary Co-operatives - These are registered societies whose membership is restricted to specific functions for example, producer co-operatives, consumer co-operatives, craft co-operatives among others (David Thomson 1994).

Secondary societies (Co-operative Unions)
These are made up of primary co-operative societies. They act as the coordinating bodies in a given area of operation. Examples are the district co-operative unions. The umbrella
societies exist for all the unions such as Kenya Planters Co-operative Union for coffee milling, Kenya Grain Growers Co-operative Union for all cereals and Coffee Board of Kenya for coffee regulation. The others are Kenya Union of Saccos which is the umbrella for all Saccos, Kenya Co-operative Creameries for milk processing, and Kenya National Housing Corporation for all building societies. On top of the unions there are the apex societies, which are formed at the national level by the co-operative movement. Examples of these are the Kenya National Federation of Co-operatives, which is affiliated to the International Co-operative Alliance; a universal movement for co-operators. In Kenya there are producer co-operatives, marketing co-operative societies, savings and credit co-operative societies and consumer co-operative societies (Kibanga Manyara, 2005).

2.2.3: Organizational Effectiveness

An effective organization is one that achieves its purpose by meeting the needs of the stakeholders, and matches the resources available to the existing opportunities. For the organization to achieve this effectiveness, it must adapt flexibly to the environmental changes and create a culture that promotes commitment, creativity, shared values and mutual trust (Michael Armstrong, 2006).

The factors that will contribute to establishment and sustainability of effectiveness include organizational development and transformation, culture management, knowledge management, change management. Inclusive are also such factors as development of high commitment and trust, quality management and continuous improvement.

To achieve organizational effectiveness the organization must have clearly defined goals and strategies to accomplish them and a value system that emphasizes on performance, productivity, quality, customer service, team work and flexibility. For this to work there must be the existence of a strong and visionary leadership from the top; a powerful management team, and a well-motivated, committed, skilled and flexible work force (Michael Armstrong, 2006).
For effectiveness it is also needful to have an effective teamwork throughout the organization with win/lose conflict well under control. There must be continuous pressure to innovate and grow. The ability to respond fast to opportunities and threats as well as the capacity to manage, indeed thrive on change. All this is done ensuring that there is a sound financial base and good systems for management accounting and cost control (Michael Armstrong, 2006).

It was noted by Rosabeth Moss Kanter (1989) that corporations are being pushed in ever less bureaucratic and ever more entrepreneurial directions. This helps in cutting out unnecessary layers of the hierarchy and forging closer ties with employees. She adds that pursuit of excellence has multiplied the number of demands on executives and managers and described this as the ‘post-entrepreneurial corporation.’ Rosabeth Moss Kanter (1989) suggests that relationships and communications and the flexibility to combine resources are more important than formal channels and reporting relationships represented in an organization chart. She emphasizes that what is important is not how responsibilities are divided but how people can pull together to pursue new opportunities.

According to Richard Pascale (1990), there is a new paradigm for organizations in which they are operating as networks rather than hierarchies and moving from the status-driven view that the managers think the workers do as they are told, to a belief in the managers as ‘facilitators’ with the workers empowered to initiate improvements and change. At the same time they are placing less emphasis on vertical tasks within functional units and placing more on horizontal tasks and collaboration across units. In addition the organizations are focusing less on content and the prescribed use of specific tools and techniques and then focus more on ‘process’ and a holistic synthesis of techniques as they change the military command model to a commitment model.

According to Linda Gratton (2004), the relationship between the organization and the individual is adult to adult. The individuals are seen primarily as investors actively building and deploying their human capital. These individuals are able to develop their
natures and express their diverse qualities as well as participate in determining the nature of their associations.

2.2.4: Organizational Development

According to French et al., (1990) organizational development is a systematic process in which applied behavioural science principles and practices are introduced into an ongoing organization towards the goals of effecting organizational improvement, greater organizational competence, and greater organizational effectiveness. The focus is on the organizations and their improvement or, to put it another way, total change. The orientation is on action – achieving desired results as a result of planned activities.

Organizational development concentrates on how things are done as well as what is done. It is concerned with system-wide change. The organization is considered as a total system and the emphasis is on the interrelationships, interactions and interdependencies of different aspects of how systems operate as they transform inputs and outputs and use feedback mechanisms for self regulation.

The features of organizational development programmes are that they are managed, or at least strongly supported, from the top but often make use of third parties or change agents to diagnose problems and to manage change by various kinds of planned activity or intervention. The plans for organizational development are based upon a systematic analysis and diagnosis of the circumstances of the organization, the changes and the problems affecting it. They use behavioural science knowledge and aim to improve the way the organization copes in times of change through such processes as interaction, communications, participation, planning and conflict management.

Organizational development activities involve action research. This approach was developed by Lewin (1947), which takes the form of systematically collecting data from people about process issues and feeding the data back in order to identify problems and their likely causes. This provides a basis for an action plan to deal with the problem that can be implemented cooperatively by the people involved. The essential elements of
action research are data collection, diagnosis, feedback, action planning and action evaluation.

The second organizational development activity is survey feedback. This is a variety of action research in which data are systematically collected about the system and then fed back to groups to analyze and interpret as the basis for preparing action plans. It includes use of attitude surveys and workshops to feed back results and discuss implications.

The third organizational development activity is interventions. This refers to the core structured activities involving clients and consultants. The activities can take the form of action research, survey feedback among other. It was Anderson L., (1997) summed up three primary tasks of OD practitioner or inventionist as being: to generate and help clients to generate valid information that they can understand about their problems, create opportunities for clients to search effectively for solutions to their problems to make free choices, and create conditions for internal commitment to their choices and opportunities for the continual monitoring of the action taken.

The fourth organizational development activity is process consultation and as described by Anderson L., (1997), it helps the clients to generate and analyze information that they can understand, following a thorough diagnosis, act upon them. This information relates to the organizational processes such as inter-group relations, interpersonal relations and communications. The consultant helps the organization to solve its own problems by making it aware of organizational processes, of the consequences of those processes and of the mechanism by which they can be changed.

The fifth organizational development activity is team-building interventions which deal with permanent work teams or those set up to deal with projects or to solve particular problems. Interventions are directed towards the analysis for the effectiveness of the team processes such as problem solving, decision making and interpersonal relationships, a diagnosis and discussion of the issues and joint consideration of the actions required to improve effectiveness.
The sixth organizational development activity is inter-group conflict interventions. According to Michel Elmes (2008) these aim to improve the inter-group relations by getting the groups to share their perceptions of one another and to analyze what they have learnt about themselves and the other group. The groups involved meet each other to share what they have learnt and agree on the issues to be resolved as well as the actions required.

Finally the organizational development activities include personal interventions which include sensitivity training laboratories (T-Groups), transactional analysis and, more recently, Neuro-linguistic programming (NLP). Another approach is behaviour modeling which is based on the Legendy C.R., (2008) social learning theory. This theory states that for people to engage successfully in behavior, they must perceive a link between the behaviour and certain outcomes. They must also desire those outcomes and believe that they can do it. Behaviour modeling involves getting a group to identify the problem, then develop and practice the skills required by looking at videos showing what skills can be applied. Other ways of behavior modeling include role-playing, practicing the use of skills on the job and discussing how well they have been applied.

According to Beckhard (1989) there are four strategies for transformational change. These strategies include a change in what drives the organization such as a change from being production oriented to being market driven and a fundamental change in the relationships between or among the organizational parts such as decentralization. Other strategies include a major change in the ways of doing work such as introduction of new technology as computer-integrated manufacturing and a basic cultural change in norms, values or research system such as developing customer-focused culture. Transformation is also done through leadership, as it flows from the top of the organization. The prerequisite for a successful programme is the presence of a transformational leader who, as defined by Burns (1978), motivates others to strive for higher-order goals rather than merely short-term interests. Transformational leaders go beyond dealing with day-to-day problems; they commit people to action and focus on the development of new levels of awareness where the future lies and commitment to achieve that future.
According to Kotter (1995), there are several steps to transform an organization. These steps include establishing a sense of urgency, forming a powerful guiding coalition, creating a vision, communicating the vision, empowering others to act on the vision. These steps also include planning for and creating short-term wins, consolidating improvements and still producing more change as well as institutionalizing new approaches. The development and implementation strategies require special capabilities that depend in part on the ability to create and embed processes, which link business strategy to the behaviour and performance of individuals and teams. These clusters of processes link vertically to create alignment with short-term business needs, and horizontally to create cohesion and temporarily to transform to meet future business needs.

2.2.5: Culture Management

Organization culture according to Furnham et al., (1993) is the commonly held beliefs, attitudes and values that exist in an organization that is the way things are done around here. Values are what is believed to be important about how people and the organization behave. These values are about the achievement of longer-term objectives either for changing the culture in specified ways or for reinforcing the existing culture of the organization. Culture change strategies are concerned with how the culture of the organization can be moved from a present state to a future desired state.

Culture reinforcement strategies are also based on an analysis of the existing culture and how it supports the attainment of goals. These strategies are based on the understanding of the meaning of the organizational culture and climate and how they can be analyzed. Culture management often focuses on the development of shared values and gaining commitment to them. These values will be concerned with the sort of behaviour that the management believes is appropriate in the interests of the organization. The aim is to ensure that the beliefs are also held and acted upon by the employees (Furnham et al., 1993).
As Hailey (1999) suggests, that inculcating shared values through managing culture is based on the idea that ultimately employees could be given license to innovate in the confidence that their adherence to corporate values would prevent them from acting against the interest of the company.

According to Furnham and Gunter (1993), culture represents the social glue and generates a 'we feeling' thus counteracting the processes of differentiations which are an unavoidable part of organizational life. Organizational culture offers a shared system of meanings which is the basis for communications and mutual understanding. If these functions are not fulfilled in a satisfactory way, culture may significantly reduce the efficiency of an organization. Embedded culture exerts considerable influence on organizational behaviour and therefore affecting performance. If there is an appropriate and effective culture, it would be desirable to develop a strategy for supporting and reinforcing it. If culture is inappropriate, attempts should be made to determine what needs to be changed and to develop and implement plans for change. The change starts with the analysis of the existing culture which can be done through questionnaires, surveys and discussions in focus groups. After the analysis culture support and reinforcement programmes aimed to preserve and underpin that which is good and functional about the present culture is put in place.

According to Schein (1985), the most powerful primary mechanisms to reinforce change include what leaders pay attention to, measure and control. They also include the leaders' reactions to critical incidents and crises, deliberate role-modeling, teaching and coaching by leaders, criteria for recruitment, selection, promotion and commitment. Analysis is done on the expected behaviour so that development and reward processes can be used to define and reinforce them.

Culture change programmes focus on the particular aspects of the culture such as performance, commitment, quality, customer service, teamwork or organizational learning. This is followed by consideration of the levers for change that are existing and how they can be used. The first lever is performance which constitutes performance-
related or competence-related pay schemes, performance management processes, gain sharing, leadership training and skills development. The second lever is commitment which constitutes of communication, participation and involvement programmes, developing a climate of cooperation and trust, clarifying the psychological contract. The third is quality constituting the total quality programmes. The fourth lever is customer service constituting of customer care programmes followed by teamwork that focuses on team building, team performance management and team rewards. The sixth lever is organizational learning which emphasizes on taking steps to enhance intellectual capital and the organization’s resource-based capabilities by developing a learning organization. The seventh lever is the values that focus on gaining understanding acceptance and commitment through involvement in defining values, performance management processes and employee development interventions (Michael Armstrong, 2006).

2.2.6: Knowledge Management
According to Scarborough (1999) knowledge management is the process or practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organizations. Knowledge management strategies aim to capture an organization’s collective expertise and distribute it to wherever it can achieve the biggest payoff (Blake, 1988). This is in accordance with the resource-based view of the firm as argued by Grant (1991) that the source of competitive advantage lays within the firm i.e. in its people and their knowledge not on how it positions itself in the market.

According to Trussler (1998), the capabilities to gather, lever and use knowledge effectively will be a major source of competitive advantage. According to Scarborough (1999), knowledge management focuses on the development of firm-specific knowledge and skills that are the result of the organizational learning processes. It is concerned with both stocks and flows of knowledge. This was also pointed by Mecklenberg et al., (1999), knowledge management allows companies to capture, apply and generate value from their employees’ creativity and expertise. Knowledge management involves transforming knowledge resources by identifying relevant information and then disseminating it so that
learning can take place. Knowledge management strategies promote the sharing of knowledge by linking people with people and by linking them to information so that they learn from documented experience.

The approaches to the development of knowledge management strategies as identified by Hansen (1999) include the codification strategy, where knowledge is carefully codified and stored in databases where it can be accessed and used easily by anyone in the organization. The strategy is therefore document driven. Knowledge management strategies also included the personalization strategy, where knowledge is closely tied to the person who has developed it and is shared mainly through direct person-to-person contacts. This involves tacit knowledge. The exchange is achieved by creating networks and encouraging face to face communication between individuals and teams by means of informal conferences, workshops, brainstorming and one-to-one sessions.

A critical argument was presented by Hansen (1999), when he said that it is not knowledge per se but the way it is applied to strategic objectives that forms critical ingredient in competitiveness. Hansen (1999) further points out that competitive strategy must drive knowledge management strategy. The management have to answer the question, how does the knowledge that resides in the company add value for customers? Mecklenberg (1999) argues that organizations should start with the business value of what they gather and if it does not generate value then it be dropped.

Technology is central to organizations adopting a codified strategy. As Hansen et al., (1999) commented, in the codified model, managers need to implement a system that is much like a traditional library. The system must contain a large cache of documents and include search engines that help people to find and use the documents they need. According to Scarborough (1999), technology should be viewed more as a means of communication and less as a means of storing knowledge. Knowledge management is about people than about technology. The components of knowledge management strategy could be concerned with the organizational people management processes that help to develop an open culture in which the values and norms emphasis the importance of
sharing knowledge and facilitate knowledge sharing through networks. As Wenger and Snyder (2000) say, strategy is a method of motivating people to share knowledge and rewarding those who do so.

The development of processes of organizational and individual learning, include the use of seminars and symposia that will generate and assist in disseminating knowledge. This is also part of the strategy.

2.2.7: Development of Climate of High Commitment

The concept of commitment refers to the feeling of attachment and loyalty to the organization. According to Walton (1985), improved performance would result if the organization moved away from the traditional control-centered approach to work force management which relies upon establishing order, exercising control and achieving efficiency in the application of the workforce. The traditional approach should therefore be replaced with the commitment strategy.

A commitment strategy is concerned with the development of communication, education and training programmes, initiatives to increase involvement and ownership and the introduction of performance and reward management processes.

According to the Chattered Institute of Personnel and Development in its statement 'people make the difference', the strategy for building trust is the only basis upon which commitment can be generated. Herriot et al., (1998) suggested that trust should be regarded as social capital meaning that it is the fund of goodwill in any social group that enables people within it to collaborate with one another. There is a business need therefore to develop a climate of trust, as there is a business need to introduce effective pay-for-contribution processes that are built on trust.

According to Sako (1994), trust is a cultural norm which can rarely be created intentionally because any attempts to create trust in a calculative manner would destroy the effective basis of trust. Trust is an outcome of good management. It is created and
maintained by managerial behaviour and by the development of better mutual understanding of expectations by employer of employees and employees of employers. Trust will be developed if the management acts fairly, equitably and consistently. Trust will also be developed if a policy of transparency is implemented, if attention and reasons for proposals and decisions are communicated both to employees generally and to individuals, if there is full involvement in developing reward processes and when mutual expectations are agreed through performance management.

2.3: Analytical Review of Literature

2.3.1: Organizational Development

The features of organizational development programmes are that they are managed, or at least strongly supported, from the top but often make use of third parties or change agents to diagnose problems and to manage change by various kinds of planned activity or intervention. In rare cases would organizations just get a consultant to come and tell the management where the problem exist without the management first noticing that there exists some problems. The consultant in most case would come to analyze the gap causing the problem and offer solution. The top management must first notice the difference between what they want and the current situation before inviting the external third party.

2.3.2: Culture Management

Organization culture according to Furnham et al., (1993) is the commonly held beliefs, attitudes and values that exist in an organization that is the way things are done in the organization. Values are what is believed to be important about how people and the organization behave. Culture management often focuses on the development of shared values and gaining commitment to them. The values are concerned with sort of behaviour the management believes is appropriate in the interests of the organization.

Looking at the literature reviewed it was clear to the researcher that the best way to change the culture of an organization was by changing the values, as values formed what was important as believed by the organizational members. The best approach to change
culture was first by analyzing the values and changing them. This link was lacking in the literature reviewed.

2.3.3: Knowledge Management
According to Scarborough (1999), knowledge management is the process or practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organizations. The aim of Knowledge management strategies is to capture an organization’s collective expertise and distribute it to wherever it can achieve the biggest payoff.

From the reviewed literature the researcher acknowledged that knowledge may enable the company to be competitive when applied but this would depend on the organization’s will to apply that knowledge. Putting knowledge to work was what would make the difference. Hansen (1999) asserted that it was not knowledge per se but the way it was applied to strategic objectives that was critical ingredient in competitiveness and therefore competitive strategy must drive knowledge management strategy.

2.3.4: Development of Climate of High Commitment
According to the reviewed literature, the concept of commitment refers to the feeling of attachment and loyalty to the organization. According to Walton (1985), improved performance would result if the organization moved away from the traditional control-centered approach to work force management which relies upon establishing order, exercising control and achieving efficiency in the application of the workforce. There exists a need therefore to replace traditional approach with the commitment strategy. Priorities should be given to communication, education, training programmes, initiatives to increase involvement and ownership, the introduction of performance and reward management processes.

From the reviewed literature the researcher noticed that trust would be developed if the management acted fairly, equitably and consistently, if a policy of transparency was implemented, its attention and reasons for proposals and decisions were communicated.
both to employees generally and to individuals, if there was full involvement in
developing reward processes and if mutual expectations are agreed through performance
management. There was always a clash between the fair and the best. What was fair to
the organization did not necessarily mean fair to the employees. Fairness was an issue of
moral judgment and the only way to balance it would be by ensuring that the policies
were followed and that they were based on mutual agreement between the employees and
the organization’s management.

2.4: Summary of the gaps in the study

From the critical analysis it was evidenced that in rare cases would organizations just get
a consultant to come and tell the management where the problem exists without the
members first noticing the existence of the problems. The consultant in most cases would
come to analyze the gap causing the problem and offer solution and therefore the top
management must first notice the difference between what they want and the current
situation before inviting the external third party.

In the analysis of Culture it was evidenced that the best way to change the culture of an
organization was by changing the values as they were what was important as believed by
the organizational members. It was found that the best approach to change culture was by
first analyzing the values and then changing them. Further critical analysis on knowledge
management showed that it was not knowledge per se but the way it was applied to
strategic objectives that was critical ingredient in competitiveness and therefore
competitive strategy must drive knowledge management strategy.

On the development of climate of commitment it was seen that there existed a need to
replace traditional approach with the commitment strategy. Priorities should be given to
communication, education, training programmes, initiatives to increase involvement and
ownership, the introduction of performance and reward management processes. It was
also arguable that there was always a clash between the fair and the best. What was fair to
the organization did not necessarily mean fair to the employees. Fairness was an issue of
moral judgment and the only way to balance it was by ensuring the policies were
followed and that they were based on mutual agreement between the employees and the organization’s management.

2.5: Conceptual Framework

Figure 2.5.1: Conceptual framework

The independent variables in the conceptual framework include organizational development, culture management, knowledge management, change management and
development of climate of high commitment. These variables are the ones that impact on the dependent variable which is organizational effectiveness.

Organizational development is a planned systematic process in which applied behavioural science principles and practices are introduced into an ongoing organization towards the goals of effecting organizational improvement, greater organizational competence, and greater organizational effectiveness. The focus is on the organizations and their improvement or the total system of change. Under transformation strategies the orientation is on action—achieving desired results as a result of planned activities. These are concerned with the development of programmes that will ensure that the organization responds strategically to new demands and continue to function effectively in the dynamic environment in which it operates.

Culture change management is concerned with how the culture of an organization can be moved from the present state to a future desired state. They are about the achievement of longer-term objectives either for changing the culture in specified ways or for reinforcing the existing culture of the organization reflecting its values and the way things are done around the organization. The strategic gaps are filled to reflect the desired kind of culture for the organization.

Knowledge management is any process or practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides, to enhance learning and performance in organizations. The other variable is development of climate of high commitment which refers to the feeling of attachment and loyalty to the organization and as such plays an important part in the human resources philosophy. The fourth variable in organizational effectiveness is the achievement of the organization’s purpose; meeting the needs of the stakeholders, matching resources to opportunities, adapting flexibly to the environmental changes and creating a culture that promotes commitment, creativity, shared values and mutual trust.
The intervening variables include politics, economic factors, technological factors, legal factors and social cultural factors. These are factors beyond the control of the management of MCFCU and they affect the organizational effectiveness. These intervening variables are part of the general environment.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1: Introduction
This chapter contains the research design, target population, data, collection instruments, data collection procedures and analysis.

3.2: Research Design
This study was descriptive in design as it described the situation of MCFCU. The research design was chosen to describe the state of strategic management in the human resources of the union and their effects on the effectiveness of the whole organization.

3.3: Target Population
The total population consisted of 58 employees of Meru Central Farmers Coffee Union. This union had 34 affiliate primary coffee societies in Meru Central district and Imenti North district. Target population for this study included the managers, technical and operations staff and support staff in all the departments. The employees though they did different jobs, were concentrated in the same place as the whole business for MCFCU was in one premise. The affiliated societies were within reach from the union’s office and therefore all the officers were able to comfortably operate from Meru town.

3.4: Sample Design
Sampling was not done because the total population was equal to the sample, hence a census was conducted. This was possible because the target population was accessible at a manageable cost. The employees worked at different levels across the structure of the union. Some of these employees were in the managerial positions, others in the operations as technicians in various sections of the union. Due to the different levels of service there existed variability of measurable characteristics. It was due to this reason that the population had to be stratified to show the different components it comprised of. The table 3.4.1 shows that the population was the same as the sample, hence a census was conducted.
Table 3.4.1: Population stratification

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Sample Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>14</td>
<td>24%</td>
</tr>
<tr>
<td>Technical and Operations</td>
<td>23</td>
<td>40%</td>
</tr>
<tr>
<td>Support Staff</td>
<td>21</td>
<td>36%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Union Profile (2005)

3.5: Data Collection Procedures

Primary data was obtained from the respondents using a questionnaire, which had both open-ended and closed-ended questions. The questionnaire was developed based on the four variables under the study. This means that the questionnaire addressed the organization development, culture change, knowledge management and climate of high commitment. The questionnaire was pretested on five respondents to check on the appropriateness of the questions and assist in development of the appropriate method of analysis. After the pretest the questionnaire was then be distributed through hand delivery and picked afterwards as agreed for analysis.

The secondary data was available from the perusal of organizational documents, which were under the custody of the general manager. Authority to conduct the study was sought from the general manager and therefore the accessibility of information was possible to a reliable level.

The internal validity of the instrument was ensured in that the group to be used on pre-test was not issued with questionnaires afterwards. This was to avoid the threat of test retest and that of instrumentation.

3.6: Data Analysis Methods

After collecting the information, data was coded, summarized and analyzed using descriptive statistics. The measures of central tendency and measures of dispersion were
calculated such as the standard deviation and the mean deviation for the researcher to understand the distributions around the measure of central tendency.

Mean deviation was calculated using the following formulae:

\[ MD(\bar{X}) = \frac{\sum |X-\bar{X}|}{n} \] (For individual series)

\[ M.D = \frac{\sum dx}{n} \]

Standard deviation was calculated using the formulae;

\[ S.D = \sqrt{\frac{\sum (dx^2/n)}{n}} \]

Frequencies were also determined in percentages.

3.7: Data Presentation

The summary of the data was tabulated and then figures such as the pie charts and graphs were generated. These figures (Pie charts and graphs) and tables enabled more understanding as well as interpretation of the study findings.
CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION

4.1: Introduction
This chapter contains the data analysis and presentation according to the research questions and the presentation in figures and tables. It also contains the summary of the data analysis and findings.

4.2: Presentation of data findings
This research study was carried out as a case study to investigate the effects of human resource management strategies on the effectiveness of coffee marketing organizations in Meru. The specific objectives of the study were:

i). To assess the effects of organizational development on the effectiveness of MCFCU.
ii). To determine the effects of culture management on the effectiveness of MCFCU.
iii). To explore the effects of knowledge management on the effectiveness of MCFCU.
iv). To determine the effects of development of climate of high commitment on the effectiveness of MCFCU.
v). To inquire on how human resource strategies affect the policies of MCFCU.

The study was conducted to answer the questions:

i)  What are the effects of organizational development on the effectiveness of MCFCU?
ii) What influence does culture management have on the performance of MCFCU?
iii) What is the effect of knowledge management on the performance of MCFCU?
iv) What effects does development of climate of high commitment have on the effectiveness of MCFCU?
v) What effects do the human resource strategies have on the policies of MCFCU?
4.3: Quantitative data analysis

Table 4.3.1: Response rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>12</td>
<td>9</td>
<td>17%</td>
</tr>
<tr>
<td>Technical and Operations</td>
<td>23</td>
<td>22</td>
<td>42%</td>
</tr>
<tr>
<td>Support Staff</td>
<td>18</td>
<td>9</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53</strong></td>
<td><strong>40</strong></td>
<td><strong>76%</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

The response rate was calculated for 53 employees as five had been issued with questionnaires during the pretest and so were not counted in the final analysis. According to the table 4.3.1 the response rate was at 76% with 42% being in technical and operations, 17% being managers and the other 17% being support staff. This response was not as high as expected due to some who did not return the questionnaires. Other respondents filled the questionnaires quarter way, making these questionnaires unreliable during the analysis. The forty respondents are only for the questionnaires that were complete to a reliable level as all the questions were answered.

Table 4.3.2: Number of years worked

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 years</td>
<td>3</td>
<td>7.5%</td>
</tr>
<tr>
<td>6-10 years</td>
<td>27</td>
<td>67.5%</td>
</tr>
<tr>
<td>11-15 years</td>
<td>10</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

According to the table 4.3.2, it was clear that 67.5% of the respondents had worked with the union for a period of six to ten years, 25% had worked there for more than eleven years while 7.5% had worked for five years and below.
Table 4.3.3: Existence and implementation of the strategic plan

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union has a Strategic plan and follows it</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Union has a Strategic plan, does not Follows it</td>
<td>40</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

The table 4.3.3 indicates that all the respondents; 100% were for the opinion that the union had a strategic plan. However the strategic plan was not followed to the letter for implementation.

Table 4.3.4: Years covered by the strategic plan

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>1-3 years</td>
<td>38</td>
<td>95%</td>
</tr>
<tr>
<td>1-5 years</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

The table 4.3.4 shows that the strategic plan covered a period up to three years as indicated by 95% of the respondents. Five percent however thought that the strategic plan covered a period of up to five years.
Table 4.3.5: Ways to bring changes in MCFCU

<table>
<thead>
<tr>
<th>Way to bring internal changes</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCFCU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultants</td>
<td>16</td>
<td>40%</td>
</tr>
<tr>
<td>Training</td>
<td>20</td>
<td>50%</td>
</tr>
<tr>
<td>Employment of new staff</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Warning non-performers</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

Table 4.3.5 shows that out of the different ways used by MCFCU to bring about change, 50% was through training, 40% through consultants and 5% through employment. However 5% was also done by pressurizing the current employees through warnings.

Table 4.3.6: Description of the organization culture

<table>
<thead>
<tr>
<th>Culture</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power is central on one person</td>
<td>11</td>
<td>27.5%</td>
</tr>
<tr>
<td>People are highly valued and supported</td>
<td>22</td>
<td>55%</td>
</tr>
<tr>
<td>Task and targets matter more than the people</td>
<td>6</td>
<td>15%</td>
</tr>
<tr>
<td>Role played by the employee is what matters</td>
<td>1</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

Table 4.3.6 shows that the culture of the union was one that valued employees and supported them as indicated by 55% of the respondents. However 27.5% felt that it was a culture where power revolved around one person, 15% felt that the only important thing to the management was the tasks and targets that the employees handled, while 2.5% felt that what was of importance was the role that the employee played in the union.
Table 4.3.7: Rating factors that support culture in MCFCU

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>xw</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teamwork</td>
<td>0</td>
<td>4</td>
<td>10</td>
<td>21</td>
<td>5</td>
<td>147</td>
<td>22.79%</td>
</tr>
<tr>
<td>Performance</td>
<td>0</td>
<td>1</td>
<td>8</td>
<td>18</td>
<td>13</td>
<td>163</td>
<td>25.27%</td>
</tr>
<tr>
<td>Quality</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>22</td>
<td>12</td>
<td>165</td>
<td>25.58%</td>
</tr>
<tr>
<td>Commitment</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>22</td>
<td>14</td>
<td>170</td>
<td>26.36%</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>6</td>
<td>27</td>
<td>83</td>
<td>44</td>
<td>645</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

On rating the factors that supported the culture of the union 26.36% felt that the commitment of the employees was the greatest support, followed by quality of the work with 25.58%, then performance of the employees in contributing to the organizational goals with 25.27% and finally teamwork with 22.79%.

Weighted average:
\[ \frac{xw}{n} = \frac{645}{4} = 161.25 \]

Table 4.3.8: Mean deviation:

<table>
<thead>
<tr>
<th></th>
<th>XW</th>
<th>X</th>
<th>dx</th>
<th>(d^2)/4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teamwork</td>
<td>147</td>
<td>161.25</td>
<td>14.25</td>
<td>50.7656</td>
</tr>
<tr>
<td>Performance</td>
<td>163</td>
<td>161.25</td>
<td>1.75</td>
<td>0.7656</td>
</tr>
<tr>
<td>Quality</td>
<td>165</td>
<td>161.25</td>
<td>3.75</td>
<td>3.5156</td>
</tr>
<tr>
<td>Commitment</td>
<td>170</td>
<td>161.25</td>
<td>8.75</td>
<td>19.1406</td>
</tr>
<tr>
<td>Total</td>
<td>28.50</td>
<td>74.1874</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

Mean deviation (M.D) = \[ \frac{dx}{n} = 7.125. \]

Standard deviation was calculated using the formulae;
\[ \text{S.D} = \sqrt{\frac{\sum (dx^2)}{n}} = \sqrt{74.1874} = 8.61. \]
The mean deviation and the standard deviation were affected by the extreme weights of teamwork and commitment. However performance and quality were very close to the average. This means that the data reflected very close to real weights in performance and quality of work as the factors that support culture of MCFCU.

Table 4.3.9: Need to change organization culture

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>35</td>
<td>87.5%</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Not Sure</td>
<td>1</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Source: Researcher (2010)**

According to the table 4.3.9, 87.5% of the respondents felt that the culture of the union needed to be changed. However 10% were comfortable with this culture while 2.5% were indifferent.

Table 4.3.10: Whether the union has a way of sharing knowledge

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>39</td>
<td>97.5%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Indifferent</td>
<td>1</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Source: Researcher (2010)**

The table 4.3.10 indicated that 97.5% of the respondents said that the union had a way of sharing knowledge within its organs. However 2.5% were indifferent.
Table 4.3.11: Forms of data available

<table>
<thead>
<tr>
<th>Category</th>
<th>Managers</th>
<th>Technical Operations</th>
<th>Support Staff</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data-based</td>
<td>5</td>
<td>7</td>
<td>2</td>
<td>14</td>
<td>35%</td>
</tr>
<tr>
<td>Personalized</td>
<td>4</td>
<td>15</td>
<td>7</td>
<td>26</td>
<td>65%</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>22</td>
<td>9</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

According to the table 4.3.11, 65% of the respondents said that the information in the union was personalized in form while 35% said that it was data based.

Table 4.3.12: Training Attended

<table>
<thead>
<tr>
<th>Training attended</th>
<th>Managers</th>
<th>Technical Operations</th>
<th>Support Staff</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>9</td>
<td>22</td>
<td>9</td>
<td>31</td>
<td>78%</td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td>9</td>
<td>9</td>
<td>22%</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>22</td>
<td>9</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

The table 4.3.12 shows that 78% of the respondents in the category of managers and those in technical and operations attended training. However those in the category of the support staff did not attend any training even for all those years they had worked.
Table 4.3.13: Range of training

<table>
<thead>
<tr>
<th>Training sessions attended</th>
<th>Managers</th>
<th>Technical Operations</th>
<th>Support Staff</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No training at all</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>22.5%</td>
</tr>
<tr>
<td>1-3</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>7.5%</td>
</tr>
<tr>
<td>4-6</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>8</td>
<td>20%</td>
</tr>
<tr>
<td>7-9</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>10-12</td>
<td>4</td>
<td>9</td>
<td>0</td>
<td>13</td>
<td>32.5%</td>
</tr>
<tr>
<td>Above 11</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>7</td>
<td>17.5%</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>22</td>
<td>9</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

Table 4.3.13 shows that 22.5% of the respondents were not trained and these are in the support staff category. For those who had attended training 17.5% had attended more than eleven sessions, 32.5% had attended between ten and twelve sessions, 20% had attended between four and six sessions while 7.5% had attended between one and three sessions.

Table 4.3.14: System of decision making

<table>
<thead>
<tr>
<th>System of making decisions in MCFCU</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participative</td>
<td>23</td>
<td>57.5%</td>
</tr>
<tr>
<td>Autocratic</td>
<td>3</td>
<td>7.5%</td>
</tr>
<tr>
<td>Consultative</td>
<td>14</td>
<td>35%</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

Table 4.3.14 shows that 57.5% of the respondents were for the opinion that decisions were made in a participative system, 35% felt that it was consultative while 7.5% felt that it was autocratic.
Table 4.3.15: Rating of reward system

<table>
<thead>
<tr>
<th>Category</th>
<th>Managers</th>
<th>Technical and Operations</th>
<th>Support Staff</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worse</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Bad</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2.5%</td>
</tr>
<tr>
<td>Good</td>
<td>6</td>
<td>13</td>
<td>3</td>
<td>22</td>
<td>55%</td>
</tr>
<tr>
<td>Fair</td>
<td>2</td>
<td>8</td>
<td>6</td>
<td>16</td>
<td>40%</td>
</tr>
<tr>
<td>Excellent</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2.5%</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>22</td>
<td>9</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

Table 4.3.15 shows that the rating of reward system was good according to 55% of the respondents, fair according to 40%, while 2.5% felt that it was bad and the other 2.5% felt it was excellent.

4.4: Qualitative data analysis

The respondents said that there was need to improve on the implementation of the strategic plan as the awareness of the issues in the strategic plan was not done well to all the employees. Consultants advised the management on the ways to increase efficiency in business and cut down the costs. This improved the service delivery and hence the union was able to meet the requirements of its customers as well as the expectations of the employees. In addition the management style and effectiveness was increased through the use of consultants.

Training helped in building the capacity of the employees so that they were able to perform better in their respective areas of designation. The employees were therefore more effective in their jobs. Training also increased the teamwork. Employment of new staff helped in bringing new ideas to the organization and the current practices were improved to reflect the emerging issues.
The values of the union included accountability, transparency, professionalism, integrity, honesty, and customer service. Transparency and accountability were the most crucial as they ensured proper use of the institutional resources. Personal integrity and honesty were required from all employees in the organization as they greatly affected the relationship of the employees and their teams in the work place. Customer service was of great importance as the customers were the source of livelihood for the whole organization and meeting their expectation meant securing the survival of the business. Finally professionalism was evidenced in ensuring that all the employees were employed based on qualifications to various jobs.

Continuous change was needed in the culture of the organization to increase efficiency and adapt to the changing world. Change was also said to be a constant and will always be necessary in order to keep up with the dynamics in the world. The culture of the union had the need to increase people recognition more than just dwell on the roles that they played in the organization. This may lead to increased motivation and hence affect the organizational performance.

The reasons for training were to inculcate the skills required in the job on the employees, to improve service delivery and help in focusing on the strategic issues in the union, increase the capacity of the employees and management, improve delegation, and hence the performance of the employees increased.

Participative decision making process increased ownership and teamwork in the organization hence increasing work performance. Everybody in the organization felt important when this approach was used. This also applied to consultative decision making. When participative decision making was employed, transparency which was a value of the union was observed.

The management of the people in the union had greatly responded to the employee needs, improving the working conditions, turned friendly, motivated the employees, encouraged personal development and increased the ownership. This affected the improvements in
customer service and the performance of the employees and ultimately the union as a whole.

The reward was satisfactory in comparison with other co-operative employees in the SACCOs, dairy union and the building societies. However considering the economic challenges a review upwards was necessary as it would help to adjust to the changing cost of living and high inflation. In terms of promptness of the payments, the union was excellent as there were no more delays in paying of salaries.

Transparency in the union was high and good. This increased the morale of the employees in performance of their job. Transparency also improved the management and control of corruption from the organization and hence improved the performance of the union as a whole.

4.4: Summary of the data analysis

According to the data analysis the response rate was at 76% with 42% being in technical and operations, 17% being managers and the other 17% being support staff. It was clear that 67.5% of the respondents had worked with the union for a period of six to ten years, 25% had worked there for more than eleven years while 7.5% had worked for five years and below.

All the respondents; 100% were for the opinion that the union had a strategic plan. However the strategic plan was not followed to the letter for implementation. The data analysis indicated that the strategic plan covered a period up to three years as indicated by 95% of the respondents. Five percent however thought that the strategic plan covered a period of up to five years.

Out of the ways used by MCFCU to bring about change, 50% was through trainings, 40% through consultants and 5% through employment. However 5% was also done by pressurizing the current employees through warnings. It was also found that the culture of the union was one that valued employees and supported them as indicated by 55% of the respondents. However 27.5% felt that it was a culture where power revolved around one
person, 15% felt that the only important thing to the management was the tasks and
targets that the employees handled, while 2.5% felt that what was of importance was the
role that the employee played in the union.

On rating the factors that supported the culture of the union 26.36% felt that the
commitment of the employees was the greatest support, followed by quality of the work
with 25.58%, then performance of the employees in contributing to the organizational
goals with 25.27% and finally teamwork with 22.79%.

The mean deviation and the standard deviation were affected by the extreme weights of
teamwork and commitment. However performance and quality were very close to the
average. This means that the data reflected very close to real weights in performance and
quality of work as the factors that support culture of MCFCU.

The data analyzed further indicated that 97.5% of the respondents said that the union had
a way of sharing knowledge within its organs. However 2.5% were indifferent. It was
evidenced that 65% of the respondents said that the information in the union was
personalized in form while 35% said that it was data based.

On training, 78% of the respondents in the category of managers and those in technical
and operations attended trainings. However those in the category of the support staff did
not attend any training even for all those years they had worked. About 22.5% of the
respondents were not trained and these are in the support staff category. For those who
had attended training 17.5% had attended more than eleven sessions, 32.5% had attended
between ten and twelve sessions, 20% had attended between four and six sessions while
7.5% had attended between one and three sessions.

It was also clear from the analysis that 57.5% of the respondents were for the opinion that
decisions were made in a participative system, 35% felt that it was consultative while
7.5% felt that it was autocratic.
On the rating of reward system was good according to 55% of the respondents, fair according to 40%, while 2.5% felt that it was bad and the other 2.5% felt it was excellent. Many of the respondents felt that there was need to improve on the implementation of the strategic plan as the awareness of the issues in the strategic plan is not done well to all the employees.

Consultants came in to advice the management on the ways to increase efficiency in business and cut down the costs. This led to improvement of the service delivery and hence the union was able to meet the requirements of its customers as well as the expectations of the employees. In addition the management style was changed and its effectiveness was increased through the use of consultants.

Training was important as it helped to inculcate the skills required in the job on the employees, to improve service delivery and help in focusing on the strategic issues in the union, increase the capacity of the employees and management, improve delegation and hence the performance of the employee increases. On the other hand employment of new staff helped in bringing new ideas to the organization and the current practices were improved to reflect the emerging issues.

The values of the union include accountability, transparency, professionalism, integrity, honesty, and customer service. Transparency and accountability were the most crucial as they ensured proper utilization of institutional resources. Personal integrity and honesty were required from all employees in the organization as they greatly affected the relationship of the employees and their teams in the work place. Customer service was of great importance as the customers were the source of livelihood for the whole organization and meeting their expectation meant securing the survival of the business. Finally professionalism was evidenced in ensuring that all the employees were employed based on qualifications to various jobs.

It was important to have continuous change in the culture of the organization to increase efficiency and adapt to the changing world. The culture of the organization needed to
increase people recognition more than just dwell on the roles that they played in the organization. This would lead to increased motivation and hence affect the organizational performance.

The process of decision making which included participative decision making process increased ownership and teamwork in the organization hence increasing work performance. Everybody in the organization felt important when this approach was used. Similar sense of importance was felt when the management used consultative decision making process. When participative decision making was employed, transparency which was a value of the union was observed.

The management of the people in the union had greatly responded to the employee needs, improving the working conditions, turned friendly, became motivating to the employees, and encouraged personal development as well as increased the ownership. This affected the improvements in customer service and the performance of the employees and ultimately the union as a whole.

The reward system was not bad comparing to the other co-operative employees in the SACCOs as well as the dairy union and the building societies. However considering the economic challenges, a review upwards was necessary as it would help the employees to adjust to the changing cost of living and high inflation. In terms of promptness of the payments, the union was excellent as there were no delays in payment of salaries.

Transparency in the union was high and good. This increased the morale of the employees in doing their work. Transparency increased the responsible utilization of organizational resources, hence improving the performance of the union as a whole.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1: Introduction
This chapter contains the summary of the major findings, answers to the research questions, the conclusions, the recommendations to the various beneficiaries of the study, and the suggestions for further research.

5.2: Summary of the major findings
It was clear from the data analysis that out of the ways used by MCFCU to bring about change, 50% was through trainings, 40% through consultants and 5% through employment. However 5% was also done by pressurizing the current employees through warnings. It was also found that the culture of the union was one that valued employees and supported them as indicated by 55% of the respondents. However 27.5% felt that it was a culture where power revolved around one person, 15% felt that the only important thing to the management was the tasks and targets that the employees handled, while 2.5% felt that what was of importance was the role that the employee played in the union.

Continuous change was needed in the culture of the organization to increase efficiency and adapt to the changing world. Change was also a constant and will always be necessary to keep up with the dynamics in the world. The culture needed to increase people recognition more than just dwell on the roles that they played in the organization. This would lead to increased motivation and hence affect the organizational performance.

Among the factors that supported the culture of the union 26.36% felt that the commitment of the employees was the greatest support, followed by quality of the work with 25.58%, their performance of the employees in contributing to the organizational goals with 25.27% and finally teamwork with 22.79%. All these factors were close to each other in weights.
Communication in the union was well done as 97.5% of the respondents said that it was well shared within the union. However 2.5% seemed to be indifferent. The information was personalized according to 65% of the respondents and data based according to while 35%. This meant that data based and personalized form.

Training was also very important as indicated by 78% of the respondents in the category of managers and those in technical and operations. However those in the category of the support staff did not attend any training even for all those years they had worked. This means that 22.5% of the respondents were not trained and these were in the support staff category. The reasons for training were to inculcate the skills required in the job on the employees, to improve service delivery and help in focusing on the strategic issues in the union, increase the capacity of the employees and management, improve delegation and hence the performance of the employee increases. Trainings were necessary for capacity building and so the employees were able to perform better in their respective areas of designation. The employees were therefore more effective in their jobs. Training also increased the teamwork.

Participative and consultative method of decision making were most used in the union as indicated by 57.5% of the respondents were for the opinion that decisions were made in a participative system. The other 35% of the respondents felt that it was consultative while 7.5% felt that it was autocratic. Participative decision making process increased ownership and teamwork in the organization hence increasing work performance. Everybody in the organization felt important when this approach was used. This also applied to consultative decision making. When participative decision making was employed, transparency which was a value of the union was observed.

The management of the people in the union had greatly responded to the employee needs, improving the working conditions, turned friendly, became motivating to the employees, and encouraged personal development as well as increased the ownership. This affected the improvements in customer service and the performance of the employees and ultimately the union as a whole.
It was found that the reward system was good as rated by 55%, was fair as rated by 40%, while 2.5% rated it bad and the other 2.5% rated it excellent. Improvement on the implementation of the strategic plan was required because the awareness of the issues in the strategic plan were not known by all employees. In comparison to other co-operatives such as the SACCOs, the dairy union and the building societies, reward was satisfactory. However a review upwards was necessary to adjust to the high cost of living and economic challenges.

In trying to bring about change in the union, consultants were used to advice the management on the ways to increase efficiency in business and cut down the costs. This led to improvement of the service delivery and hence the union was able to meet the requirements of its customers as well as the expectations of the employees. In addition the management style and effectiveness was increased through the use of consultants. On the other hand employment of new staff helped in bringing new ideas to the organization and the current practices were improved to reflect the emerging issues.

The values of the union include accountability, transparency, professionalism, integrity, honesty, and customer service. However transparency and accountability were the most crucial as there was great control for corruption and embezzlement of the institutional resources. Personal integrity and honesty were required from all employees in the organization as they greatly affected the relationship of the employees and their teams in the work place. Customer service was of great importance as the customers were the source of livelihood for the whole organization and meeting their expectation meant securing the survival of the business. Finally professionalism was evidenced in ensuring that all the employees were employed based on qualifications to various jobs.

Transparency in the union was high and good. This had increased the morale of the employees in doing their work. This had also dealt with proper utilization of organizational resources and hence improved the performance of the union as a whole.
5.3: Responses to the research questions
This section is organized according to the responses given for the respective research questions.

5.3.1: What is the effect of organizational development on the effectiveness of MCFCU?
Organizational development included the communication alignment in the organization, which was seen to be of great importance. The employees were involved in the processes of making decisions as participative and consultative method of decision making were most used in the union as evidenced by 57.5% of the respondents were for the opinion that decisions were made in a participative system. The other 35% of the respondents felt that it was consultative while 7.5% felt that it was autocratic. This involvement affected the performance of the organization in that participative decision making process increased ownership and teamwork in the organization hence increasing work performance. Everybody in the organization felt useful and important when this approach was used. Participative and consultative decision making also affected the values of MCFCU.

Management of employees greatly responded to the employee needs, consequently improving the working conditions, increased motivation to the employees, and encouraged personal development as well as increased the ownership. This in turn affected the improvements in customer service and the performance of the employees and ultimately the union as a whole.

The employees were comfortable with the reward according to the rating. 55% of the respondents rated it good, 40% rated it fair, while 2.5% felt that it was bad and the other 2.5% felt it was excellent. However the strategic plan was said not to be followed to the letter though it was there to govern the growth of MCFCU for a period of three years. The employees felt that the reward system as compared to others in the co-operative industry was better. However, considering the economic challenges the respondents felt that increase in the salary was necessary. Increasing it would help to adjust to the changing cost of living and high inflation. The union was paying salaries without delay.
and so the employees were comfortable to work under the current pay as they were well placed in the market.

5.3.2: What influence does culture management have on the performance of MCFCU?

To increase efficiency and adapt to the changing world, continuous change was necessary in the culture of the organization. The respondents felt that the culture was required to increase people recognition more than just dwell on the roles and tasks that they played in the organization. Change of culture would lead to increased employee motivation and hence affect the organizational performance.

From the data analysis it was revealed that the culture of the union was one that valued employees and supported them as indicated by 55% of the respondents. However, 27.5% felt that it was a culture where power revolved around one person, 15% felt that the only important thing to the management was the tasks and targets that the employees handled, while 2.5% felt that what was of importance was the role that the employee played in the union. The few respondents who were not satisfied with the culture felt that attention was not given to the recognition of the employees. A change of culture to fully recognize employees would therefore improve their performance and hence affect MCFCU positively in obtaining it objectives.

Having the employees committed to their work and producing quality results were the most crucial supports to the culture of MCFCU. However, it seems that teamwork was lagging behind. Low team performance eventually will affect the organizational performance and therefore needs to be instituted for better results. According to the analysis 26.36% felt that the commitment of the employees was the greatest support, followed by quality of the work with 25.58%, then performance of the employees in contributing to the organizational goals with 25.27% and finally teamwork with 22.79%. However, all these factors were close to each other in weights.
5.3.3: What is the effect of knowledge management on the performance of MCFCU?

Knowledge management was evidenced in the trainings and ways of communicating vital information within the organization. It was clear that communication in the union was well done as 97.5% of the respondents said that vital information was well shared within the union. However, 2.5% seemed to be indifferent. The information was personalized according to 65% of the respondents and data-based according to while 35%. This meant that data-based and personalized form. Due to very high personalization of information, MCFCU is highly dependent on the individuals than the data-based system. This situation may affect the organization due to personal issues where one may not want to pass information to others as well as lead to different ways of performing the work as information is not standard when personalized.

5.3.4: What effects does development of climate of high commitment have on the effectiveness of MCFCU?

High commitment of the employees is cultivated by participative and consultative method of decision making. Participative decision making process increased ownership and teamwork in MCFCU, hence increasing work performance. All the employees in the organization felt important when they were involved in decision making processes. The management of the people in the union greatly affected the improvements in customer service and the performance of the employees, which was integral to the performance of the union as a whole.

Commitment was ensured through the reward system which was rated as good by 55% and fair by 40%. The reward system was better compared to the other reward systems in the co-operative industry. Increasing the salaries would help to adjust on the cost of living and hence increase the commitment of the employees to achieve organizational objectives.
5.3.5: What effects do the human resource strategies have on the policies of MCFCU?

The human resource strategies therefore affected the performance of MCFCU as reward system was motivating and the management of human resource was friendly and motivating. Employment of new staff helped in bringing new ideas to the organization and the current practices were improved to reflect the emerging issues, therefore affecting the future performance of the organization.

Transparency and accountability, which were the most crucial values in MCFCU, had great control for corruption and embezzlement of the institutional resources. In addition personal integrity and honesty were required from all employees in the organization as they greatly affected the relationship of the employees and their teams in the work place. Continuous change was needed in the culture of the organization to increase efficiency and adapt to the changing world. Increased people recognition more than just dwelling on the roles that they played in the organization, would lead to increased motivation and hence affect the organizational performance.

5.4: Conclusions

5.4.1: Effects of organizational development

Organizational development touches on communication in the organization and the processes of making decisions. Participative and consultative decision making processes were used in MCFCU. These processes of decision making made the employees feel appreciated and so it increased teamwork and ownership in the organization, consequently leading to increased employee performance.

5.4.2: Culture Management effects

The values of the organization, which form the platform of what is expected of the employees affected the culture and ultimately the performance expectation of the employees. This directly affected their performance as an integral part of the organizational performance. The employees must adapt to the culture of the organization for them to effectively perform their job. It is therefore clear that culture affects the
results of the employees' efforts. Consultative and participative decision making makes the employees feel recognized and appreciated, consequently leading to increased motivation and hence increasing the performance.

5.4.3: Effects of knowledge management
Training maintains the employees' effectiveness in performing their job. This is because the learning activities enable them to adapt and cope with environmental challenges. The employees are able to learn new styles and practices. Through the implementation of human resource strategies MCFCU is able to achieve the corporate objective which is to gain more commitment from employees and encourage them to adopt a long-term commitment to the organization. This commitment is cemented by the culture that the employees adjust to and adopt.

Implementation of human resource strategies will ensure that the organization has adequate staff for various departments, will ensure that the organization recruits the right people with right skills, ensure that the organization is responsive to the changes in its environment as well as give direction and coherence to all other human resource activities and systems. It directs other activities such as hiring, training, orientation, evaluation and compensation.

5.4.4: Effects of climate of high commitment
MCFCU realizes that among the varied factors that contribute to performance, human element is clearly the most critical. The perception of the employees of MCFCU on the salaries is that they are paid well compared to other industry players. The understanding and incorporation of the needs of various units and departments in the organization and those of the market maintains the employees motivated. Consequently the motivated teams become more creative and perform better.

Commitment is developed through decent compensation that determines the organization's ability to attract good persons, retain them and get best performance to achieve the objectives and mission of the organization. Compensation system is good
when it is based on the principle of fairness and equity. In addition compensation system must comply with the perception of the employees’ and motivate them. It must be based on the employees’ commitment and performance on the job.

Integral to commitment is employee development. Continuous employee development increases the value of the organization’s human asset and assures that competent people will be readily available to fill up the vacancies for higher jobs. This also creates a pool of individuals who understand the organization and industry, who are prepared to assume leadership as the enterprise grows.

Developing the employees will make the employees to stick with the organization as it gives them the opportunity to sharpen their skills and grow in their careers. Training and development therefore becomes an ongoing investment in asset formation as employees acquire knowledge and learning skills that they will be able to use immediately. Training and development also changes the behaviour of the employees as well as the results expected of them.

5.4.5: Effect of human resource strategies on policies

Human resource strategies affected the performance of organizations as seen from this case study of MCFCU. The performance of the employees directly translated to the performance of the organization as a whole. It was clear that organizational development issues like culture management and change affected the general performance of the organization. Knowledge management through sharing vital information and training affected the level of skills and hence the performance of the organization as a whole. It is therefore clear that the human element affects all other work in the organization. This leads to a conclusion that human resource strategies have great effect on the policies that the organization develops. Policies will guide the implementation of the plans to achieve the organizational objectives. These policies must be stipulated in the light of the human capital dynamics for them to be operational.
5.5: Recommendations

5.5.1: Recommendations on organizational development

MCFCU management should improve on the implementation of the strategic plan as the awareness of the issues in the strategic plan is not done well to all the employees. All the respondents said that the implementation of the strategic plan was not conducted well. The top most priority should be given to effective management of the organization’s human resource. For this reason the human resource practices and principles adopted by MCFCU must be in sync with MCFCU’s overall strategy and hence the strategic plan must be followed.

5.5.2: Recommendations for knowledge management

The management of MCFCU and the Ministry of co-operative and marketing should ensure that all employees including the support staff were trained as part of the policies for human resource management. MCFCU must ensure motivation of the employees so that they develop willingness to work and the desire to constantly improve performance levels that go a long way to improve commitment level. Firm specific knowledge and skills should be inculcated into the employees to encourage organizational learning. As found in the reviewed literature, it is not knowledge per se but the way it was applied to strategic objectives that was critical ingredient in competitiveness. MCFCU management should therefore ensure that the employees apply the knowledge and the skills they acquire by allowing creativity in the performance of tasks. Creativity will in turn maintain MCFCU as a competitive coffee marketing organization.

5.5.3: Recommendations on culture management

The management of MCFCU should ensure that recognition of the employees is given first priority so that their morale may be high for better results. MCFCU should maintain its competitive edge by developing the ability of its intellectual capital by inculcating unique knowledge and skills. As culture is changed there should be considerations of how it affects positively aspects such as performance, commitment, quality, customer service, teamwork and organizational learning. To change the existing culture MCFCU
management should first analyze the values and change them as they are the bedrock on which culture forms.

5.5.4: Recommendations on high climate of commitment
The feeling of attachment to the organization should be developed more. Those employees that feel that there is little recognition of the employees as more attention is paid to the roles and tasks must be taken care of. The traditional control-centered approach should be replaced with a commitment strategy, which is ensured through communication refinement, education and training and reward management.

5.5.5: Recommendations on effects of human resource strategies on policies
MCFCU employs its human capital to ensure that the customer needs and wants are met satisfactorily. To match the resources available in the organization with the existing opportunity, MCFCU should have well spelt human resource strategies, formulated in the light of the environmental changes in order to promote creativity, commitment, shared values and mutual trust. The organizational goals and strategies must be well spelt and accomplished in a value system that emphasizes on performance, productivity, quality, customer service, teamwork and flexibility.

5.6: Suggestions for further research
Further research should be done on the following areas:
1. How building value in the employees would improve performance. This is because MCFCU seemed to neglect the training of the support staff.

2. This same research should be conducted using a different methodology to check on whether the findings in this case study hold over time and across different environmental settings.

3. Human resource strategies have effects on other strategies such as the product strategies, marketing strategies and financial strategies. Due to this fact further research should be conducted to find out the effects of human resource strategies on other corporate and functional strategies.
REFERENCE


Michel Elmes (2008). A Field study of intergroup integration in technology-based organizations, Worcester Politechnic Institute, USA


Sako (1994). The Informational Requirement of Trust in Suppliers Relations: Evidence from Japan, the UK, the USA, Unpublished


Union Profile (2005). Meru Central Farmers Coffee Union Strategic Plan


Websites


www.merucoffee.co.ke
Jacob Kariuki Gititi,
P.O Box 1450 -60200,
Meru.

3rd June, 2010

Dear Respondent,

RE: REQUEST TO FILL THE QUESTIONNAIRE

I am a student of Kenyatta University and currently conducting a research study as a complement for the requirement of Masters of Business Administration. I am therefore requesting that you fill the attached questionnaire. The information you give will be treated with utmost confidentiality.

Thank you for your co-operation

Yours Faithfully,

Jacob Kariuki Gititi
Section I: General questions

1. Indicate your designation
   - Manager
   - Technical and Operations
   - Support Staff

2. For how long have you worked with Meru Central Coffee Union? Indicate .......... Years/ Months

Section II Organization development

3. Question YES NO Explanation of Answer
   - Does the Union have a Strategic plan?  
   - The strategic plan is followed to the letter?

4. How many years does the union's strategic plan cover?
   - 1-2 years  
   - 1-3 years  
   - 1-5 years  
   - Others (Specify) .......... Years

5. Way to bring internal changes MCFCU YES NO How it is usually used to bring internal changes in the MCFCU
   - Consultants
   - Trainings
   - Employment of new staff
   - Others (specify)
6. **Way to bring internal changes**

<table>
<thead>
<tr>
<th>Way to bring internal changes</th>
<th>Influence on the effectiveness of MCFCU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants</td>
<td></td>
</tr>
<tr>
<td>Trainings</td>
<td></td>
</tr>
<tr>
<td>Employment of new staff</td>
<td></td>
</tr>
<tr>
<td>Others (specify)</td>
<td></td>
</tr>
</tbody>
</table>

7. Explain the values that your organization has (in the space provided) …………………

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

**Section III Culture change management**

8. How would you describe the culture of the Union?

- Power is central on one person  
  □
- People are highly valued and supported  
  □
- Task and targets matter more than the people  
  □
- Role played by the employee is what matters  
  □
- Others (explain)  
  ........................................................................................................

9. Rank the following factors that support the culture of the union in the order of importance from 1-5; where 1 is least important and 5 most important.

<table>
<thead>
<tr>
<th>Factors</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Teamwork</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Performance</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
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<tr>
<td>Quality</td>
<td>( )</td>
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<td>( )</td>
<td>( )</td>
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<tr>
<td>Commitment</td>
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<td>( )</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
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</tbody>
</table>
10. Is there need to change organization culture?

<table>
<thead>
<tr>
<th>Explanation of Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Not Sure</td>
</tr>
</tbody>
</table>

Section IV: Knowledge Management

11. Does the Union have a process of sharing information among employees?
   - Yes □
   - No □

12. If yes in the question 11, what form is the data available?

<table>
<thead>
<tr>
<th>Category</th>
<th>i) Databased</th>
<th>ii) Personalized</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical and Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support Staff</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Trainings you have attended

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes</th>
<th>No</th>
<th>Number of trainings</th>
<th>Reasons for training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical and Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section V: Climate of Commitment

13. System of making decisions in How it influences the effectiveness of MCFCU

<table>
<thead>
<tr>
<th>Participative</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Autocratic</td>
<td></td>
</tr>
<tr>
<td>Consultative</td>
<td></td>
</tr>
<tr>
<td>Others (describe)</td>
<td></td>
</tr>
</tbody>
</table>

14. Describe in your own words how the management of the people in the union has impacted on motivating you to work better

15. a) Indicate your view on the reward system for your case

<table>
<thead>
<tr>
<th>Category</th>
<th>Worse</th>
<th>Bad</th>
<th>Good</th>
<th>Fair</th>
<th>Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical and Operations</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Support Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b) Explain your response for question 16 a, in the space provided

16. Explain the level of transparency in decision making

Thank you for your Co-operation
## APPENDIX III
### TIME SCHEDULE

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>TIME</th>
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<tbody>
<tr>
<td></td>
<td>May-June 2010</td>
</tr>
<tr>
<td>Proposal Writing</td>
<td>July - Sep 2010</td>
</tr>
<tr>
<td>Proposal Defense</td>
<td>Oct-Nov 2010</td>
</tr>
<tr>
<td>Developing of questionnaire</td>
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<tr>
<td>Data Collection</td>
<td></td>
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<tr>
<td>Data Analysis and Report Writing</td>
<td></td>
</tr>
<tr>
<td>Project Defense</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)
## APPENDIX IV

### BUDGET

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stationery and Printing</td>
<td>5,000/=</td>
</tr>
<tr>
<td>Transport</td>
<td>6,000/=</td>
</tr>
<tr>
<td>Telephone and Postage (Email Services)</td>
<td>2,000/=</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,500/=</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>15,500/=</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)