

Human Resources Engagement as a Competitive Strategy for Performance in Small and Medium Enterprises in Kenya: A case Study of Jirani Engineering Services.

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Abstract

The business environment within which Small and Medium Enterprises (SMEs) operates in Kenya is very dynamic. Internal and external forces are fast changing the style of management and human resource engagement to an extent that SMEs must as a matter of urgency amend or adopt new human resource strategies as key source of their strategic advantage in order to grow, remain competitive and profitable. A change in employees engagement strategy is widely believed will determine the direction of the SMEs in unlocking their potential and competitiveness. There is also a wide believe that human resource engagement affect labour performance, productivity, commitment and they create comparative advantage for the enterprise. The aim of this study was to establish the influencing factors that affect employee engagement and subsequent performance. This study was a descriptive and exploratory research, a case study of Jiran Engineering services. It employed questionnaires and interviews. The findings of this study indicated that an effective human resource strategy on communication, equal pay, equal opportunities and recognition affects employee engagement in the firm and has a direct impact on labour productivity and firm competitive edge. The study therefore recommended that Jirani Engineering Services should adopt a strategic human resource plan despite its nature of operations in order to tap the potential that goes with effectively engaged people. The firm should also have a clearly defined and well aligned human resource plans to drive the identified factors. This will enable the firm to focus on its market position and other value addition services.

Key words: engagement, communication, equal opportunity, pay and benefits and recognition

1. Introduction.

One of the critical challenges facing SMEs in engineering sector has been implementing effective human resource management strategies to increase organizational capabilities as well as human abilities to achieve optimum performance. As a result of the emphasis on human resources engagement, researchers and scholars in human resource engagement have stressed on effective strategies such as training and development, recognition by supervisor, communication, equal opportunity, pay and reward and strategic planning. Zinger,(2010) noted that human resource engagement is a business management concept. An "engaged employee" is one who is fully involved in, and enthusiastic about, his or her work, and thus will act in a way that furthers the organization interest. According to Scarlett (2006), human resource engagement is a measureable degree of an employee's positive or negative emotional attachment to the job, colleagues and organization which profoundly influences their willingness to learn and perform at work. Thus engagement is a heightened emotional connection that an employee feels for his or her organization, that influences him or her to exert greater discretionary effort to his or her work. Not until recently, however has employee engagement been widely used as a strategy that spurs labour productivity.

While managers in SMEs have probably managed strategically for many years, the strategic approach on human resources engagement is relatively new in the sector as it is to the literature. The concept of human resource engagement appears to have been first mentioned in psychological literature in 1990 by Khan. Khan (1990) opined that it is different from other employee role construct such as job involvement, commitment or intrinsic motivation, asserting that engagement was a multidimensional construct in that employees could be emotionally, cognitively or physically engaged and that the more engaged an employee was on each dimension, the higher his/her overall personal engagement and the more effort one put in role performance. In his more recent studies, Kahn noted that human resource engagement is critical in harnessing the potential of organizational members. Zinger (2010) observed that human resource engagement is the art and science of engaging people in authentic and recognized connections to strategy, roles, performance, organization relationship, customers, development, and well-being as we leverage, sustain, and transform work connections into results. The rapid growth of human resource management strategies and approaches reveal that the concept of employee engagement in Kenya is rapidly gaining popularity, use and importance even in the SMEs workplace. Human resource engagement has become an important management strategy, not only for academicians and researchers but also for practitioners

in organizations (May, Gilson and Harter, 2004; Schaufeli et al, 2004). Research and consultancy firms, led by the high – profile Gallup organization are focusing their efforts on surveys of human resource behaviour that aim to improve levels of engagement. This is because business performance has reportedly demonstrated a symbiotic link between some conceptualizations of engagement, employee performance and business outcomes (Harter, 2006). Human Resource engagement is also increasingly being examined in literature, as researchers struggle to catch up with its wave of popularity in the corporate world (Ferguson, 2009). Majority of the top-performing corporate do appreciate that human resource engagement is a force that drives high level of employee performance and business outcomes. In other firms human resource engagement is now a key leading source of value addition and competitive advantage. For other multinationals like General Electric it is a source of their differentiating strategic foundation for the way they do business. Indeed research by Gallup and others shows that engaged employees are more innovative, committed and productive. They are more business oriented and have a higher rate of remaining with the firm. There is also clear and huge evidence that high levels of Human resource engagement keenly correlates with individual, group and the firm performance in areas such as retention, turnover, productivity, customer service and loyalty. And this is not just by small margins. While differences varied from study to study, highly engaged employees outperform their disengaged counterparts by a whopping 20 – 28 percentage points

Jirani Engineering Services which is a small medium enterprise is facing a competitive business environment, stringent regulations, and shortage of talent, finance, lack of knowledge about markets, technology and political and social unease. This is attributed to lack of strategic human resource planning (Kenya economic plan report on SMEs, 2010). This correlates with global survey carried out by consulting group (Arthur Anderson, 2001) in which it was observed that SMEs face the problem of finding and retaining talent which greatly affects their growth and survival. This unfavorable situation negates Jirani Engineering Services(JES) mission of providing alternative and high quality engineering solutions and remaining profitable. To ensure SMEs remains competitive the Kenya Government is trying to make the sector favorable for investment as it plays key role in uplifting of the economic development of Kenya. To this effect Jirani Engineering Services has embraced the use of human resource engagement strategy as one of the initiatives to improve its performance and achieve its business objective and goals.

2. Problem statement

Apart from the foregoing Jirani engineering services is facing a challenges arising from the client tastes and preferences for sophisticated and integrated engineering solutions and after service packages. In addition there has been a considerable increase of briefcase engineering consultants fuelled by high rate of unemployment and cost of setting up enterprises in Kenya(Jirani Engineering Profit and Loss Account, 2011/12) Poor, and non-aligned management strategies like communication, recognition, pay and reward as well as training led to poor human resources engagement within the enterprise. Indeed absence of quality human resource function also contributes to lack of leadership in human resources engagement. (Republic of Kenya, 2010)

In order to facilitate communication, equal opportunity, pay and benefit and recognition at Jirani Engineering Services, key people management strategy had to be formulated with the broader aim of enhancing human resource engagement. The business strategy is intended to equip the human resources to deliver unique services to their customers and be in a position to chart a new business direction that will give JES a competitive edge. Unfortunately the value realized from the human resources strategies has not been clearly assessed. Actually there have been no sufficient details and evaluation on the contribution of Human resource engagement to the business since it was embraced. It is for this reason that this study sought to determine the value addition of this strategy as one of the possible option of value addition. This is without ignoring the fast changing business environment under which JES operates.

3. Justification of the study

- Benefit to Jirani Engineering Services:- The potential business benefits in terms of formulating polices that will enhance talent attraction, retention and performance; improved communication and service delivery to customers and eventual positive bottom-line benefits.
- Other SMEs in the sector: - They will experience improved workplace relationship which is key to unlocking productivity and transforming the working lives of employees.
- Other Researchers: - Researchers on the same topic will advance the study and add a wealth of knowledge in empirical research on human resource engagement in organizations.
- The Government: - This will increase the capacity of the Government in the formulation of relevant national policies, rules and regulations guiding human resource engagement in both private and public enterprises.

4. Objective of the Study

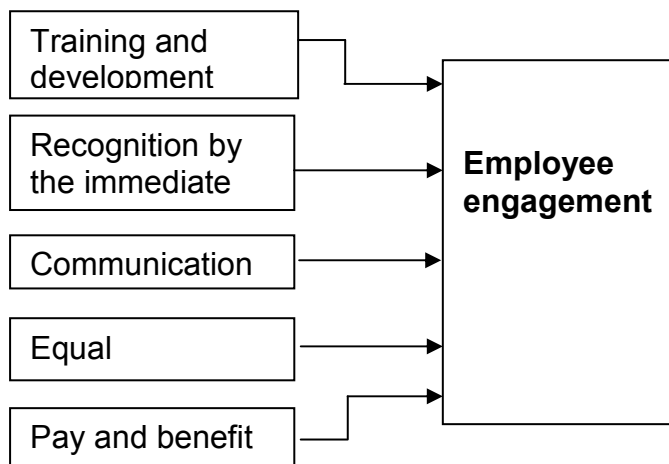
The overall objective of the study was to examine the factors affecting human resource engagement in Small and Medium Enterprises.

4.1. The study was guided by the following key questions.

1. Does training and development affect human resource engagement?
2. Does recognition by immediate supervisors affect human resource engagement?
3. Does communication affect human resource engagement?
4. Does equal opportunity affect human resource engagement?
5. Does pay and benefits affect human resource engagement?

4.2. Conceptual Framework

The Conceptual framework consisted of the following independent variables; training and development, recognition by the immediate Supervisor, communication, Equal opportunity and pay and benefit while the dependent variable was employee engagement.



Independent variables

Dependent variable

5.0 Methodology and Materials

5.1. Research Design

The study is a qualitative descriptive research. According to (Kothari, 2004), such a descriptive research helps in fact-finding and an enquiry of a kind. It is conducted through an intense and / or prolonged contact within a field or life situation. Indeed in such studies accuracy is the major consideration and in such a specific study, there should be minimum bias and maximum reliability. Mugenda and Mugenda (1999) define descriptive research as a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subject matter. The main purpose of this study was to describe the state of affairs as it existed. It involved examining employee's attitudes and opinions towards their work situation, management and organization in relation to human resource engagement using variables that identifies factors of human resource engagement through a questionnaire. From these, the researcher developed themes which helped to answer the research questions. The dependent variable in the study was human resource engagement, while independent variables affecting human resource engagement were training and development, equal opportunity, equal opportunity, pay and benefits, recognition by supervisor and communication. Extraneous variables include Age, gender, years of service, level of education and employee cadre. A questionnaire was developed to gather information regarding the demographic characteristics of the participants. The researchers administered hard copies of the questionnaires on participants in the firm. The questionnaires were completed anonymously by participants and collected by the research assistant after completion thereof. All ethical guidelines in the treatment of human subjects in research including seeking informed consent were observed in all the steps of the study.

5.2 Scope of the study

The study was conducted out in Nairobi and targeted employee in the field service who are critical in delivering Jirani Engineering Service mission. It majorly focused on factors affecting human resource engagement. JES was chosen because of its accessibility and being one of the emerging Small and Medium enterprise in Engineering sector.

5.3. Target Population.

The target population under study consisted of all JES employees working either on short term contracts or full

time in Kenya. This is the larger population to which the researcher ultimately generalized the results of the study (Kothari, 2004). The sample comprised 100 employees from the field operations comprising of sections and divisions that were selected through stratified sampling method and at a later stage simple random sampling. The divisions the strata were made up of are; survey, installation, electrical system and administration. This provides a representative sample of all the functions within the firm.

The distribution of the sample according to different cadres

Description	Total	Percentage per cadre
Survey staff	10	10%
Administrative staff	14	14%
Installation staff	21	21%
Electrical systems Staff	55	55%
Total	100	100%

6.0 Instrument (data collection tool)

The study employed a questionnaire that contained variables or factors that according to Gallup and Robinson model measure the core elements of human resource engagement. It consisted of 5 factors that drive human resource engagement in a questionnaire on a four point Likert scale. i.e (Strongly agree, agree, disagree, strongly disagree) together with room for verbatim comments to clearly examine employee level of engagement. To determine the level of employee engagement 12 items in a 4 point likert scale from Gallup Q12 were administered. The questionnaire was also used to cover the background information of the respondent, gender, education level, age, years of service, his/her division and location. A provision for verbatim comments was also provided to further identify the specific elements leading to the opinions on the responses given on the likert scale and other factors related to the identified status, with the advantage of increasing the response rate as they motivate the respondents to express their feelings.

7.0 Procedure

This study was carried out in April 2013 to May 2013. An initial pilot to test the validity and reliability of the questionnaire was done during the week prior to commencement of actual study. The pilot involved 10 subjects drawn from the different cadres, education level, age, years of service and divisions and it provided useful insight on the preparation of the actual study, interpretation of the questions and logistical barriers that needed to be avoided. Distribution and Collection of questionnaires through representatives from each Division was identified as the most effective to ensure high response rate. Permission from management to conduct the study had been sought in advance. The purpose and justification of the study was also explained to management and staff and confidentiality and anonymity was guaranteed. A statement of introduction seeking participation in the study, and appealing for co-operation and honesty in answering the questionnaire formed the introduction to each questionnaire. Employment List (staff list) was sought per division, to classify the staff into strata's. The employees from each unit were given numbers and tables of random numbers were used to select a random sample of subjects in each of the units to make a total sample of 100 subjects.

8.0 Data Collection

Staff representatives who were not in the sample were chosen in each unit and allocated the duty of distributing and collecting the filled or answered questionnaires. Data collection took 3 weeks. The appointed staffs were provided with the necessary resources to deliver the collected questionnaires to the Research. Instrument validity was pre - tested by a pilot study involving randomly selected employees from Nairobi. The result of the pilot study provided assessment on questionnaire items interpretation and the verbatim relationship to the questionnaire items. The threats to internal validity indentified for this study are: subject characteristics e.g. category of subjects; in years of service, level of education, and age; location, Instrumentation, history and attitudes of the subjects. Subject characteristics were minimized by randomization and description of responses as per subject category. Instrumentation threats, location and any element of implementation threat were controlled or minimized by use of standardized questionnaire and similar modality of distribution, completion of questionnaire in a period of 3 weeks.

History, location, instrumentation, subject attitudes and implementation threats were further minimized by obtaining elaborate information on the details of the study and development of sound study plan. The choice of a descriptive survey design was appropriate to minimize the other threats to internal validity.

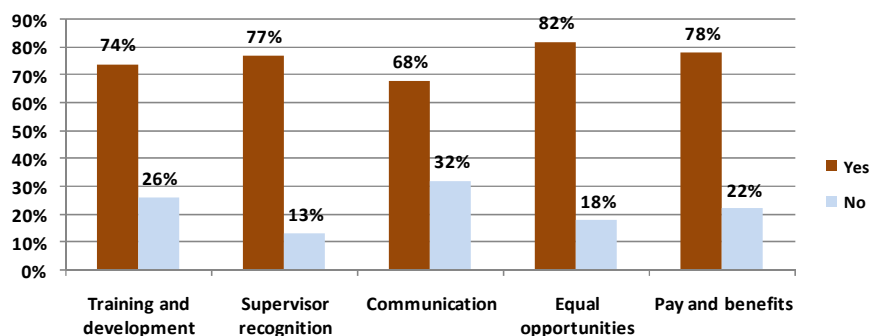
Data Analysis

According to (Mugenda & Mugenda, 1999) data analysis is the process of bringing order, structure and meaning

to the mass of information collected. The process involved coding, editing and clearing so that data is processed to produce patterns that could be interpreted by use of statistical methods and tools. Data collected was keyed in into an identified template. Data was then analyzed using a statistical package of social sciences (SPSS) computer program based on the usable responses (SPSS, 2008). The data collected was analyzed by qualitative and quantitative statistics, quantitative by tallying the likert scale points and deriving percentages and mean score and correlation analysis; and qualitative by identifying the verbatim entries /comments and further utilizing descriptive statistics to tally and present data in percentages.

Each factor was scored according to the appropriate likert scale point. The scores per item in the questionnaire was examined and described in the results. Data was presented on tables, bar graphs and pie charts and the overall percentage of score per question was calculated and presented in percentages. Score of each component were calculated to identify the respondent attribution of each factor to their level of engagement and which components are highly attributed to employee engagement.

Data analysis presentation



Training and development

Training and development is a major factor that affects employee engagement in the firm and management endeavor in providing appropriate policy and training programs has boosted the level of human resource engagement as elicited through its positive score. Most of the respondents agreed that their work performance has improved as a result of training provided by the organization.

Recognition by a Supervisor

The findings concluded that effect of recognition by immediate supervisor influences human resource engagement in Small and medium enterprises. Recognition from immediate Supervisors for discretionary performance is highly entrenched and team work and peer review geared to performance improvement thus promoting employee engagement is encouraged by immediate Supervisors.

Communication

Communication was identified as a factor that affects employee engagement. The firm has adopted regular communication forums that provide an avenue of cascading the business strategy to employees and their contribution in its achievement thus promoting high level of engagement.

Equal Opportunity

The results of this study further indicated that equal opportunity has a major contribution to human resource engagement in the firm. Evidence of equal opportunity was found through provision of equal opportunity to job applicants for selection based on individual qualification and experience. However, Jirani Engineering Services according to majority of the respondents does not practice equal opportunity in promotion and opportunities for career growth which would enhance employee engagement. Diversity and inclusion policies are not effectively implemented to provide a conducive work environment.

Pay and benefits

Most of the respondents in this study cited that JES offers this benefit to the sector that provides it with a competitive edge on employee engagement. However, the organization pay and benefit practices are not commensurate to individual role and individual performance. Awareness on availability of existence of pay and benefit policies is low and they do not seem to be enforced equitably. The pay and benefits do not fully meet individual employee's needs and some resort to odd jobs outside work to improve their income. In support of earlier models Robinson model and Maslow's (1970) motivation theory in relation to employee engagement pay and benefits fits within the lower level of basic needs which must be satisfied for engagement to occur. The Penna (2007) model of engagement noted that pay and benefits are at the foundation of the model is supported

by these findings.

Conclusion

According to the findings the level of employee engagement is low and far from required threshold and concerted efforts should be put in place to address the identified gaps. Lack of sufficient equipment for employees to do their job, low valuing of employees views and ideas and practices that do not promote equal opportunity; lack of effective communication, low job satisfaction and lack of pride in the firm have great implication to employee engagement. Other areas of concern are the low level of confidence employees have in the senior managers in the organization and the fact that most employees are not proud to work for the organization. The pride taken in working for their employer, and their willingness to recommend their employer as a place to work to friends, are excellent barometers of engagement but in the above scenario portray a gleam picture.

Recommendations

Based on the above conclusions, it is evident that training and development, recognition by immediate manager, communication, equal opportunity; pay and benefit affect employee engagement in SMEs. In this regard:

1. The management of SMEs should put adequate emphasis on training and development and provide resources for training.
2. Recognition initiatives should be revamped to provide fairness and merit in provision of rewards.
3. The firm should address the mode of communication in the organization to provide for feedback and clarity.
4. Equal opportunities policies should be implemented to address the concerns raised in the study and boost employees' confidence on fair treatment to improve employee engagement.
5. Pay and benefits policy should be formulated to ensure equity

Suggestion for further research

Only five factors that affect employee engagement were studied in depth. Other factors which were identified through the respondents should be included in future studies. The future studies should focus on the effect of job security, performance appraisal, health and safety, pride in the organization and good management practice. This will provide a wider scope on the effect of employee engagement and performance in Small and Medium Enterprises in Kenya.

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