

Effect of Human Resources Strategies on Firm Performance at Nairobi Water and Sewerage Company Limited in Kenya

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Abstract

The study on Nairobi Water and Sewerage Company (NWSC) in Kenya sought to find out the effect of human resource strategies adopted by the company to improve performance. The study had the objective of determining how human resource strategies have assisted NWSC to improve on its performance. The research problem was to find out how NWSC formulates and implements strategies that would eventually improve its performance. The methodology adopted was a case study, and data collection was done with the use of an interview guide, and respondents were five senior managers in the directorate of human resources. The collected data was analyzed using content analysis of interview guides from the field work, and synthesizing the opinions of the respondents. The results of the study indicated that there was a direct influence of human resource strategies adopted by NWSC on its performance, especially strategies used in improving incentives to all workers. From the interviews, human resource strategies were adopted to cope with resistance to change. During the study, it was found out that the Company improved the staff salaries and benefits, and made them much higher than those of the general employees of Nairobi City County. It had also improved the working environment by providing modern offices, equipment, vehicles and staff training on change management. The study concluded that proper formulation and implementation of human resource strategies can improve performance in most of the water and sewerage companies in Kenya and elsewhere.

Keywords: human resource strategies, performance, direct influence, resistance to change, working environment, change management

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1. Introduction

All organizations operate within certain environments and the environmental factors influence the performance of any organization (Porter, 1985). Every firm must match the demands of the environment with its internal capabilities in order to survive. Strategic management approaches help firms to tackle environmental issues. Strategic management is viewed as an essential practice for businesses (Bowman and Asch, 1987; Kumar, 2010; Thomson and Strickland, 2003; Viljoan and Dann, 2003). It has been argued that the practice of strategic management affects the overall success or failure of a firm (Joshi, Kathuria & Porth, 2003). One of the essential roles of management is to continuously search for the most appropriate strategy that would boost the performance of an organization. The objective of this study was to determine the human resource strategies that have been adopted by Nairobi Water and Sewerage Company Ltd (NWSC) to improve on performance. This was premised on the believe that appropriate human resource strategies assist the firm improve worker's performance and thus improve productivity.

The study begun with the assumption that the strategy to be followed has been decided upon by the executive level of the firm, and the next phase is implementation. In Kenya many companies apply most of these business strategies to improve their performance, and NWSC also uses the same approach to formulate and implement strategies aimed at improving the performance of the company. The measures of company performance can be approached through financial performance, which is considered more objective, and through non-financial performance, which is considered more subjective (Ramakrishnan, 2010).

2. Water Industry in Kenya

Kenya's economy is largely rural –based and heavily dependent on its natural resource base that has intricate inter-linkages between land, water and climate. Water has always played a key role in the country's economy as a resource for human consumption, energy generation, agricultural development, industrial growth, tourism development. Lately 42% of GDP is derived from natural resources areas, economic growth rate has reduced from 2005 to 2022, and the economic growth rate reduction is due to floods, droughts, rainfall failure (Omina, Tao, Feng & Kipkirui, 2022)

A great number of stakeholders from government, private sector and civil society are vocal in the water sector. The latest discovery of water in Turkana district found out that there is a bed of water underneath that can supply the whole country with enough water. Kenya is documented as a water scarce country. The World Bank report of 2018 stated that in Kenya has 647 cubic metres of water per capita against the global benchmark of 1000 cubic metres, yet the water sector is crucial for wealth creation, production and prosperity (Foster & Tuinhof, 2005). The Ministry of Water & Irrigation (MWI) is the lead agency in water sector. The mandate of this water Ministry is to protect, harness and manage water resources in sustainable manner to ensure availability and accessibility to raw and drinking water for all. Health, Agriculture, livestock, Tourism, and energy depend entirely on water. The role of the Ministry of Water is to ensure coordination of the sectors as regards to present and future water requirements.

Municipalities, city water management institutions in Kenya are subject to government laws and policies in matters water development. Water supply in municipalities and cities should optimise their operation to improve efficient use of water resources. The focus on how these municipalities and city authorities efficiently use their resources is the subject of this study; to find out how Nairobi City Water and Sewerage Company (NWSC) effectively utilize their resources, and in particular, how employees are motivated to be more productive in their work.

3. Nairobi Water and Sewerage Company Ltd

Nairobi Water and Sewerage Company Limited (NWSC) was incorporated in December,2003 under the Companies Act cap 486. It is wholly owned subsidiary of the Nairobi City County Government and is tasked with the responsibility of managing water resources for Nairobi County. It has its headquarters in Kampala Road, Industrial Area and has its area of jurisdiction divided into six administrative regions, namely, Northern, Eastern, Central, North Eastern, Southern and Western Region which are further devolved into 25 zones. The company is charged with the provision of the water and sewerage services in Nairobi, those services were previously offered by the Water and sewerage Department of Nairobi City Council.

Nairobi Water and Sewerage Company Limited (NWSC) is a company wholly owned by Nairobi County Government and is tasked with the responsibility of managing water resources for Nairobi County. It may not have enough water resources, but collaborates with other County governments to share this important resource. In the process of performing its duties and mandate, NWSC Ltd experiences a lot of challenges that must be tackled in order to fulfil its objectives. In order to do so, NWSC Ltd formulates strategies to address these issues.

Pertinent areas in formulating strategies are those that directly address customer problems. Customers are the most important in any business organization, including NWSC. Their issue should be addressed immediately. Customer satisfaction is one of the key factors in modern marketing and customers' behaviour analysis. If the customers are satisfied with the provided goods or services, they will probably speak well of the company. NWSC customers bring all manner of complaints, including wrong billing, wrong water meter reading, defective meters, inflated bills, inattentive personnel, unwelcoming attitude at the office by front staff, and others. Some customers also are rude and use unbecoming language to front line staff. Although customers to every organization are supposed to be treated as kings, they should also be courteous to the NWSC staff.

Concomitant with the concerns of the customers problems is the problems of the employees of NWSC. Motivated employees can articulate and solve problems of the customers, and their services and relations with customers can boost the performance of the company as rated by satisfied customers. NCWSC has elaborate human resources strategies aimed at motivating employees in order to increase their productivity.

4. Statement of the problem

The major problem of this study was to find out the effect of human resources strategies on the performance of

NWSC, and how this effect can be measured to indicate its success or otherwise of the implemented strategies. However good a strategy is formulated, the implementation is the ultimate measure of its success, and the success is influenced by many factors- environmental and internal. Water Service Boards, including NWSC have recognized the need to adopt strategies to improve their services to customers so that they may improve their reputation and image. NWSC has adopted a number of strategies in every section and department in order to improve performance.

5. Theoretical foundation, literature review and methodology

This study was anchored on human resources theories, mainly, motivational theory. The other theories that informed this choice included organizational behaviour theory, human capital theory, resource-based theory, institutional theory, transaction costs theory and agency theory, that collectively assisted in proper articulation of appropriate strategies. These theories most often assist managers to articulate strategies that will motivate employees for better performance. Every manager will select the theory that fits into the peculiarities of his/her organization in order to develop his or her organization.

Chebet P.K and Osoro A. (2022) advocated for flexible human resource strategy that takes into consideration specific situations in the firm, and should be fluid to allow changes within a short time. The research design adopted for this study was a case study since the unit of analysis was one organization, the NWSC. This case study was aimed at determining the strategies that are being used by NWSC to improve its performance. According to Mugenda (2003), a case study allows an investigation to retain the holistic and meaningful characteristics of real-life events. According to Kothari, (2004), a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth, and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations.

6. Data collection and analysis

The data collection was done through an interview guide which had open-ended questions that enable the researcher to collect qualitative data. This approach enabled the researcher to gain a better understanding of NWSC and how it operates. The design of interview guide consisted of two sections. The first part included general information about the NWSC while the second part was devoted to strategy formulation and implementation, including employee satisfaction strategies. The interview guide was administered to five senior managers in the directorate of human resources department who were mostly involved in strategy formulation and implementation. Data analysis was conducted through content analysis since the collected data was of qualitative nature. This entailed analysis of interview guides collected from the field work and synthesizing the opinions of the interviewees or respondents. Conclusions were drawn from the results of the analysis.

7. Conclusions and Recommendations

The study established that NCWSC formulates three to five-year human resources strategy to enable the company to be efficient in providing services sustainably. The senior management team is involved in the process of formulation, implementation and monitoring of human resources strategy. Most of the respondents were of the opinion that the current human resources strategies have worked largely due to approaches used by top management that have resulted in improved salaries, availability of working tools and materials and increased use of Information and Communication Technology (ICT). The organigram of NCWSC has been changed several times to reflect new positions created. There is need to overhaul organizational structures, change of style of leadership, improvement of organizational culture, implementation of system process, the application of ICT and human resource management. There were some challenges attributed to resistance to change by staff and inadequate resources to fully implement new personnel strategies. The company management used extensive change management in training personnel and investment in ICT, office refurbishment, equipment and working tools.

The impact of human resources strategies (HRS) on NWSC performance was found to be positive. Additionally, the impact of HRS approach on the individual performance of workers, organizational commitment and job satisfaction levels of human resource in the department was also assessed. Data from interviews conducted on human resource managers and assistant managers were analysed using content analysis. Results indicated that the direct impact of HRS on organizational performance was positive and significant. Further, HRS was found to directly and positively influence individual performance, organizational commitment and job satisfaction of

managers. Top managers implementing HRS can, therefore, expect improved organizational performance and improved levels of individual performance, job satisfaction and organizational commitment from the organization's human resource professionals at Nairobi Water and Sewerage Company Limited.

From the findings, the results of the study have shown that employee motivation is the greatest contributor to service delivery to water consumers. The study therefore recommends motivation of staff in terms of better working conditions, recognition of service efforts, provision of opportunities to progress in promotion, and giving of opportunities for further training. In addition, employees should also be adequately equipped with appropriate office equipment, and those going to the field should be facilitated with transportation. The company should make available funds that will enable employees to be comfortable in their working environment, thus enabling them to increase their efficiency at work. It is the feeling of the researcher that similar studies can be conducted in other water and sewerage companies in other towns, cities and in different counties. Such studies will increase the body of knowledge and to share experiences across counties.

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