

Role of Human Capital Management Strategies on Employee Mobility in Kenya's Public Universities: A Case Study of Jomo Kenyatta University of Agriculture and Technology (JKUAT)

Grace Mwamburi Odhiambo

Master of Science (HRM) Student
Entrepreneurship and Procurement Department
Jomo Kenyatta University of Agriculture and Technology
P.O Box 62000-00200
Nairobi
Kenya

Esther Waiganjo, PhD

Lecturer
School of Human Resource Development
Jomo Kenyatta University of Agriculture and Technology
P.O Box 62000-00200
Nairobi
Kenya

Abstract

This paper examines the role of human capital management strategies on the mobility of employees, specifically, the influence of communication of corporate strategy, organizational alignment strategy, compensation strategy and transformational leadership strategy on employee mobility. It adopted a case study research and used a semi-structured questionnaire to collect data that was analysed using Microsoft Excel and SPSS. The study's findings revealed that JKUAT had communicated its corporate strategy well as over 90% of the respondents were aware of the vision and mission. Presence of transformational leadership was also established. Organizational alignment was found to be non-existent while compensation strategy emerged as the most prominent trigger for employee mobility. The research recommends that the university considers utilizing its ICT infrastructure and telephone as channels for disseminating strategy information; incorporating the HR function in the university management board and reviewing its compensation system for equity and alignment with responsibilities and qualifications.

Keywords: Human capital management strategies, Employee mobility

1. Introduction

The survival and growth of any organization relies on its human capital, which can be regarded as its most prime asset (Armstrong, 2009). This is because, human capital is not just another input into the production of goods or services, but is indeed the most valuable resource that has stood the test of time even before the inception of machines and advancement of technology. Jamal and Saif (2011) observe that nothing happens unless a human being makes a concise decision to act, for behind technology, ideas, creativity and innovation lies the human talent. Emphasis by a World Bank (1995) study based on the assessment of 192 countries concurs by stating that global wealth constitutes of 16% of manufactured (human-made) capital, 20% of natural capital whereas 64% is attributed to human and social capital. Human capital represents the human factor in an organization and embodies all human abilities whether innate or acquired attributes, whose value could be augmented by appropriate development investments (Armstrong, 2009).

1.1 Background of the Study

Rapid changes in the business environment due to globalization and technological advancement have raised the bar for human capital, which is now viewed as a unique asset that can provide sustained competitive advantage (Seyyedjavadin & Zadeh, 2009). While traditionally, competitive advantage has been pegged on natural resources, technology or economies of scale, which are increasingly imitable, Barney's (1991) resource-based view sees sustainable competitive advantage as being dependent on a firm's human resource pool that cannot be imitated or substituted by its rivals. This capital, which Itami (1987) refers to as an 'invisible asset', has become the centre of focus hence Weatherly's (2003) assertion that today, the new vision is human capital management.

This research focussed on administrative staff, often considered as the 'invisible workers'. These are the people whose role is predominantly administrative in nature, focusing on either supporting the work of academic staff, dealing with students on non-academic matters or working in administrative functions such as finance, human resources, marketing, public relations among others. Despite their pervasiveness in institutions of higher learning however, they have been marginalised in much of the literature about universities as workplaces (Szekeres, 2004).

Various studies (Ng'ethe, 2013; Obwogi, 2011; Kipkebut, 2010) have dwelt on employee management issues affecting academic staff, with little or no focus on their administrative counterparts who remain a neglected part of the higher education workforce. It is against this background that this study focused on the administrative employees by examining the role of human capital management strategies on employee mobility in Kenya's public universities. Specifically, the study sought to determine the influence of communicating corporate strategy, organizational alignment strategy, compensation strategy and transformational leadership strategy on employee mobility in Jomo Kenyatta University of Agriculture and Technology (JKUAT).

2. Theoretical Review

In an attempt to establish the role of human capital management strategies on employee mobility, the study focused on four normative theories/models as debated by numerous researchers: Human Capital Theory, Organizational Equilibrium Theory, Michigan and Harvard models.

2.1 Human Capital Theory

Human capital theory stems from the economics literature where human capital refers to the productive capabilities of people (Becker, 1993). Just like other assets, human capital has value in the market place, but unlike other assets, the potential value of human capital can only be fully realized with the cooperation of the person, hence the need to incur human capital investment costs relating to motivating, monitoring and retaining them, in anticipation of future returns. The liberalization of university education in Kenya opened avenues for furthering education for most administrative staff with the aim of augmenting their earnings, hence the relevance of this theory to the study.

2.2 Organizational Equilibrium Theory

An organization is made up of its participants' contributions hence its survival's dependency upon the continuity of contributions from these individuals who make up the whole. Due to various limitations, an individual develops cooperative systems capable of producing more satisfaction than the sum of individual satisfaction. The structure of this cooperative system is composed of physical, personal, social and organizational subsystems, the organization being the nucleus that joins the other three. The survival of the cooperative system depends upon the functioning of the organization, which is responsible for the creation, transformation, and exchange of utilities to satisfy the needs of individuals within the cooperative system. Barnard (1938) posits that if personal sacrifice is bigger than the inducements one gets, the person will withdraw his/her contributions and will leave the organization thereby destroying the cooperative system.

2.3 Michigan Model

Also known as the 'matching' model, the Michigan Model, developed by academics at the Michigan Business School in USA, introduced the concept of strategic human resource management by which HRM policies are inextricably linked to the formulation and implementation of strategic corporate objectives (Fombrun et al. 1984). This model asserts that an organization exists with clear objectives, which must be met, thus the interests of the employer are and must remain paramount.

It emphasizes the necessity of ‘tight fit’ between HR strategy and business strategy and the use of a set of HR policies and practices that are integrated with each other and with the goals of the organization.

2.4 Harvard Model

Beer, Spector, Lawrence, Quinn & Walton (1984) from the Harvard University in USA, formulated this model. It recognizes that there are ‘stakeholders’ in the organization who include shareholders, employees, government and the community. Building on the model, Guest (1989) developed a set of propositions that combine to create organizations that are more effective. These include strategic integration, high commitment, high quality and flexibility.

3. Conceptual Model

The researchers developed a graphical representation of the theorized relationships of the variables captured in this study. The independent variables included communication of corporate strategy, organizational alignment, compensation strategy and transformational leadership while employee mobility was the dependent variable.

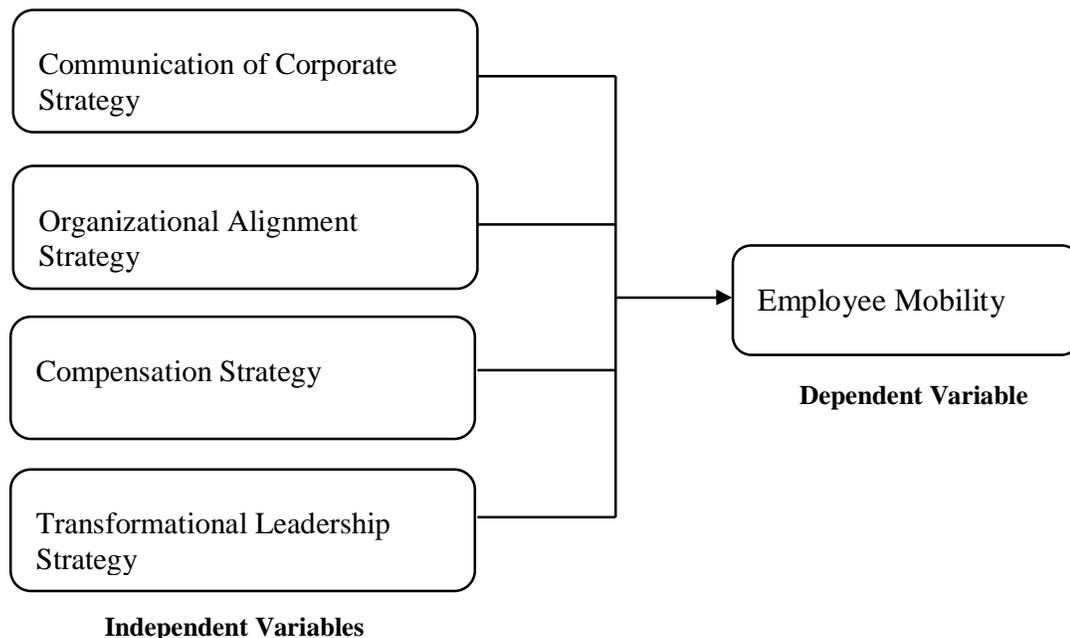


Figure 1: Conceptual model

4. Methodology

The study combined both the quantitative and qualitative research approaches and adopted a case study research design. The study population consisted of 700 middle-level management employees of JKUAT categorized into their respective grades that range from grades 5-10. To ensure proportional representation of the population sub-groups, stratified random sampling was used to draw a sample of 70 employees using staff data records from JKUAT’s Central Registry. The researchers used a semi-structured questionnaire to collect data, which was analysed using SPSS software and Microsoft Excel.

5. Research Findings

The findings of this research indicated that a majority of the respondents were well aware of the University’s vision and mission and this was affirmed by an impressive majority (91.4%) with only a minority (8.6%) stating the contrary. Over 50% stated their ability to apply knowledge from strategy information to their daily duties while 28.6% stated otherwise. 64.3% and 57.1% also indicated their satisfaction with quantity and quality of strategy information respectively. Memos and departmental meetings were rated the most common modes of communication at 35.7% and 28.6% respectively, bulletins and the intranet followed at 24.3% and 11.4% respectively. The telephone did not feature at all.

A significant number of respondents (64.3%) also positively rated the heads of department as playing the critical role of generating departmental goals linked to the University vision while 27.1% disagreed.

When asked whether the University had an explicit workforce planning strategy, 21.4% agreed, while 64.3% disagreed. The statement on role and core competencies identification however had 50% of respondents agreeing that role and competency identification took place whereas 42.9% disagreed. Updated knowledge and skills inventory scored poorly with only 14.3% agreeing while a significant majority of 71.5% disagreed that there was a knowledge/skills inventory in place. While 28.6% of the respondents indicated that the HR function contributes to the University's strategic planning, 64.3% disagreed with this statement. Further analysis revealed that collaborating of HR personnel with line managers rated lowly at 28.5% with 57.1% of the respondents disowning the existence of such a partnership. The study further revealed that integration was lacking since an overwhelming majority (85.7%) of the respondents disagreed that the HR function had "a place at the table" in the University management while only 7.1% believed otherwise. A scrutiny at the composition of the University Management Board confirmed the views of the majority (85.7%) of the respondents on this aspect. Respondents suggested that the University management needs to understand clearly the role of the HR function and not only involve it in key decisions affecting employees but also give the HR personnel full mandate to carry out this role.

Results on the aspect of compensation revealed that 55.7% were dissatisfied with their pay, with 77.2% being unhappy about the pay differentials among job grades. The study further revealed that 60% of the respondents felt that compensation was not aligned to their education and training.

In determining the role of transformational leadership on employee mobility, indicators employed included idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Results indicated that there was a presence of all these dimensions of transformational leadership as affirmed by respondents, where idealized influence and inspirational motivation were rated at 64.3% and 68.5% respectively, while intellectual stimulation and individualized consideration followed closely at 58.5% and 60.0% respectively. When intentions to leave were pitted against the above objectives of the study to determine which one could motivate employee mobility, it was noted that inadequate pay (compensation strategy) topped the list at 74.3% as the greatest determinant of employee mobility. This was followed by lack of recognition (72.9%), lack of career advancement (61.4%) and lack of professional challenges (42.9%), which further highlight the wanting state of organizational alignment.

6. Conclusions and Recommendations

6.1 Conclusions

The study concluded that although the intranet appeared to be grossly under-utilized and the telephone ignored as channels of communication, satisfaction with communication of corporate strategy was noted to be high hence this construct's inability to trigger employee mobility in JKUAT. Lack of recognition, career advancement and professional challenge cited as likely triggers of intentions to leave depict an irrelevance of skill augmentation, as respondents get no opportunity to neither utilize their new skills nor experience career growth. All these combined portray organizational misalignment as a probable cause of employee mobility in JKUAT and a consequent violation of the Harvard Model's principle of strategic integration. Based on the results of this research, it could be concluded that compensation strategy is the most prominent predictor of employee mobility in the institution, and is an indication of 'organizational disequilibrium' thus agrees with organizational equilibrium theory, which posits that exit is likely where one's contribution is deemed greater than the inducements received in return.

6.2 Recommendations

Today's electronic age has transformed communication from paper-based to paperless, thus relegating traditional paper-based methods such as memos, to the archives. As a University of Technology, JKUAT should consider full exploitation of Information and Communication Technology (ICT) whose infrastructure is fully laid but currently under-utilized. Alignment of human capital management systems with the strategic plan through human capital planning is also necessary to ensure that recruitment, selection, deployment, as well as training and education of these resources is linked to critical business strategies. Further, the possibility of a compensation system that promotes equity and alignment with responsibilities and qualifications should be looked into. Finally, incorporation of the HR function into the University Management Board should be considered.

References

- Armstrong M.A. (2009). *Handbook of Human Resource Management Practice*. London: Kogan Page Limited.
- Barnard, C. I. (1938). *The Functions of the Executive*. Harvard University Press, Mass.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17 (1). 99-120.
- Becker, G. (1993). *Human Capital: A Theoretical and Empirical Analysis, with special reference to Education*. Chicago and London, 3rd Edition: The University of Chicago Press.
- Fombrun, C. J., Tichy, N. M., Devanna, M.A.(1984). *Strategic Human Resource Management*. New York : Wiley
- Guest, D E (1989). *Human resource management: its implications for industrial relations*. J Storey, New Perspectives in Human Resource Management, Routledge, London
- Itami, H. 1987. *Mobilizing invisible assets*. Cambridge, MA: Harvard University Press
- Kipkebut, D. J. (2010). *Organisational Commitment and Job Satisfaction in Higher Educational Institutions: The Kenyan Case*. Retrieved from: <http://eprints.mdx.ac.uk/6509/>
- Ng'ethe, J. M. (2013). Determinants of Academic Staff Retention in Public Universities in Kenya. *International Journal of Humanities and Social Science Vol. 2 (13)*, 205-212.
- Ng'ethe, J. M. (2013). *Determinants of Academic Staff Retention in Public Universities in Kenya*. PhD thesis, Jomo Kenyatta University of Agriculture and Technology
- Obwogi, J. (2011). *Factors that Affect Quality of Teaching Staff In Universities In Kenya*. PhD Thesis. Jomo Kenyatta University of Agriculture and Technology.
- Seyyedjavadin & Zadeh (2009) HR Strategy and its aligning with organizational strategy and human capabilities *Iranian Journal of Management Studies 2 (2)*.
- Szekeres, J. (2004) The invisible workers. *Journal of Higher Education Policy and Management*, 26:1, 7-22.
- Weatherly, L. A. (2003). Human capital. The elusive asset. *HR Magazine*, 48 (3), 1- 8.
- World Bank, 1995, *Monitoring Environmental Progress (MEP); A Report on Work in Progress*, Washington: World Bank.
- Jamal, W., & Saif, I. M. (2011). Impact of Human Capital Management on Organizational Performance. *European Journal of Economics, Finance and Administrative Sciences Issue 34*.