

Analysis of Human Resource Development as a Source of Competitive Advantage Among Leading Telecommunication Companies in Kenya

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Abstract

This study aimed at establishing the role of Human Resource Development as a Source of competitive advantage towards enhancement of performance of Telecommunication Companies in Kenya. The study used survey research design as it was considered most appropriate in facilitating the collection of relevant data whose results were generalized to a defined population. The study used questionnaires and interview methods. A sample of 93 respondents mainly top and middle level managers from 4 top telecommunication companies in Kenya was scientifically determined. A response rate of 90.3% was obtained. Data collected was analyzed using the SPSS software. Linear regression and other statistical tests were used to establish the nature and effect of various variables under investigation. The study established that Human Resource Development as a Source of Competitive Advantage has a significant effect on the performance of telecommunication companies in Kenya. The study recommended that, among others, telecommunication companies in Kenya continue to invest more in human resource development programs especially those aligned to new products and emerging industry demands.

Keywords

Human Resource Development, Performance, Telecommunication Companies

I. Introduction

Amid intense competition and pressure from varied environmental factors, organizations today have increasingly become aware of the significant role of strategic human resource management. Human resource is irrefutably the most important resource for any organization. A great organization is necessarily a product of great individuals and therefore organizations need to robustly invest in human resource development programs so as to obtain utmost value from this important success factor. This awareness in any organizations a critical dimension in the enhancement of its performance [1]. The real life experiences demonstrate the fact that no matter how sophisticated and modern the business activities of an organization may become, it remains extremely difficult to sustain its growth and effectiveness unless there are adequate human resource development strategies on which its operations are hinged. According to [2], people and their collective skills, abilities and experience, coupled with their willingness to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and therefore constituting a major source of competitive advantage.

II. Statement of the Problem

In a study conducted by [3] on "organizational concept of human resource development" it is indicated that Human Resource Development (HRD) as an important discipline of present time is

receiving increased attention for organizational competitiveness. Researchers have developed new theories and conceptual frameworks to address a range of phenomena which are of interest to the HRD profession [4]. A key area of inquiry has been to figure out the current boundaries of HRD and its contribution to organizational performance [5].

Corley, the Founder and CEO of the Human Sphere as quoted by [6] in his seminal article Top HR challenges from 8 business leaders observes that "One of the greatest challenges with HR professionals is being able to be meaningful strategic business partners, particularly in the area of training and developing talent and helping to align that talent in a way that gets needed business outcomes. With most business organizations faced by different performance challenges, the role of HR towards turning the fortunes of business organizations cannot be understated. [7] in its report, Kenya Telecommunication Report 2013 Forecasts, observes that Kenyan telecommunication sector is threatened with weak financial performance by most of the operators on the back of declining revenues and rising operating costs. The same report notices that mobile operators need to implement new avenues for revenue growth and efficient strategies in order to maintain competitiveness in the market. These expected outcomes will never be realized without a well-grounded workforce hence the need to invest in HR development programs. It is on this background that this research sought to analyze the role of Human Resource Development as a Source of Competitive Advantage towards enhancement of Performance of Telecommunication Companies in Kenya.

III. Theoretical and Empirical Literature Review

The resource based perspective distinguishes firms in terms of their strategic and resource endowments and stresses the uniqueness of every organization. This approach assumes that an organization can use superior resources and capabilities to modify the industry structure and or change the rules of the competitive game [8] [9]. According to [10] the key to success is no longer where a company chooses to compete but how the firm's unique resources and capabilities dictate strategy and lead to success.

The RBV theory focuses on the internal resources, capabilities and core competencies of an organization [11]. The theory advocates for building strategies on competitiveness and uniqueness of an organization. [12] refers to human resource development as an approach to employment management which seeks to achieve competitive advantage through the strategic development of highly capable workforce. [13] contend that human resource is one of the most essential pillars in an organization that need to be taken into consideration. They further note that we do live in a world in which knowledge, intellectual capital, rather than physical capital has become increasingly important and we need smart people who can do great things to increase productivity, build new products and services and do so even more quickly.

Effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process [14] of crafting and deployment of the strategy. Quality in this case refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position [15]. If the organizational workforce is not embracing innovation, chances of success through innovational efforts will be very slim. This will hamper such aspects as developing innovation culture, establishing innovation process and pushing the alignment between innovation strategy and business strategy.

[16] in trying to assert the strategic role of HR in an organization note that HRM in a modern organization has two main interrelated roles which include; to foster the performance of an organization, and to act as support for achieving competitiveness through people. It is therefore imperative that leading organizations invest in human resource development in order to obtain and sustain a competitive advantage through this invaluable resource.

IV. Research Methodology

The study used survey research design as it was considered most appropriate in facilitating the collection of relevant data whose results were generalized to a defined population. The sampling frame for the study consisted of top and middle level managers of leading telecommunication companies in Kenya and a sample of 93 respondents was scientifically determined. The study used questionnaires and interview methods for primary data collection and document analysis as the source of secondary data. The study used sampling considering it could be difficult studying all companies in the telecommunication industry. A response rate of 90.3% was obtained. Data collected was analyzed using the SPSS software and subjected to a number of statistical tests to determine the nature of relationships between variables.

V. Data Analysis and Discussion

A. Reliability Test on Dependent Variable (Performance)

The study sought to find the reliability using Cronbach’s type of reliability coefficient. From the findings summarized in Table 1, dependent variable (performance) was found to be reliable at a Cronbach’s Alpha of .902.

Table 1: Reliability Coefficient for Dependent Variable (Performance)

Reliability Statistics	
Cronbach’s Alpha	N of Items
.902	12

B. Factor Analysis on Dependent Variable (Performance)

The study sought to find out if all the factors for dependent variable performance would load highly. Table 2 shows that none of the factors had a factor value of less than the required threshold of .4.

Table 2: Factor Analysis on the dependent variable (Performance of the Company)

Component Matrix ^a	
	Component
	1
Employee retention rate	.788

Network geographical distribution	.773
Technological capacity	.721
Number of subscribers	.712
Average revenue	.702
Average profits	.685
Number of patents	.678
Asset base	.674
Market share	.666
Number of permanent employees	.665
Quality of employees	.654
Quality of infrastructure/facilities	.640
Extraction Method: Principal Component Analysis.	
a. 1 components extracted. (looks hanging)	

C. Descriptive Statistics for Dependent Variable (Performance)

The research sought to establish the descriptive statistics of the dependent variable (performance of the company). From the findings summarized in Table 3; 41.7% said the status of the number of subscribers was average, 45.2% stated that the asset base was good, 42.9% felt the number of permanent employees was average, 35.7% indicated that the average profits was average, 42.9% opined that the number of patents was average. From the same sample, 35.7% said average on the average revenue, 51.2% felt that their market share is average, 40.5% depicted network geographical distribution as average, 46.4% approved quality of infrastructure/facilities as average. Furthermore, 50.0% said employee retention rate was average, 39.3 % rated quality of employees as average while 46.4% rated average the technological capacity.

Table 3: Descriptive statistics for performance of the company

	Poor	Fair	Average	Good	Very good
Number of subscribers	6.0%	13.1%	41.7%	38.1%	1.2%
Asset base	3.6%	14.3%	31.0%	45.2%	6.0%
Number of permanent employees	7.1%	14.3%	42.9%	27.4%	8.3%
Average profits	4.8%	19.0%	35.7%	31.0%	9.5%
Number of patents	6.0%	27.4%	42.9%	21.4%	2.4%
Average revenue	6.0%	27.4%	35.7%	28.6%	2.4%
Market share	6.0%	27.4%	51.2%	14.3%	1.2%
Network geographical distribution	7.1%	20.2%	40.5%	25.0%	7.1%
Quality of Infrastructure/facilities	4.8%	21.4%	46.4%	23.8%	3.6%
Employee retention rate	7.1%	15.5%	50.0%	21.4%	6.0%
Quality of employees	4.8%	26.2%	39.3%	27.4%	2.4%
Technological capacity	2.4%	20.2%	46.4%	25.0%	6.0%

D. Reliability Test on Human Resource Development

The study sought to establish if human resource development was reliable using Cronbach’s type of reliability coefficient. From the findings presented in Table 4, human resource development was found to be reliable at a Cronbach’s Alpha of .788.

Table 4: Reliability Coefficient for Human Resource Development

Reliability Statistics	
Cronbach’s Alpha	N of Items
.788	4

E. Factor Analysis on Human Resource Development

The study sought to find out whether all the factors on Human Resource would load highly on. Table 5 below shows that all the factors had a factor value of above the required threshold of 0.4.

Table 5: Factor Analysis on Human Resource Development

Component Matrixa	
	Component
	1
The company has a comprehensive HRM development plan	.868

Table 6: Descriptive Statistics of Human Resource Development

	Not at all	Little extent	Moderate extent	To a large extent	To a very large extent
The company has a comprehensive HRM development plan	14.3%	16.7%	26.2%	28.6%	14.3%
Our HR workforce attend frequent training seminars/workshops	10.7%	15.5%	36.9%	28.6%	8.3%
Our HR have necessary capacity to successfully deploy the company strategy	9.5%	7.1%	32.1%	38.1%	13.1%
The company has a significant budget for HR development	10.7%	21.4%	35.7%	25.0%	7.1%

F. Checking for linearity in Human Resource Development variable

Prior to carrying out regression analysis, the study sought to establish whether a linear relationship existed between the dependent variable (performance of the company) and independent variable (human resource development). From Fig. 1 the study concluded that a positive linear relationship existed between the dependent and independent variable (human resource development).

Our HR workforce attend frequent training seminars/workshops	.834
Our HR have necessary capacity to successfully deploy the company strategy	.765
The company has a significant budget for HR development	.649
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

E. Descriptive Statistics on Human Resource Development

The study sought to find the descriptive statistics of human resource development of the company. From the findings summarized in Table 6, 28.6% of the respondents indicated that to a large extent, the company has a comprehensive HRM development plan, while 36.9% observed as moderate the extent to which HR workforce attend frequent training seminars/workshops. A majority (38.1%) opined that to a large extent, HR have necessary capacity to successfully deploy the company strategy. The findings confirm the position taken by [14] who argued that effectiveness of strategy implementation is, at least in part, affected by the quality of people involved in the process of crafting and deployment of the strategy. According to [15] quality in this case refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position. Further, 35.7% felt that to a moderate extent their companies have a significant budget for HR development.

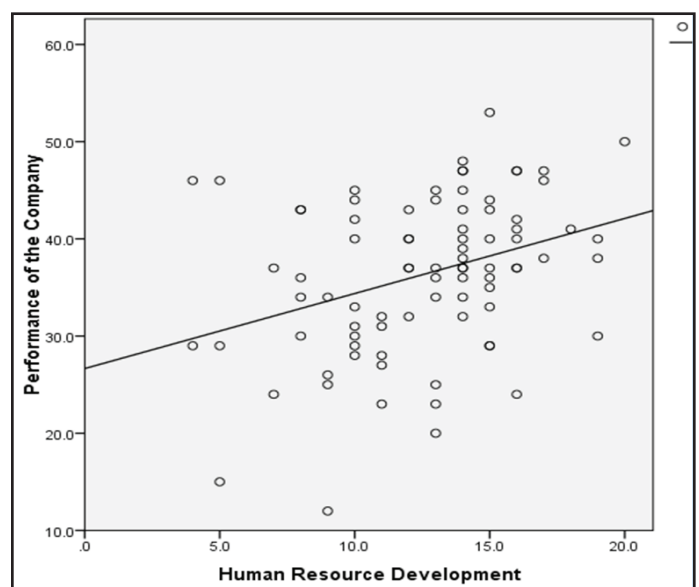


Fig. 1: Checking for Linearity in the Human Resource Development

G. Correlation between Human Resource Development and Performance of the Company

The study carried out correlation analysis to find if a relationship existed between performance of the company and human resource development. From the findings presented in Table 7, a statistically significant positive ($P = .341$; $p = .001$) relationship existed between performance of the company and human resource development. This finding imply that an increase in human resource development will result in a similar increase in the performance of the company. In a similar study, [16] noted that HRM in a modern organization has two main interrelated roles which include; to foster the performance of an organization, and to act as support for achieving competitiveness through people.

Table 7: Correlation Between Human Resource Development and Performance of the Company

Correlations			
		Performance of the Company	Human Resource Development
Performance of the Company	Pearson Correlation	1	.341**
	Sig. (2-tailed)		.001
	N	84	84
Human Resource Development	Pearson Correlation	.341**	1
	Sig. (2-tailed)	.001	
	N	84	84

** . Correlation is significant at the 0.01 level (2-tailed).

H. Regression of Human Resource Development and Performance of the Company

The researcher carried out a regression analysis to determine the influence that human resource development had on performance of the company. The Model Summary Table 8 shows that, human resource development contributes 11.7% of the total variance in the dependent variable (performance of the company).

Table 8: Model Summary Table of Performance and Human Resource Development

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.341 ^a	.117	.106	7.64813

a. Predictors: (Constant), Human Resource Development

From Anova Table 9 the variability in the dependent variable (performance of the company) due to the influence that human resource development had on it, was statistically significant. Further, the null hypothesis that human resource development does not have a significant influence on the performance of the company is rejected and instead the alternative hypothesis that human resource development has significant influence on the performance of the company is accepted.

Table 9: Anova Table of Performance of the Company and Human Resource Development

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	632.494	1	632.494	10.813	.001b
	Residual	4796.494	82	58.494		
	Total	5428.988	83			

a. Dependent Variable: Performance of the Company
b. Predictors: (Constant), Human Resource Development

From the Coefficient Table 10, human resource development contributes a statistically significant value of .772 for every unit increase in performance of the company.

Table 10: Coefficient Table of Performance and Human Resource Development

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	26.656	3.062		8.705	.000
	Human Resource Development	.772	.235	.341	3.288	.001

a. Dependent Variable: Performance of the Company

VI. Summary of Findings and Conclusions

The study sought to establish the influence of human resource development on performance of telecommunication companies in Kenya. From the findings, the study concluded that telecommunication companies Kenya have comprehensive human resource development plan, their workforce attend frequent training seminars and workshops, HR have necessary capacity to successfully deploy company strategy and that companies have significant budget for HR development. From the correlation analysis findings, the study concluded that human resource development has a significant positive influence on performance of telecommunication companies in Kenya. The findings were confirmed through regression analysis which revealed that human resource development contributes 11.7% of the total variance in the dependent variable (performance of the companies). The findings confirm the position of Poloski and Vidovic (2007) that HRD in a modern organization has two main interrelated roles which include; to foster the performance of an organization, and to act as support for achieving competitiveness through people.

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