ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 4, Issue 2, pp: (417-426), Month: April - June 2016, Available at: www.researchpublish.com

The Effect of Employee Engagement on a Firm's Competitive Advantage: A Case of Kenya Electricity Generating Company Limited

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Abstract: **The study was conducted as a case study of Kenya Electricity Generating Company in Nairobi and as a repository of knowledge, it would be beneficial globally, regionally and nationally specifically for firms operating in the energy sector by providing critical knowledge that will enable them enhance their competitive advantage. The study reviewed relevant available literature that focused on employee commitment, employee voice, employee motivation and employee productivity which have a significant effect on competitive advantage of a firm. The theories discussed included Herzberg's two factor theory, Adams' equity theory, McGregor's Theory X and Y and Becker's human capital theory. The research design that was adopted was descriptive research and a sample size of 196 respondents was used. The study established a correlation value of 0.851which indicates that there exists a positive relationship between employee engagement and competitive advantage which indicates that the regression model that was used was significant at 95% confidence level. It was recommended the KenGen management should provide more opportunities for career growth and personal development. Further research is to be conducted to assess how firms inculcate employee engagement as a strategy to enhance competitive advantage. Comparative studies need to be done to ascertain the degree to which firms in any given industry embrace employee engagement strategies and the effects thereof. Also, further research should be conducted to determine the degree to which firms leverage employee engagement in order to enhance competitive advantage.**

Keywords: **Employee engagement, employee commitment, employee voice, employee motivation, employee productivity, competitive advantage.**

I. INTRODUCTION

Employee engagement has emerged as a critical driver of organization success in the modern competitive business environment leading to competitive advantage. For an organization to gain and sustain competitive advantage in the industry, it must possess resources and capabilities that are valuable, rare, inimitable and organized. Netland and Aspelund (2013) state that a firm that possesses valuable and rare resources and capabilities has the potential to gain competitive advantage, and when such resources in addition are imperfectly imitable and non-substitutable, the resources have the potential of building sustained competitive advantage. This in turn translates to positive impact on customer satisfaction, company reputation and overall stakeholder value. These advocated positive outcomes of employee engagement make organizations develop the culture of engagement at work as a priority for organization.

Research shows that the very idea of employee engagement has sparked widespread interest over the last decade. Macey and Schneider (2008) postulates that engagement is the illusive force that influences the level of performance of employees in a firm. As such, employee engagement is a desirable condition that has an organization purpose and connotes involvement of employees towards realizing both individual and organizational goals. The sole focus on employee satisfaction and stability is therefore not enough to forge the crucial link between individual performance and positive business results; it must expand to include the concept of employee engagement (Sanchez &Maccauley, 2006). Employees who are engaged in their work and committed to their organizations give firms crucial competitive advantages such as higher productivity and lower employee turnover.

According to Vance (2006), firms have invested substantially in policies and practices that foster employee engagement and commitment in their workforces. Firms with an inculcated employee engagement philosophy within their work environment are mostly deemed to be the best companies to work for. This is because employees are put at the heart of the corporate purpose (Gratton, 2000). Such firms are best placed to attract knowledge workers who possess the necessary competencies and experience to steer the firm towards increased performance, hence gaining competitive advantage over competitors in the industry. According to Hernandez (2009), competencies consist of clusters of knowledge, attitudes and skills that affect an organization's ability to perform a specific task or role. Therefore, the distinctiveness of a firm's capabilities which other firms are unable to imitate will determine the level of success for the firm to gain competitive advantage. Sanchez and McCauley (2006) observe that in the past, a firm having satisfied employees who were content with their work experience was a good formula for success because they contributed to the workforce stability and productivity. The business environment today is competitive and this requires a workforce that is fully engaged to enhance the firm's competitive advantage.

KenGen is a limited liability company, registered under the Company Act Cap 486 of the Laws of Kenya. It was incorporated in 1954 as Kenya Power Company Limited and renamed KenGen in 1997 following implementation of the reforms in the energy sector. The core business is to develop, manage and operate power generation plants to supply electric power to the Kenyan market, and in future, to supply power to the Eastern Africa region (KenGen, 2014). Other key industry players in the energy sector include the MOE, ERC, IPPs and Kenya Power. KenGen has a workforce of 2,427 staff located at different power plants in the country, 400 of which are in the Nairobi office. With its wealth of experience, established corporate base and a clear vision, the firm intends to maintain leadership in the liberalized electric energy sub-sector in Kenya and the Eastern Africa region. KenGen currently produces 80% of electricity consumed in the country, 70% of which is hydro-based (www.kengen.co.ke). Gratwick and Eberhard (2008) postulate that following earlier reforms in the power sectors of industrialized countries and emerging markets, developing countries were encouraged to unbundle their electricity industries and to introduce competition and private sector participation. This has led to the increase in the level of competition in the industry due to a levelled playing and reduced monopoly situation in the business environment. KenGen, despite these changes, remains a market leader with its main competitors including firms such as Origin Energy Limited, Ormat Industries Ltd., Power Technics Limited and Geothermal Development Limited.

II. STATEMENT OF THE PROBLEM

The business environment has become overly global and competitive. Fulfilled and stable employees are not sufficient to generate necessary business outcomes as they merely meet the work demands and this will not lead to higher performance (Abraham, 2012). In order to compete effectively, employers need to go beyond satisfaction by doing their best to inspire their employees to apply their full potential and capabilities to their work (Bakker &Leiter, 2010). The end result is a firm gaining competitive advantage in the long run. According to Roberts and Davenport (2002), employee engagement boils down to the inherent connection between an employee's contribution and the firm's productivity.

Employee engagement is what propels performance, encourages discretionary effort, retention and organizational growth (Council, 2004).A firm that does not consider the importance of employee engagement may be exposed to high turnover of competent employees to the benefit of competitors which may have a significant effect on a firm's competitive advantage, in this case, KenGen, which is perceived to be one of the best employers in the industry. KenGen conducts business in a liberalized market, currently enjoying 74% market share in the energy industry and seeks to sustain this competitive advantage (KenGen, 2015). As indicated earlier, it has four main competitors, all of which are independent firms, which combine to supply the remaining 26% of the country's power needs. In a strategic shift from hydro power generation to geothermal, which is already generating some 150MWfrom geothermal, KenGen plans to invest US$4.5billion in new geothermal plants with a capacity to generate 3000MW by 2018 (KenGen, 2014). In order to achieve this strategy, according to KenGen (2014), the firm has had an average annual growth of 7% on the number of employees which is a clear indication that the firm views employees as a key resource. KenGen recognizes that the quality of staff and performance-driven culture through focus on employee empowerment and youth development serves as the cornerstone of the firm's success (KenGen, 2014). The firm seeks to foster a work environment that encourages employee commitment and retention with the aim of meeting corporate objectives, diverse needs and aspirations of employees.

Despite the 7% growth on the number of employees, it is not clear how the firm applies employee engagement practices that enable it to retain competent employees that possess the necessary distinctive skills, knowledge and expertise that will enhance the firm's competitive advantage. Also, available statistics do not indicate the rate of turnover of competent staff. It is further not known what effect the employee engagement strategies have on the firm's competitive advantage. This study therefore sought to contribute to existing knowledge gap by establishing the effect of employee engagement on a firm's competitive advantage. The study evaluated the effect of employee commitment, employee voice, employee motivation and employee productivity on KenGen's competitive advantage.

III. RESEARCH OBJECTIVES

The objectives of this study were as follows:

i. To determine the effect of employee commitment on a firm's competitive advantage.
ii. To evaluate the influence of employee voice on a firm's competitive advantage.
iii. To establish the effect of employee motivation on a firm's competitive advantage.
iv. To assess the effect of employee productivity on a firm's competitive advantage.

IV. LITERATURE REVIEW

Herzberg (1966) developed the two-factor theory based on Abraham Maslow's hierarchy of needs theory that relates more specifically to how individuals are motivated in the work place. The theory states that employee attitudes to work are affected by hygiene factors (company policies, supervision, interpersonal relations, job security, working conditions, and salary) and motivators (achievement, recognition, the work itself, responsibility, advancement and growth). Schermerhorn, Hunt, and Osborn (2003) postulate that the theory was started with the idea that what causes the job satisfaction are the opposite of those things that cause job dissatisfaction. The theory rests on the assumption that motivation comes from within the individual as opposed to any external factors and that the opposite of satisfaction is no satisfaction, while the opposite of dissatisfaction is no dissatisfaction (Thomas, 2002).The satisfaction of hygiene needs can prevent dissatisfaction and poor performance, but only the satisfaction of the motivation factors will bring the type of improved employee productivity sought by firms (Herzberg, 1974). According to Mir (2012), sufficient amount of fringe benefits like health, pension and child care must be provided and compensation in general equivalent to the amount of work done which will ensure that employees are motivated and committed at the workplace.

The equity theory, as advanced by Adams (1965), examines and articulates the process in ascribing fairness to the exchange relationship between an employee and employer. Equity theory proposes that individuals who perceive themselves as either under-rewarded or over rewarded will experience distress, and that this leads to efforts to restore equity within the organization. Mathis and Jackson (2004) postulate that equity is the perceived fairness of what the person does compared with what the person receives. It further explains why pay and conditions alone do not determine motivation. According to Kiruja and Mukurum (2013), while research suggests that under-reward motivates individuals to resolve the inequity, research also indicates that the same is not true for over-reward. Individuals who are over-rewarded often engage in cognitive dissonance, convincing themselves that their efforts and rewards are equal to others. Barnet and Simmering (2006) posit that employees are motivated to reduce perceived inequity when they try to minimize it in order to achieve balance. Equity theory emphasizes the importance of a reward system that is perceived as fair by employees and more so, based on merit. This is because an employee's degree of motivation is correlated to their perception of equity, fairness and justice which has a positive effect on employee commitment to the firm.

McGregor (1960) formulated two models for motivation which he referred to as Theory X and Y which are based on two different assumptions regarding human behaviour within an organization. According to Halepota (2005) as cited by Essays (November 2013), Theory X holds that managers assume that all workers are lazy, lack aspiration and that they will not take on any position of responsibility, oppose change and will do whatever they can to get out of work. Theory X managers do not give their employees such opportunity so that the employees behave in the expected fashion. Halepota (2005) postulates that Theory Y is different in that it is based on the assumptions that workers are not lazy and that they can be motivated to achieve maximum output to benefit the organization, given that they have the freedom to achieve their goals. He further argues that under the Theory Y approach that management should show confidence in allowing their employees' freedom for it allows them to achieve the goals of the organization. Kopelman, Prottas and Falk (2012) argue that managers make assumptions about their employees regardless of intent. Both theory X and Y assume that when the right set of conditions is applied at the workplace, an employee becomes motivated and is able to reach their true potential. Thus, it is important for managers and employees to have mutual understanding in order for the firm to succeed in achieving its goals and objectives.

According to Becker (1962), the human capital theory holds that human capital is not only built or improved by formal schooling and/or training, but also on the job from the effects of the productive process itself, for many employees are known to increase their productivity by learning new skills and perfecting old ones while on the job. Schultz (1961) posits that human capital has long been acknowledged to be an important factor for employee productivity in firms and that it influences the competitiveness of firms.

This theory emphasizes the value addition that people contribute to a firm. It regards people as assets and stresses that investments by organizations in people will generate worthwhile returns (Schultz, 1961). Laroche, Mérette, and Ruggeri (1999) deem human capital as the stock of innate abilities, the knowledge and skills that people acquire and develop during their lifetime that improves the productivity in the process of value creation.

CONCEPTUAL FRAMEWORK:

A conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables (Young, 2009). In this study, the conceptual framework looked at the relationship between independent variables such as employee commitment, employee voice, employee motivation and employee productivity and the dependent variable being competitive advantage as shown in Fig. 1.

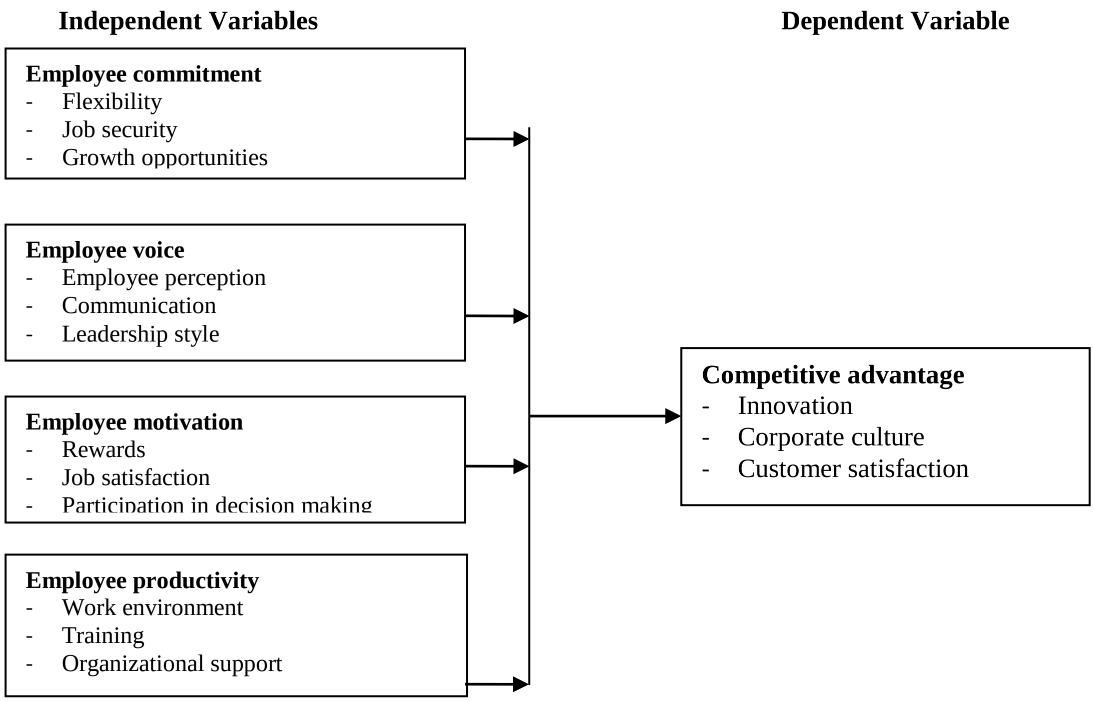

Fig.1: Conceptual Framework

Lockwood (2007) states that the number one factor that influences employee commitment is the manager-employee relationship through which the manager creates the connection between the employee and the firm which leads to enhancing competitive advantage. A study by BlessingWhite (2006) shows that employees who trust their managers appear to have more pride in the organization and are more likely to feel they are applying their individual talents for their own success and that of the organization. Valuable employees may be mobile to different extents, leading to insecurity for the employer to be able to appropriate resulting advantages. Commitment of an employee who is valuable would therefore be of high strategic relevance (Abraham, 2015) to any firm that is seeking to gain competitive advantage.

The need for discussions with management to be held in a spirit of cooperation, as favoured by employees, is reinforced by analysis of the recent European Company Survey which found that firms where managers and employee representatives made sincere efforts to solve common problems had higher than average productivity and experienced increases in productivity (Cox, Higgins &Speckesser, 2011).The BlessingWhite (2006) study found that almost 60% of the employees that were surveyed want more opportunities to grow forward in order to remain satisfied in their jobs. A strong manager-employee relationship is a crucial ingredient in the employee engagement and retention formula. According to Truss, Soane, Edwards, Wisdom, Croll, and Burnett (2006), it has been argued that one of the main drivers of employee engagement is for employees to have the opportunity to feed their view upwards. Their survey concluded that currently many firms are not very successful in doing this and as a result many employees felt they lacked proper channels to articulate their views as well as be involved in decision making.

Elding (2005) in a study on motivation of staff in four private business organizations in UK showed how similarities between variables under different theories of motivation could be used to produce a practical model of motivation for use in employee motivation and performance. He, however, faulted his methodology on data collection on motivators as employees in the sample tended to glorify their achievements on self and blamed others for shortcomings. Empirical researches have provided evidence that decisions on recruitment and selection, employee compensation, training and development, and performance management directly influences employees' motivation to perform (Noe, Hollenbeck, Gerhart & Wright, 2010). With this knowledge then we can state that motivated employees are engaged and committed towards enabling a firm to achieve competitive advantage.

A study by Barber (2001) on what employees consider to be the most significant aspects affecting their own productivity revealed that aspects such as technology, storage space, quiet space, climate control, personalizing the workspace and its visual appeal were the most important factors. Haynes (2008) conducted a study that looked at the extent to which the work processes of employees play a part in their productivity. He found that environmental factors such as comfort, office layout, interaction and distraction affected perceived productivity, either positively or negatively. According to Barton (2014), the suggested ways of organizational productivity improvement include but not limited to a committed, involved and congruous executive leadership panel; an investment in learning skills and staff development; recognition and diligent knowledge of customer needs; activity-based management through empowered workplace teams; recurrent overall staff assessment and evaluation; significant investments that contribute to the bottom line; respect for innovation and improvisation; promotion of change through data-based and business case decision-making; support of a positive approach to change and a well thought-out outsourcing of all non-core business or key competency areas.

Studies have found positive relationship between employee engagement and organizational performance outcomes. Researches also indicate that the more engaged employees are, the more likely their employer is to exceed the industry average in its revenue growth (Ellis & Sorensen, 2007; Coffman, 2000; Heintzman & Marson, 2005; Hewitt Associates, 2004; Coffman & Gonzalez-Molina, 2002).Firms are becoming increasingly aware that they can gain a greater competitive advantage by extending their knowledge base than by depending only on economies of scale and/or scope (Grant &Ashford, 2008). Most organizations that aim for competitiveness delimit their investments, expenditure and obtaining not only tangible assets and means but also investing in modern and strategic human resource management practices (Noe, Hollenbeck, Gerhart & Wright, 2010). Given these expectations and specific measures, the fundamental role of human resources in achieving organizational competitiveness is appreciated.

V. RESEARCH METHODOLOGY

The methodology that was adopted in this study was of a descriptive nature. According to Mugenda and Mugenda, (1999), descriptive design enables the researchers collect comprehensive data and thus provide relevant and specific information relevant to draw conclusion on the population under study. Stratified sampling method was used to draw samples from the KenGen staff population in Nairobi generating a sample size of 196 respondents. The method that was used for data collection was mainly through questionnaires administered to the respondents. The collected data was analyzed using Regression and ANOVA in the SPSS package, in an aim to establish the extent and kind of relationship between the dependent variable (competitive advantage) and the independent variables (employee commitment, employee voice, employee motivation and employee productivity).

VI. SUMMARY OF FINDINGS

The study sought to establish the effect of employee engagement on a firm's competitive advantage by studying how employee commitment, employee voice, employee motivation and employee productivity affects competitive advantage. The empirical literature showed that employee engagement is very significant in enhancing a firm's competitive advantage and that advocated positive outcomes of employee engagement enable firms develop the culture of engagement at work as a priority in order to achieve goals in the long run. Firms that truly engage and inspire their employees generate world-class levels of innovation, productivity and enhanced performance, which result in enhancing a firm's competitive advantage.

The study had a response rate of 66.3% where 130 respondents provided feedback from a sample size of 196. On gender distribution, it was found that majority (55.4%) of the respondents were male compared to their female counterparts who stood at 44.6% of the number of respondents. The findings indicate that diversity in gender is invaluable to a firm in that performance would be greatest when diversity is maximized and as such, competitive advantage is achievable through a mix of cognitive abilities in a gender diverse team which has a significant effect on the employees' overall creativity and innovation. The findings on the age of the respondents concluded that majority of the respondents (43.1%) where in the age bracket of 26-35 years followed by those in the age bracket of 36-45 years. Respondents in the age bracket of 46-55 years stood at 10.8% while those aged 56 and above years had a similar percentage of 6.2% with those aged 25 years and below. This shows that firms are not employing older employees as they are deemed not able to conform to workplace changes and new technology, perform ineffectively, as opposed to the younger employees and result in decreased yield on training investments.

It was also found out that a majority of the respondents (39.2%) have worked in the company for less than 5 years while those that have worked in the organization for between 5-10 years stood at 30.8%. 20% of the respondents have worked for a period of 11-15 years while 10% had worked for 16 years and above. The findings indicate that employees are the heart of a corporation purpose and therefore firms seek to attract knowledge workers who possess necessary competencies that will enhance competitive advantage. With regard to education level, it was found out that majority of the respondents were at the undergraduate level (48.5%) compared to those at postgraduate level represented by 40.8%. Respondents with diplomas stood at 10.8%. This shows that the firm values educated employees in line with understanding the firm's strategies and goals and these are linked with enhancing a firm's competitive advantage.

VII. REGRESSION ANALYSIS

The linear regression analysis models the linear relationship between the dependent variable which is competitive advantage (CA) and independent variables which are employee commitment (EC), employee voice (EV), employee motivation (EM) and employee productivity (EP). The coefficient of determination (R Squared) and correlation coefficient (r) shows the degree of association between the independent variables and competitive advantage. The four independent variables that were studied explain 72.4% of the factors influencing competitive advantage as represented by R Squared (coefficient of determinant) as shown in Table 1.

Table 1: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.851[a]	.724	.692	.23484	2.169

a. Predictors: (Constant), EP, EV, EM, EC

Table 1 shows that other factors not studied in this research contribute 27.6% of the factors influencing competitive advantage. The correlation coefficient of 0.851 indicates a strong linear relationship between employee engagement and competitive advantage. Durbin Watson value of 2.169 was established illustrating lack of autocorrelation in the model residuals.

ANOVA:

This study used ANOVA to establish the significance of the regression model from which an f-significance value of $p < 0.05$ was established as shown in Table 2. The ANOVA test produced an f-value of 23.043 which was significant at $p < 0.05$. This depicts that the regression model is significant at 95% confidence level. That is, has less than 5% probability of misrepresentation.

Table 2: ANOVA

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	6.354	4	1.271	23.043	.000[a]
	Residual	2.427	85	.055		
	Total	8.781	89			

a. Dependent Variable: CA

b. Predictors: (Constant), EP, EV, EM, EC

The model is statistically significant in predicting how employee commitment, employee voice, employee motivation and employee productivity affects competitive advantage and by having a confidence level of 95%, the results are highly reliable.

Table 3: Regression Coefficients

Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.448	.560		2.584	.513
	EC	.256	.089	.344	3.145	.002
	EV	.233	.077	.322	3.016	.004
	EM	.191	.058	.313	3.329	.002
	EP	.466	.123	.312	3.779	.024

a. Dependent Variable: CA

The regression equation applied was: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where Y is competitive advantage, β_0 represented the regression constant, while β_1- $\beta_4$represented the regression coefficients where X_1 = EC; X_2 = EV; X_3 = EM; and X_4 = EP, and ε as the regression model error term which indicates its significance.

Thus, the regression equation is as follows: $Y = 1.448 + 0.256X_1 + 0.233X_2 + 0.191X_3 + 0.466X_4 + \varepsilon$

The results in Table 3 indicate that employee productivity has the most significant positive influence in enhancing a firm's competitive advantage. This is shown by the regression analysis t-value of 3.779 and a p-value of 0.024 at 95% level of significance that is less than 5%. The findings presented also show that taking all other independent variables at zero, a unit increase in employee productivity will lead to a 0.466 increase in competitive advantage. Employee commitment comes in second in terms of positive significance in enhancing a firm's competitive advantage with a regression analysis t-value calculated of 3.145 and a p-value of 0.002 at 95% level of significance that is less than 5%. The findings presented also show that taking all other independent variables at zero, a unit increase in employee commitment will lead to a 0.256 increase in competitive advantage. Employee voice was found to be positively significant in influencing a firm's competitive advantage with a regression analysis t-value of 3.016 and a p-value of 0.004 at 95% level of significance that is less than 5%. The findings presented also show that taking all other independent variables at zero, a unit increase in employee voice will lead to a 0.233 increase in competitive advantage. The results further show that employee motivation ranked as the least positively significant in enhancing a firm's competitive advantage with a regression analysis t-value of 3.329 and a p-value of 0.002 at 95% level of significance that is less than 5%. The findings presented also show that taking all other independent variables at zero, a unit increase in employee voice will lead to a 0.191 increase in competitive advantage.

VIII. DISCUSSION

The findings show the importance of employee commitment in a firms and how it reflects the extent to which employees identify with a firm and commit to its goals. It can be inferred that employees who are committed to their respective firms are more likely to remain with the firm and will probably exert more efforts on behalf of the firm and work towards its success, exhibiting better performance that the uncommitted employees. The study also showed that a firm which provides an environment that allows staff to develop skills and talents, and acquire knowledge is highly likely to have committed staff which ensures a high guarantee of enhancing competitive advantage within the business environment. This is because employees who are committed and highly motivated to contribute their time and energy in the pursuit of organizational goals and objective are increasingly recognized to be a major benefit to an organization.

It was revealed that a firm can enhance its competitive advantage by enabling employees to feel able to voice improvement-oriented ideas, communicate with the management on issues affecting them, for the benefit of the firm. This increases the levels of employee engagement which has been established to have a significant effect on competitive advantage. This shows that when the management allows staff to contribute improvement-oriented ideas towards organizational growth and that employee feedback on issues matters that concern them, the firm will be able to increase the level of employee engagement. Also, the study revealed that when the firm ensures that positive relationships between management and employees is maintained and that information about the firm's strategic and operational goals and performance are communicated effectively, competitive advantage can be gained in the long run. It was found out that the leadership style in use in the organization ranged from open and flexible to others highlighting that their departments have dictatorial leaders. Inferences reveal that the leadership style applied is crucial in determining the level of employee engagement in a firm where positive relationships are highly likely to enhance competitive advantage.

The study revealed that recognition of good performance leads to motivation for those that are recognized as well as those that would want recognition in future. It was found out that the management's attitude towards motivation on employees was largely skewed to more of positive than negative and that the management did acknowledge the importance of motivated employees and did what was adequate to boost their morale. From the study, it can be inferred that a motivated employee has his/her goals aligned with those of the organization and directs his/her efforts in that direction. Hence, firms with motivated employees are highly successful as their employees always look for ways to improve their output. Getting the employees to reach their full potential at work under stressful conditions is a tough challenge, but this can be achieved by motivating them.

The study further found that the firm helps employees find an ideal balance between work and life responsibilities and also that the firm provides staff with adequate training to increase productivity. This shows that the most significant aspect that affects the productivity of employees is the environment in which they work in and when the management provides adequate support to enable staff perform their jobs efficiently and effectively, employee productivity will increase which enhances the firm's competitive advantage. The study also revealed that the employees believe that the health and safety policy put in place by the management is sound and serves its purpose by ensuring employee welfare is enhanced and maintained at all times. It was also found that the firm empowers employees through allowing their participation in decision making at certain levels though not fully. This implies that employee productivity increases when the staff feel valued and cared for by the firm and thus, recognizing the employees' great work and accomplishments in their respective undertakings will enable the firm to enhance its competitive advantage.

IX. CONCLUSION

The aim of this study was to explore the effect of employee engagement on a firm's competitive advantage which was conducted as a case study of KenGen. Based on previous studies, the components of employee engagement i.e. employee commitment, employee voice, employee motivation and employee productivity, were expected to have a positive relationship with competitive advantage. The output given from the findings indicate that there is a significant positive relationship which corroborate with previously conducted studies. The findings also indicate that employee productivity is a major factor in enhancing a firm's competitive advantage. The findings demonstrate that the aspect of employee engagement can be used to mobilize, assemble, and manage all intangible resources in order to enhance a firm's competitive advantage. Thus firms would be at an advantage when they are able to fully embrace and inculcate employee engagement strategies in order to gain competitive edge against competitors in the industry. Literature indicates that employee engagement is closely associated with organizational performance outcomes and therefore for a firm to gain competitive advantage, it needs to ensure employee engagement practices are entrenched in order to reduce employee turnover, increase productivity, profitability, growth and achieve customer satisfaction.

X. RECOMMENDATIONS

The study is a justification of the fact that inculcating employee engagement in terms of having committed employees, entrenched employee voice, a motivated workforce and one that is highly productive, will enable a firm gain competitive advantage. Specifically, the study recommends that KenGen should be open to listen to employees' improvement oriented ideas and concerns and implement employee welfare needs that will boost motivation and productivity of the employees. The management should provide more opportunities for career growth and personal development in order to reduce turnover rate of competent employees who are vital in enabling the firm to gain competitive advantage. A fitting leadership style should be applied in order to encourage positive relationship between the management and employees. The firm should ensure that information that affect staff directly and indirectly is communicated in good time and effectively through the proper channels that will reach all the staff intended. The management should work on improving the reward system so that there would less bias observed within the firm. The management should ensure that the health and safety policy put in place by the management is sound and serves its purpose by ensuring employee welfare is enhanced and maintained at all times. The firm should reviewing policies within the firm that deal directly with customer service in order to increase customer satisfaction by ensuring that employees are equipped with information relating to customers and other stakeholders.

Recommendations for Further Research:

This study is a millstone for future research in this area, particularly in Kenya. The findings emphasize the importance of employee engagement in enhancing competitive advantage of which there is little research conducted. Further research will necessitate the need to assess how firms inculcate employee engagement as a strategy to enhance competitive advantage. Comparative studies need to be done to ascertain the degree to which firms in any given industry embrace employee engagement strategies and the effects thereof. Also, further research should be conducted to determine the degree to which firms leverage employee engagement in order to enhance competitive advantage.

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