EFFECT OF EMPLOYEE RECRUITMENT AND SELECTION ON THE PERFORMANCE OF PARASTATALS IN KENYA

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ABSTRACT

As globalization and competition becomes a real phenomenon, there is more emphasis to link strategy and organization performance. To compete effectively, organizations must adopt ways of enhancing their competitive advantage and profitability. This study sought to examine the effect of employee recruitment and selection on the performance of parastatals in Kenya. The study adopted a descriptive survey design with both quantitative and qualitative approaches. A population of 9600 was targeted in 32 purely commercial parastatals in Kenya. A sample of 240 respondents was selected from 10 parastatals using cluster random sampling technique. Cluster sampling allows study of parastatals in the clusters as they are involved in different businesses. The respondents included CEOs, senior managers, supervisors and other staff in each of these parastatals. Primary data was obtained from the respondents through self-administered questionnaires and interviews. Questionnaires were administered through drop and pick later method. Interviews were conducted by use of an interview guide. Data was analyzed using both descriptive and inferential statistics with the use of Statistical Package for Social Science (SPSS version 22). Descriptive including mean scores, standard deviations, percentages and frequency distribution were computed to describe the characteristics of the variables of interest in the study. Inferential statistics like linear regression technique was used to establish the nature and magnitude of the relationships between the variables. The results were presented in tables and figures (graphs and pie charts). The quality of new recruits depends upon an organization’ recruitment practices, and that the relative effectiveness of the selection phase is inherently dependent upon the calibre of candidates attracted. From the analysis, recruitment and selection is of prime importance to organizations in order to get the best of employees. Recruitment and selection of employees to a greater extent determines the performance of an institution and it is of great importance if institutions want to achieve their goals. The study concludes that there were recruitment and selection policies in the parastatals however they were faced by a lot of challenges due to corruption, nepotism and tribalism. The respondents felt that the procedures and policies were for records purposes and this could have led to deteriorating performance due to incompetent employees being absorbed in the parastatals. The study therefore recommends that all applicants should be treated fairly and issues of favouritism should be avoided while selecting applicants.

Key Words: Recruitment, Selection, Performance, Parastatals
1. Introduction

The significance of Strategic Human Resource Management (SHRM) practices on organizational performance is still a major debate among academics and practitioners today. The question as to whether there exists a SHRM system that is always positively related to organizational performance, or if this relationship depends on organizational factors and employee outcomes has not been fully answered with respect to public institutions. Previous studies on other parts of the world have mainly focused on the private sector firms (Rodriquez & Ventura, 2003; Bae & Lawler, 2000). It has been argued further that SHRM practices can convert human resources into a strategic asset, given the potential for complementarities between practices and organization resources (Pfeffer, 2005; Purcel, Kinnie, Hutchinson, Rayton, & Swart, 2003). It is argued that how SHRM practices are engaged can determine significantly the organizational success.

Efforts have been made by human resources management theorists to try to establish a causal link between human resource management and performance (Cook, 2000). However, little has been reported on the effect of HRM parastatal performance in the public service. Cook (2000) argues that there is a symbiotic relationship between human resources strategy and performance. While there is a growing body of theory and empirical research demonstrating positive relationships between HRM policies and organization outcomes, additional studies in this area are needed (Purcell & Kinnie, 2007). There is need for a theoretical link on exactly how strategic human resources management and performance are related. Furthermore, there is a great need for additional evidence to support the SHRM-performance relationship. The present study is therefore, an attempt to fill part of this gap using the Kenyan parastatals.

A parastatal is a public sector or state corporation which is that part of the economy that is controlled by the government for the purpose of providing basic government services. Kenya has 185 parastatals as outlined by the report of the presidential taskforce on parastatal reforms of 2013. Parastatals are facing several challenges which have been affecting their performance. These challenges include shortage of skilled staff, poor infrastructure, insecurity, lack of strategic plans and poor organizational processes among other challenges (GOK, 2013). In 2011/12, eleven commercial State Corporations made losses, compared to twelve in 2010/11 and sixteen in 2009/10 (GOK, 2013). This represents 21%, 23% and 31% respectively of all commercial oriented Government Owned Entities (GOK, 2013). Kenya has been experiencing turbulent times with
regard to its organizational practices in the last two decades especially in the public sector. This has resulted in generally low profits across the economy and this picture is fairly well replicated in most purely commercial parastatals (Namusonge, Kabare & Mutua, 2012).

Organizations exhibit higher performance when they recruit and acquired employees possessing competencies consistent with the organization’s strategies. Recruitment is central to any management process and its failure can increase difficulties for any organization including an adverse effect on its profitability and inappropriate levels of staffing or skills (Soliman, 2000). The basic idea in selection process is to solicit maximum possible information about the candidates to ascertain their suitability for employment and given the fact that there are factors which affect the seeking of such information (Prasad, 2005). Armstrong (2009) observes that candidates can be selected using different methods in order to assess their suitability for a certain role. These methods include; individual interviews, interviewing panels, selection boards, and assessment centres. Despite a well-drawn plan on recruitment and selection and involvement of qualified management team, recruitment processes adopted by organizations can face significant obstacles in implementation. This study will determine the hiring cycles, internal promotions and recruitment costs in Kenyan parastatals. The effect of recruitment and selection on parastatal performance in Kenya will also be determined.

2. Statement of the problem

There has been growing consensus about the value of SHRM, and the idea that complementary systems or bundles of SHRM practices, when strategically configured, can significantly enhance organizational performance (Dyer & Reeves, 1995). Despite these findings, most studies have been characterized by lack of a solid theoretical foundation explaining the mechanisms causing the observed enhanced performance. Available studies do not adequately investigate exactly how a good alignment between SHRM leads to improved performance (Ferris, Hochwarter, Buckley, Harrell-Cook, & Fink, 1999). The usual key critique of SHRM and organizational performance is that sound theoretical development that explains how such SHRM practices operate is lacking (Becker & Gerhart, 1996). In an effort to address such theoretical developments in this area, further studies to consider intermediate linkages between SHRM and organizational performance need to be conducted. Accordingly, a better understanding of the role of SHRM in creating and sustaining
organizational performance should be achieved through further theoretical development and empirical evidence.

In an organization effective recruitment and selection can provide significant improvements in productivity and employee morale and allow organizations to build a workforce of more able employees who collectively provide a superior product or service and it has been argued that the costs of ineffectual commercial viability can often be attributed to decades of ineffective recruitment and selection methods (Terpstra, 1996). While it is understood and accepted that poor recruitment decisions continue to affect organizational performance and limit goal achievement, information on the its effect on performance of parastatals in Kenya is scanty, although these organizations continue to perform sub-optimally (GOK presidential task force report on parastatal reforms in Kenya, 2013).

Reviews of past studies conducted in Kenya on organizational performance indicate that the researchers examined other contextual issues that influenced performance other than those investigated in this study. Iravo, Ongori and Munene (2013) investigated the role of conflict management in organizational performance in Kenya. Njuguna (2008) carried out a study that examined the interactive relationship between organizational learning, competitive advantage and firm performance in Kenya’s manufacturing sector. Dimba and K’Obonyo (2009) investigated the role of employee cultural orientations on the relationship between SHRM practices and firm performance of manufacturing multinational companies in Kenya. This study therefore sought to establish the effect of employee recruitment and selection on the performance of parastatals in Kenya.

3. Purpose of the Paper

The purpose of this paper was to establish the effect of employee recruitment and selection on the performance of parastatals in Kenya.

4. Literature Review

4.1 Employee Recruitment and Selection

According to Noe (2008) staffing strategy refers to a company’s decision regarding where to find employees, how to select them and the mix of employee skills and statuses. The objective of HRM
resourcing strategies is to obtain the right basic material in the form of workforce endowed with the appropriate qualities, skills, knowledge and potential for future training (Armstrong, 2010). The selection, recruitment of workers best suited to meeting the needs of the organization ought to form a core activity upon which most other HRM policies geared towards development and motivation should be built (Armstrong, 2010). Organizations can take one of three actions to fulfill their employee resourcing: 1) reallocate tasks between employees, so that existing staff take on more or different work. 2) re-allocate people within the company; and 3) recruit new staff from the external job market. The emphasis is on flexible working practices, requiring multi-skilled workers and sophisticated assessment and development programmes. According to Johnson, Scholes and Whittington, (2006) recruitment is a key method of improving the performance of an organization. According to Hitt, Ireland and Hoskin, (2001) the right people should be placed in positions that fit them best. This is based on the fact that failure to properly allocate employees would result in low organizational performance.

5. Methodology

This research adopted quantitative and qualitative approaches. Quantitative approach was used because the data collected through questionnaires from respondents was analyzable using the standard statistical tools. Qualitative approach was also adopted in this study which was collected through interview guide, it was used because qualitative data is more in depth and provides detailed answers (Berg, 2001). The target population for the study was all C.E.Os, managers, supervisors and other support staff of the purely commercial parastatals. This study targeted all the 32 purely commercial parastatals. The sampling technique used was cluster sampling as it allows study of parastatals in the cluster as they deal with different businesses (Mugenda & Mugenda, 2003). Cluster sampling technique guarantees that each cluster is represented in the sample and is more accurate in reflecting the characteristics of the population (Kothari 2004). In this sampling method, sampling error is considerably reduced. Using the sampling frame, 10 parastatals were selected from 32 purely commercial parastatals that are in different categories. This represents more than the 30% of the accessible population that is generally recommended by Mugenda & Mugenda (2003) who recommend that 30 % of the accessible population is enough.

A sample of 240 respondents was selected through stratified random sampling. This study estimated that around 80% of the parastatals have embraced SHRM practices.
Table 1: Representative samples of different categories for the ten parastatals

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Number per parastatal</th>
<th>Representative Sample (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEOs</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Managers</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Supervisors</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>Other support staff</td>
<td>14</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>240</strong></td>
</tr>
</tbody>
</table>

Data was collected, coded and analyzed using SPSS version 20.0. The findings were presented in form of tables and pie charts and discussions and interpretation of the same given.

6. Results and Discussions

6.1. Response Rate

The number of questionnaires, administered to all the respondents, was 240. A total of 187 questionnaires were properly filled and returned from the parastatals in Kenya. This represented an overall successful response rate of 78%. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good.

6.2. Descriptive Statistics

The first objective of the study was to determine the effect of employee recruitment and selection on the performance of parastatals in Kenya. Table 2 shows that 79.1% of the respondents agreed that the selection systems followed in the parastatal are highly scientific and rigorous, 80.8% agreed that in the parastatal, line managers and HR managers participate in selection, and 79.7% agreed that valid and standardized tests are used when required in the selection process. In addition 77.1% of the respondents agreed that selection systems in the parastatal select those having the desired knowledge, skills and attitudes, 83.5% agreed that to be selected in this parastatal you must know someone and 77.6% agreed that the parastatal takes measures to attract good quality employees. Furthermore, 78.1% of the respondents agreed that the parastatal always selects only the highest quality employees, 75.4% agreed that there was relationship between recruitment and selection of employees and parastatal performance and 72.4% agreed that you must give a bribe to be recruited in the parastatal. Finally 77.5% of the respondents agreed that you must have to be
related to somebody by family or tribe to be employed in the parastatal and 80.7% agreed that nepotism and tribalism plays a major role on recruitment and selection of employees. The mean score for responses for this section was 4.06 which indicate that majority of the respondents agreed that recruitment and selection was a key determinant of performance of parastatals. However the employees felt that as much as recruitment and selection was carried out in the parastatals; corruption, nepotism and tribalism played a major role on the people employed in different parastatals and thus have similar tribes in different organizations. The findings concur with the assertions of Johnson, Scholes and Whittington (2006) who opined that recruitment is a key method of improving the performance of an organization. According to Hitt, Ireland and Hoskin, (2001) the right people should be placed in positions that fit them best. This is based on the fact that failure to properly allocate employees would result in low organizational performance.

### Table 2: Recruitment and Selection Descriptive Statistics

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The selection systems followed in the parastatal are highly scientific and rigorous.</td>
<td>3.2%</td>
<td>10.2%</td>
<td>7.5%</td>
<td>35.8%</td>
<td>43.3%</td>
<td>4.06</td>
</tr>
<tr>
<td>In the parastatal, line managers and HR managers participate in selection.</td>
<td>4.3%</td>
<td>7.0%</td>
<td>8.0%</td>
<td>47.1%</td>
<td>33.7%</td>
<td>3.99</td>
</tr>
<tr>
<td>Valid and standardized tests are used when required in the selection process.</td>
<td>1.6%</td>
<td>9.1%</td>
<td>9.6%</td>
<td>36.9%</td>
<td>42.8%</td>
<td>4.1</td>
</tr>
<tr>
<td>Selection systems in the parastatal select those having the desired knowledge, skills and attitudes.</td>
<td>2.1%</td>
<td>9.1%</td>
<td>11.8%</td>
<td>31.6%</td>
<td>45.5%</td>
<td>4.09</td>
</tr>
<tr>
<td>To be selected in this parastatal you must know someone</td>
<td>1.1%</td>
<td>9.1%</td>
<td>6.4%</td>
<td>36.4%</td>
<td>47.1%</td>
<td>4.19</td>
</tr>
<tr>
<td>The parastatal takes measures to attract good quality employees</td>
<td>3.7%</td>
<td>10.2%</td>
<td>8.6%</td>
<td>34.8%</td>
<td>42.8%</td>
<td>4.03</td>
</tr>
<tr>
<td>The parastatal always selects only the highest quality employees</td>
<td>1.6%</td>
<td>9.1%</td>
<td>11.2%</td>
<td>31.6%</td>
<td>46.5%</td>
<td>4.12</td>
</tr>
<tr>
<td>There is relationship between recruitment and selection of employees and parastatal performance</td>
<td>3.2%</td>
<td>9.6%</td>
<td>11.8%</td>
<td>36.9%</td>
<td>38.5%</td>
<td>3.98</td>
</tr>
</tbody>
</table>
You must give a bribe to be recruited in the parastatal
You must have to be related to somebody by family or tribe to be employed in the parastatal
Nepotism and tribalism plays a major role on recruitment and selection of employees

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.714</td>
</tr>
<tr>
<td>R Square</td>
<td>0.51</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.508</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>0.52319</td>
</tr>
</tbody>
</table>

6.3. Regression Analysis

Regression analysis was conducted to empirically determine whether recruitment and selection was a significant determinant of performance in purely commercial parastatals in Kenya. Regression results in Table 3 indicate the goodness of fit for the regression between recruitment and selection and performance was satisfactory. An R squared of 0.51 indicates that 51% of the variations in performance are explained by the variations in recruitment and selection effectiveness. This implies that 49% of the unexplained variations in performance is accounted for by the other variables including training and development, decentralized teams and employee reward.

Table 3: Model Summary for Recruitment & Selection

The overall model significance is presented in table 4. An F statistic of 192.803 indicated that the overall model was significant. The ANOVA test shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a significant relationship between recruitment and selection and performance of commercial parastatals. The findings imply that recruitment and selection was statistically significant in explaining performance of parastatals in Kenya.
Table 4: ANOVA for Recruitment & Selection

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>52.775</td>
<td>1</td>
<td>52.775</td>
<td>192.803</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>50.639</td>
<td>185</td>
<td>0.274</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>103.414</td>
<td>186</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The recruitment and selection coefficients are presented in table 5. The results show that recruitment and selection contributes significantly to the model since the p-value for the constant and gradient are less than 0.05. The findings imply that one positive unit change in recruitment and selection effectiveness led to a change in performance at the rate of 0.727. This confirms the positive effect of recruitment and selection on performance. The fitted equation is as shown below

\[ Y = 1.034 + 0.727X_1 \]

Table 5: Coefficients of Recruitment and Selection

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.034</td>
<td>0.215</td>
<td>4.805</td>
<td>0.000</td>
</tr>
<tr>
<td>Recruitment &amp; Selection</td>
<td>0.727</td>
<td>0.052</td>
<td>13.885</td>
<td>0.000</td>
</tr>
</tbody>
</table>

7. Conclusions and Recommendations

The focus of recruitment and selection is to match the capabilities of prospective candidates against the demands and rewards inherent in a given job. For this reason, top performing companies devote considerable resources and energy to creating high quality selection systems. Recruitment and selection process are important practices for human resource management, and are crucial in affecting organizational success. The study concludes that there were recruitment and selection policies in the parastatals however they were faced by a lot of challenges due to corruption, nepotism and tribalism. The respondents felt that the procedures and policies were for records purposes and this could have led to deteriorating performance due to incompetent employees being absorbed in the parastatals.

The quality of new recruits depends upon an organization’ recruitment practices, and that the relative effectiveness of the selection phase is inherently dependent upon the calibre of candidates
attracted. From the analysis, recruitment and selection is of prime importance to organizations in order to get the best of employees. Recruitment and selection of employees to a greater extent determines the performance of an institution and it is of great importance if institutions want to achieve their goals. The study therefore recommends that all applicants should be treated fairly and issues of favouritism should be avoided while selecting applicants.

Although a good number of the respondents had recruitment and selection policy, a policy requiring recruitment and selection processes to engage the best person for the job on merit must be put in place. The organization should also ensure that workers of its organization or any person engaged in recruitment or selection is aware of the policies and trained in how to interview and select in an unbiased fashion.

References


