

An Assessment of the Effects of Recruitment Outsourcing On Performance of Flower Firms in Nakuru County, Kenya

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Abstract: *With the increasing globalization, outsourcing has become an important business approach, and a competitive advantage may be gained as products or services are produced more effectively and efficiently by outside suppliers. The need to respond to market changes on a daily basis and the difficulty of predicting the direction of such changes mean that organizations must focus on their core competences and capabilities through outsourcing. One such outsourcing practice is human resource outsourcing where partial or whole activities of the human resource function are outsourced. The purpose of the study therefore was to assess the effect of recruitment outsourcing on the performance of flower firms. It was hypothesized that recruitment outsourcing does not have a significant effect on performance of flower firms. The study used descriptive techniques using both quantitative and qualitative approaches. Data was collected using both open and closed-ended questionnaires. The study used a sample of 66 respondents from selected flower firms in Rongai Sub-County. The study used both descriptive and inferential statistics to analyze the data. The study found a positive relationship between recruitment outsourcing and performance of the flower firms. Recruitment outsourcing had the strongest positive effect on performance ($r = 0.534$). The study recommends that flower firms should enhance their outsourcing activities whilst balancing its effects on in-house employee motivation*

Keywords: Out Sourcing, flower firms, performance, Recruitment

1. Introduction

To survive in a competitive global market and to accomplish long term growth, organizations need to develop and focus on their core competencies [1]. Organizations need careful planning and strategy implementation to increase productivity levels and to change the beliefs, attitudes and values of employees [2]. This is important as employees will then be in a better position to adapt to new technologies and future challenges. Practice in business and economic activities is constantly changing [3]. Most industries have transformed completely from manual processes to complicated, automated and computerized technologies [4].

Change in human resource functions is forcing organizations to change in order to survive, and it is clearly evident that only the fittest organizations succeed [5]. Research in this field also indicates that if an organization is to survive in the business world today it must focus on speed, flexibility and agility. To do that, organizations need to focus on main and core competencies whilst contracting noncore functions to an external entity which will carry out that function as one of their core activities [6]. With the increasing globalization, outsourcing has become an important business approach, and a competitive advantage may be gained as products or services are produced more effectively and efficiently by outside suppliers [7]. The need to respond to market changes on a daily basis and the difficulty of predicting the direction of such changes mean that organizations must focus on their core competences and capabilities [7].

The outsourcing strategy can allow organizations to focus on their core competencies in order to increase efficiency without having to invest in people and technology [8]. Additionally, this production strategy permits organizations to become increasingly profitable, and better able to service both local and international customers [9]. In general, outsourcing can be defined as an organization delegating their non-core functions to an external organization that provides a particular service, function or product [10]. Some authors observe that outsourcing is no longer confined to information technology services, but has expanded to financial services, banking services, engineering services, creative services, data management services, hospitality and clinical laboratories or laboratory medicine, and human resource management [11]. Outsourcing the Human Resource (HR) function is one of many ways to improve an organization's efficiency [12].

HR outsourcing is the contracting out of parts or the whole of the functions of HR to external providers, rather than performing all the HR functions in-house [13]. HR outsourcing ranges from simply transferring noncore activities such as payroll and benefits administration to external providers, to the outsourcing of recruitment, training and even HR strategic planning. HR managers are expected to be more flexible, responsive, and efficient than personnel managers of old, and to contribute to the strategic decisions of their organizations. In response to this paradigm shift, many HR managers are turning to outsourcing as a way of meeting these demands [14].

A growing trend in work organization in the world is for firms to outsource many activities that had been previously performed in-house. Outsourcing these activities, it is argued, will free up human and capital resources as well as allow for increased flexibility in the way labour is employed. The extent of outsourcing and other approaches to flexibility have been documented but little attempt has been made to evaluate such practices. In the Kenyan perspective, the horticultural sector in Nakuru County in particular the flower farms have embraced outsourcing. These farms outsource their employees from various vendors in the country. Outsourced employees deal mainly with flower growing, breeding, cutting, grading, sorting, packaging, transportation and curating.

1.1 Statement of the Problem

Despite the enormous benefits and superior performance through outsourcing of services and goods, majority of businesses continue to use the conventional ways of providing services, when outsourcing of such services clearly indicating that the operational cost reduction and efficiency in delivery will be achieved.

1.2 Research Objective

To assess the effects of recruitment outsourcing on performance of flowers firms in Nakuru County.

1.3 Research Hypotheses

$H_{01}: \mu_1 = \mu_2$: Recruitment outsourcing does not significantly affect performance of flowers firms in Nakuru County

1.4 Scope of the Study

The study mainly focused on flower farms in Rongai Constituency, Nakuru County. The focus on the flower sector was based on the significant contribution made by this sector to the nation's economy in terms of foreign exchange earnings and employment as compared to other sectors in Kenya. The study was limited to recruitment outsourcing is prevalent in the agricultural sector in Kenya. The study targeted a population of 800 employees drawn from the selected flower firms. The study was undertaken between August and October 2014 with a proposed budget of Kenya shillings 90,000.

1.5 Limitations of the Study

The study was limited by a number of factors. Firstly, the response rates and incorrect filling of questionnaires came up due to high illiteracy levels in the labor force in the flower sector. This limitation was addressed by assuring the respondents that all information would be treated confidentially.

2. Literature Review

Recruiting and selection activities include placing employment ads, accepting and screening resumes, initial contact interviews, referral of applicants to managers, and background and reference checks. The demand for these services can be highly variable and unpredictable making subcontracting or outsourcing a necessity during periods of rapid growth. Recruitment outsourcing has a long history and is growing rapidly. A global shortage of skilled professionals [15] is driving the demand for recruitment outsourcing since it taps into two core reasons for outsourcing gaining needed expertise and lowering costs.

Recruitment outsourcing providers offer expertise on demand by having retained teams of professional and seasoned recruiters combined with a solid track record of sourcing a multitude of professional positions, and advances in recruitment process engineering. Recruitment outsourcing began in the higher volume staffing of non-exempt employees, where specific investments in technology and standardized processes provided an advantage over in-house delivery. The market now is solidly a part of exempt, mid-level professional hiring. Nearly 90 percent of new recruitment outsourcing relationships includes professionals. This is an area where the buyer mindset has evolved from outsourcing non-core recruiting functions to absolute critical recruiting activities.

It is more common for organizations to outsource the entire recruiting function and implement centralized hubs to drive optimal performance. Recruitment outsourcing providers know the business well enough to increase the number of contractual performance-based service level agreements, which place their fees at risk in the case of bad hires or missed hiring goals. Many organizations outsource only some functions within the recruitment process; while others are selecting a vendor to manage the entire recruiting process from end to end [16].

3. Methodology

The study employed a descriptive research design. This was because the design is well structured and with clearly stated hypotheses and investigative questions. Descriptive research design was appropriate as it enabled the researcher to generalize the findings to a large population. The study also utilized quantitative approaches in the collection of data.

The study focused on all in-house employees of flower firms in Rongai Sub-County, Kenya. Two flower firms were purposely targeted: Van Kreef and Fontana Flower firms. This flower firms were chosen baring the fact that have partly or wholly outsourced their HR activities namely. The two flower firms had a combined staff population of 1124 employees. The staff population comprises of 194 in-house employees and 930 outsourced employees. The target population is presented in Table 1

Table 1: Target Population

<i>Flower Firm</i>	<i>In-House Employees</i>
Van Kreef	88
Fontana	106
Total	194

Purposive sampling technique was used for the study. Purposive sampling is where the researcher consciously decides who to include in the sample. From the sample, the study employed a proportionate stratified sampling in allocating the sample. Simple random sampling was used to select employees through getting lists of employees in each flower and choosing them randomly. From the target population of 194 employees, a sample of 66 employees which is a true representative of the population will be selected randomly among the flower firms using a proportionate stratified sampling approach. The sampling frame of the study constituted 66 employees randomly selected from the selected flower firms.

Table 2: Respondents within the Flower Firms

<i>Flower Firm</i>	<i>Target Population</i>	<i>Sample</i>
Van Kreef	88	30
Fontana	106	36
Total	194	66

Data was collected primarily using questionnaires. Secondary data such as personnel lists was sourced from departmental documentation. The researcher attempted to personally administer the questionnaires to ensure correct information was received from the respondents. Secondary data was collected from annual financial publications and relevant documentation from the specific flower firms

The study used descriptive statistics specifically employing measures of central tendency and dispersion to analyze data and the results were presented in tables. For the purpose of analyzing the relationships of each of the independent variable on the dependent variable, the study used correlation analysis to test the hypothesis of the study.

4. Presentation of Findings

4.1 Back Ground Information

The questionnaire return rate was 82%. There were more male than female thus attribution was made to existence of gender gap in employment in Kenya and the manual nature of the work in the cut flower sector which require a lot of physical strength and long working hours.

Majority of employees in the flower firms were of the age group of 21-30 years (33.3%). With 33% of respondents having diploma level education. 40% of respondents who were the majority had worked between 1-3 years. This can be attributed to the fact that most private sector institutions had employed on short-term contracts in an attempt to minimize human resource costs, maximize productivity and to enhance employee performance which ultimately is geared towards enhanced firm performance.

4.2 Recruitment Outsourcing and Performance of Flower Firms

The results of the analysis on factors associated with recruitment outsourcing as it relates to performance of flower firms are shown in Table 3.

Table 3: Recruitment Outsourcing

	<i>Mean</i>	<i>Std. Dev.</i>
Recruitment outsourcing has led to a reduction of staff shortage problem	4.67	0.643
Recruitment outsourcing has led to a reduced workforce	2.84	1.124
Recruitment outsourcing has made the organization to focus on its core competencies	4.43	0.792
Recruitment outsourcing has led to time-saving in the recruitment process	3.98	0.977
Recruitment outsourcing has motivated employee feelings towards the organization	2.32	0.998
Recruitment outsourcing has enhanced employee commitment to the firm	2.98	1.041
Recruitment outsourcing therefore has enhanced the performance of the firm	3.72	0.973

Majority of the respondents agreed that recruitment outsourcing has led to a reduction of staff shortage problem (4.67), it has made the organization to focus on its core competencies (4.43) and that it has led to time-saving in the recruitment process (3.98). The respondents further were however unsure when asked about whether recruitment outsourcing has led to a reduced workforce (2.84) or whether it had enhanced employee commitment to the firm (2.98). Furthermore, the respondents disagreed that Recruitment outsourcing has motivated employee feelings towards the organization (2.32). The respondents generally agreed that Recruitment outsourcing therefore has enhanced the performance of the firm (3.72). The study therefore deduced that recruitment outsourcing influences the performance of the individual employees which ultimately influences the performance of the firm.

4.3 Relationship between Recruitment Outsourcing and Performance

The respondents' ratings in the statements related to recruitment outsourcing were cumulated to obtain a composite score for recruitment outsourcing. The total scores were then used to compute the Pearson's correlation coefficient to establish whether there was a relationship between recruitment outsourcing and performance of the flower firms. The findings of the correlation analysis are shown in Table 4.

Table 4: Relationship between Recruitment Outsourcing and Performance

		<i>Performance of Flower Firm</i>	<i>Recruitment Outsourcing</i>
Performance of Flower Firm	Pearson's(r)	1	.534**
	P-Value		.002
	N	54	54
Recruitment Outsourcing	Pearson's(r)	.534**	1
	P-Value	.002	
	N	54	54
** . Correlation is significant at the 0.05 level (2-tailed)			

There was a fairly strong positive relationship between recruitment outsourcing and performance of the flower firms ($r = 0.534$). The correlation was significant at the level of 0.02. Although the correlation was fairly strong, the positive nature of the relationship implies that higher levels of performance of flower firms can associated with effective recruitment outsourcing. Based on these findings, the null hypothesis of the study (H_{01}), which stated that there is no significant relationship between recruitment outsourcing and performance of flower firms was rejected and it was concluded that recruitment outsourcing affects the performance of flower firms in Kenya.

5. Summary, Conclusion and Recommendation of Findings

5.1 Summary

The study established that recruitment outsourcing leads to a reduction of staff shortage problem, it makes organization to focus on their core competencies and that it lead to time-saving in the recruitment process. The study further established that recruitment outsourcing does not motivate employee feelings towards the organization. The study therefore established recruitment outsourcing enhances the performance of the flower firm and that it influences the performance of the individual employees which ultimately influences the performance of the firm.

5.2 Conclusion

The study concluded that flower firms must strategize of effective recruitment outsourcing systems in order to gain from the positive influences it has on the performance of the flower firms. It was further concluded that recruitment outsourcing leads to a reduction of staff shortage problem, it makes firms focus on their core competencies and that it lead to time-saving in the recruitment process. The study further concluded that recruitment outsourcing does not motivate employee feelings towards the organization and therefore flower firms must strive to strike a balance between the positive effects of outsourcing and employee motivation which plays a key role in their performance.

5.3 Recommendation

It is recommended that recruitment outsourcing be enhanced in flower firms so as to enhance performance of the firms. Such recruitment outsourcing should be carried in such a way

that it does not negatively affect the motivation of in-house employees.

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