

Effects of Recruitment Practices on Employee Performance in the Cooperative Sector in Kenya; Case of Kenya Union of Savings and Credit Cooperatives

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Abstract: Many organizations in Kenya and around the world have been in many ways affected by recruitment practices of employees in achieving their set objectives. There has been a need for organizations to understand the role of recruitment in getting the most suitable candidates with the best qualifications and abilities to obtain high performance. The study examined the effect of recruitment practices on employee performance in the Cooperative Sector in Kenya; using Kenya Union of Savings and Credit Cooperatives (KUSCCO) Limited as a case. The study was guided by three research objectives namely determining the extent recruitment sources, recruitment policies and recruitment message affect employee performance in the Cooperative Movement Sector in Kenya. The study adopted a case study research design. The study targeted 177 employees of KUSCCO, from which a sample of 89 respondents was drawn for the study. The sample was selected through stratified sampling technique. Primary data was collected through the use of questionnaires, whereas secondary was obtained through existing literature related to the current research topic under study. Quantitative data was analyzed using descriptive statistical tool namely frequencies, percentages, mean and standard deviation while inferential statistical tools such as correlation and regression were used to determine and explain variable relationship. The study established that all the three independent variables (recruitment sources, recruitment policies, recruitment message) had positive relationship with the dependent variable (employee performance) though weaker. From the regression summary, the Adjusted R^2 is 0.662 which shows that employee performance was affected by (r) recruitment sources, recruitment policies and recruitment message. This implies that, there was a variation of 66.2% on employee performance with recruitment sources, recruitment policies and recruitment message. The 33.8% remaining implies that there are other factors not studied in this research that affected employee performance. However, taking all recruitment constructs (sources, recruitment policies and recruitment message) constant at zero, employee performance was 1.704. The findings also show that taking all other independent variables at zero, a unit increase in recruitment sources leads to a 0.911 increase in the employee performance; a unit increase in recruitment policies leads to a 0.478 increase in the employee performance; and a unit increase in recruitment message leads to a 0.721 increase in the employee performance. Therefore, recruitment sources contribute more to the employee performance. Following thereof, there need to recruit more female employee so as to balance gender equality, diversify their external human capital recruitment sources, use realistic job preview as part of recruitment message during advertisement, recruit employees based on their competence to improve their work performance.

Keywords: Recruitment, selection, employee performance, savings and credit cooperative

1. Introduction

Recruitment as a human resource management function is one of the activities that impact critically on the performance of an organization. While it is understood and accepted that poor recruitment decisions continue to affect employee performance which in turn affects organizational performance and limits goal achievement, it is taking a long time for public service agencies in many jurisdictions to identify and implement new, effective hiring strategies. Acquiring and retaining high-quality talent is critical to organization's success. In the recent past, due to redundancies and retirements many organizations are faced with the problem of identifying and selecting the best staff to fill vacancies left.

Various studies have been done related to recruitment practices and how it affects performance of employees in organizations. Zheng and Hong (2006) and Croucher (2008) point out that there is a positive and significant relationship between recruitment and performance of a firm. Sang (2005) also discovered a positive association between recruitment and business performance.

Ichniowski and Shaw (1999), Katou and Budhwar (2006), and Wright and Boswell (2005) also reported similar positive results between.

2. Statement of the Problem

Many public agencies in Kenya have increasingly been experiencing unfair recruitment practices. According to Wanyama (2009) corruption in the form of nepotism in hiring of staff is one of the key problems facing cooperatives in Kenya. According to Davis (2004), cooperatives that try to attract workers without reference to co-operative values and identity are risking inappropriate appointments. Inevitably, the lack of a systematic technique for employee recruitment results in inappropriate choices for respective jobs hence the misdirection of skill and talent. This failure translates to loss; both to the employer on one end in the form of mediocre worker productivity as well as the employees whose aptitudes are underutilized hence wasted talent capacity (Njenga, 2008). Odiome (1984) postulates that the quality of recruitment practices put in place by an organization is a function of the quantity of application

that will be received, more so he started further that the relative effectiveness of the next human resources phase (selection) is inherently dependent upon the quality of applicant attracted. There is adequate empirical evidence to the effect that one of the fundamental challenges facing organizations in the area of performance is their inability to put in place strategies capable of recruiting competent employees and retaining them to achieve organizational goals (Cascio, 2003; Heneman & Judge, 2003; Gberville, 2008).

Cole (2002) contends that one of the first steps in the planning for the recruitment of employees into the organization is to establish adequate policies and procedures. Further, within the context of such a policy, detailed plans and procedures for recruitment can be devised and put in place. The Kenya Union of Savings and Cooperatives (KUSCCO) is an umbrella organization for all cooperatives in Kenya. KUSCCO faces a number of challenges in recruitment and retaining of qualified and competent human resource due to lack of a coherent human resource management policy. The organization faces the challenge of delay in service delivery which results to lower performance levels by employees. Among the contributing factors are inappropriate skills, high staff turnover levels (KUSCCO Strategic Plan, 2014). Despite such a scenario, there is no empirical evidence linking poor employee performance to recruitment practices.

3. Purpose of the Study

The study sought to determine the effect of recruitment practices on employee performance in the Cooperative Movement Sector in Kenya. The specific objectives of the study were to; establish how recruitment sources affect employee performance, assess the influence of recruitment policies on employee performance, and determine how recruitment message influences employee performance at the Kenya Union of Savings and KUSCCO.

4. Research Methodology

The study adopted a case study research designs. This was deemed appropriate since it provided detailed examination of the subject under study for conclusive generalizations. The study covered a stratified sample of 89 respondent which was drawn from a total population of 177 employees spread across the various departments of KUSCCO was covered. The sample size translates to 50% of the total population which is consistent with the recommendation by Fisher et al. (1983), who argue that if there is no estimate available of the proportion in the target population assumed to have the characteristics of interest, a sample of 50% is adequate. Data for the study was collected by means of semi-structured questionnaires; which enabled the researchers to collect data within the stipulated time and also allowed the respondents to fill them at their own convenience, without manipulation, as supported by Bell (2010). Before administration of the questionnaire, it was pilot-tested on 10 respondents with similar characteristics to those of the actual respondents. The results of the pilot test were used to revise and improve the questionnaire to achieve high reliability. The

pilot test data was subjected into reliability testing using Cronbach Alpha which resulted in a reliability coefficient of 0.853; denoting high reliability. The collected data was analyzed using both descriptive and inferential statistics. Descriptive statistics used were frequencies and percentages, mean, and standard deviation. Correlation and regression were used to determine and explain variables relationship. The qualitative data was analyzed using content analysis. The qualitative data was grouped into thematic areas based on the research objectives.

5. Results and Analysis

To ensure reliability in the study, the research instruments tested using Cronbach Alpha. The study established high reliability of the research instruments; structured on the study variables as shown in Table 1. Recruitment sources had a coefficient of 0.813; recruitment policies had a coefficient of 0.810 and recruitment message at 0.831. Mugenda and Mugenda (2003) argue that a coefficient of 0.80 or more implies that there is a high degree of reliability.

Table 1: Reliability Test of the Constructs

| <i>Recruitment Practice</i> | <i>Reliability Coefficient</i> | <i>Comment</i> |
|-----------------------------|--------------------------------|----------------|
| Recruitment sources | 0.813 | Accepted |
| Recruitment Policies | 0.810 | Accepted |
| Recruitment Message | 0.831 | Accepted |

The study achieved a response rate of 50.56%. From the findings, the study established that recruitment sources affect employee performance at KUSCCO. Specifically, the study focused on employee referrals, campus recruitment, online recruitment and employment agency. From the findings, the respondents strongly agreed that employee referrals as a recruitment source influence employee performance by a mean of 4.16 and Std. Deviation of 1.364; they also strongly agreed that campus recruiting as a recruitment source influences employee performance by a mean of 4.02 and Std. Deviation of 1.158. However, they disagreed that online recruitment as a recruitment source influences employee performance registering a mean of 3.00 and Std. Deviation of 1.128; and disagreed that employment agencies as a recruitment source influence employee performance by a mean of 3.02 and Std. Deviation of 0.965. In addition, the study sought to establish the respondents' level of agreement with the variable on recruitment policies (Table 2). The findings established that the respondents agreed that their decision to apply for a job in the organization depends on the corporate social performance by a mean of 3.47 and Std. Deviation of 1.254; and the respondents also agreed that they would apply to the organization if it takes a short time to respond to applications and also short listing applicants as shown by a mean of 3.38 and Std. Deviation of 1.284; similarly, they strongly agreed that having a formal written policy of procedures to deal with recruitment practices influences employee performance at a mean of 4.02 and Std. Deviation of 1.097. However, they disagreed with the fact that a complex recruitment process will generate more qualified applicants than a simple process at a mean of 2.27 and Std. Deviation of 1.009.

Table 2: Recruitment Policies

| <i>Recruitment Policies</i> | <i>N</i> | <i>Minimum</i> | <i>Maximum</i> | <i>Mean</i> | <i>Std. Deviation</i> |
|------------------------------------------------------------------------------------------------------------------------|----------|----------------|----------------|-------------|-----------------------|
| My decision to apply for a job in the organization depends on the corporate social performance. | 45 | 1 | 5 | 3.47 | 1.254 |
| I would apply to the organization if it takes short time to respond to applications and also short listing applicants. | 45 | 1 | 5 | 3.38 | 1.284 |
| That complex recruitment process will generate more qualified applicants than a simple process. | 45 | 1 | 5 | 3.27 | 1.452 |
| Having a formal written policy of procedures to deal with recruitment practices influences employee performance. | 45 | 1 | 5 | 3.84 | 1.147 |

Moreover, the study sought to determine the respondents' level of agreement with the variable on recruitment message. The findings revealed that the respondents strongly agreed that the organization provides detailed job descriptions during recruitment advertisement as shown by mean of 3.53 and Std. Deviation of 1.358; and they also agreed that during recruitment advertisements the organization provides specific information about job/organization at large at a mean of 3.53 and Std. Deviation of 1.198; similarly, they agreed that the organization provides realistic information and both positive and negative aspects of jobs during recruitment advertisement by mean of 3.33 and Std. Deviation of 1.066. The study sought to examine the respondents' level of agreement with variable the regarding their contribution to employee performance at KUSCCO. The findings revealed that the respondents agreed that if employees are retained by the organization, quicker performance results can be achieved at a mean of 3.49 and Std. Deviation of 1.160. However, the respondents disagreed that employee job performance is not impacted by the recruitment process by mean of 2.93 and Std. Deviation of 1.250; and the respondents were satisfied with the objectivity of the performance evaluation system used at KUSCCO as shown by mean of 3.09 and Std. Deviation of 1.345. The respondents agreed that employee performance is

determined by the kind of staff recruited in the organization by the various recruitment practices used by the organization by mean of 4.18 and Std. Deviation of 0.716; similarly, the respondents also agreed that employee performance at KUSCCO is generally high by mean of 3.49 and Std. Deviation of 1.199.

From the correlation results, it was established that there is a statistically significant but weaker positive relationship between recruitment sources and employee performance. However, there is no statistically significant but weaker positive relationship between recruitment policies, recruitment message and employee performance at KUSCCO. As shown in Table 3, the study revealed a statistically significant but weaker positive relationship between recruitment sources and employee performance ($r = 0.317, p < 0.05$), and there is no statistically significant but weaker positive relationship between recruitment policies and employee performance ($r = 0.225, p > 0.05$). However, there is no statistically significant but weaker positive relationship between recruitment message and employee performance ($r = 0.179, p > 0.05$). However, the positive relationships were very low as they lied below a threshold of 0.5 which might be due to the ordinal nature of the data collected since the magnitude of the respective factors could not be established.

Table 3: Correlation Analysis

| | | <i>Recruitment Sources</i> | <i>Recruitment Policies</i> | <i>Recruitment Message</i> | <i>Employee Performance</i> |
|----------------------|---------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
| Recruitment Sources | Pearson Correlation | 1.000 | | | |
| | Sig. (2-tailed) | | | | |
| Recruitment Sources | N | 45 | | | |
| Recruitment Policies | Pearson Correlation | .349* | 1.000 | | |
| | Sig. (2-tailed) | .019 | | | |
| Recruitment Policies | N | 45 | 45 | | |
| Recruitment Message | Pearson Correlation | .209 | .252 | 1.000 | |
| | Sig. (2-tailed) | .168 | .095 | | |
| Recruitment Message | N | 45 | 45 | 45 | |
| Employee Performance | Pearson Correlation | .317* | .225 | .204 | 1.000 |
| | Sig. (2-tailed) | .034 | .138 | .179 | |
| Employee Performance | N | 45 | 45 | 45 | 45 |

From the regression results (Table 4), the Adjusted R² was 0.662 which shows that employee performance KUSCCO was affected by recruitment sources, recruitment policies and recruitment message. This implies that there was a variation of 66.2% on employee performance at KUSCCO with recruitment sources, recruitment policies and recruitment message. The 33.8% remaining implies that there are other factors other than the ones covered in the study that affected employee performance at KUSCCO.

Table 4: Model Summary

| Model | R | R Square | Adjusted R Square |
|-------|------|----------|-------------------|
| 1 | .864 | .746 | .662 |

- a. Predictors: (Constant), Recruitment sources, Recruitment policies and Recruitment message.
 b. Dependent Variable: Employee performance.

Adjusted R² is called the coefficient of determination and tells us how employee performance KUSCCO was affected by (r which is the correlation coefficient) recruitment sources, recruitment policies and recruitment message. From table 4.9 above, the value of adjusted R² is 0.662. This implies that, there was a variation of 66.2% on employee performance at KUSCCO with recruitment sources, recruitment policies and recruitment message. The 33.8% remaining implies that there are other factors not studied in this research that affected employee performance at KUSCCO.

ANOVA test results (Table 4) revealed a mean square of 13.041 while the F-test result was 8.856 with a significance of 0.003. This implies that the probability of these results occurring by chance was less than 0.05 (p<0.05). Therefore, a significant relationship was present between employee performance and all the recruitment constructs covered (recruitment sources, recruitment policies and recruitment message). However, considering all factors; recruitment sources, recruitment policies and recruitment message constant at zero, employee performance was 1.704. The results also shows that taking all other independent variables at zero, a unit increase in recruitment sources led to a 0.911 increase in the employee performance; a unit increase in recruitment policies led to a 0.478 increase in the employee performance; and a unit increase in recruitment message led to a 0.721 increase in the employee performance. Therefore, recruitment sources contribute more to the employee performance than all other recruitments aspects covered in the study.

Table 4: ANOVA Test

| Model | Sum of Squares | df | Mean Square | F | Sig. | |
|-------|----------------|---------|-------------|--------|-------|------|
| 1 | Regression | 13.041 | 3 | 13.041 | 8.856 | .003 |
| | Residual | 278.289 | 41 | 1.472 | | |
| | Total | 291.330 | 44 | | | |

- a. Predictors: (Constant), Recruitment sources, Recruitment policies and Recruitment message.
 b. Dependent Variable: Employee performance.

Results of ANOVA test (Table 3) show a mean square of 13.041. The F-test result was 8.856 with a significance of 0.003. This meant that the probability of these results occurring by chance was less than 0.05 (p<0.05). Therefore, a significant relationship was present between the dependent variable (employee performance) and the independent variables (recruitment sources, recruitment policies and recruitment message).

From the study findings in Table 5, the t-test results for the coefficient of multiple determinations for the three independent variables were 3.835, 5.448 and 0.253. Once again, the probability of these results occurring by chance was less than 0.05, being less than 0.001 for both the independent variables; recruitment sources and recruitment policies and 0.021 for the independent variable; recruitment message. This means that the multiple regression coefficient for the three variables were statistically significant at the p < 0.05 level.

The regression equation was established as $Y = 1.704 + 0.911X_1 + 0.478X_2 + 0.721X_3$; where Y is the dependent variable (employee performance at KUSCCO), β is the intercept, X₁, X₂, and X₃ are the independent variables (recruitment sources, recruitment policies and recruitment message) respectfully. According to the regression equation established, taking all factors; recruitment sources, recruitment policies and recruitment message constant at zero, the employee performance was 1.704. The study also revealed that taking all other independent variables at zero, a unit increase in recruitment sources led to a 0.911 increase in the employee performance; a unit increase in recruitment policies led to a 0.478 increase in the employee performance; and a unit increase in recruitment message led to a 0.721 increase in the employee performance. Therefore, according to the findings of this study, recruitment sources contribute more to the employee performance at KUSCCO.

Table 5: Coefficient of Multiple Determinations

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|-------|----------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 1.704 | 1.477 | | .477 | .032 |
| | Recruitment Sources | .911 | .238 | .408 | 3.835 | .000 |
| | Recruitment Policies | .478 | .088 | .582 | 5.448 | .000 |
| | Recruitment Message | .721 | .283 | .027 | .253 | .021 |

- a. Dependent Variable: Employee Performance

6. Conclusions

From the findings, the study concludes that there is a significant positive relationship between recruitment sources and employee performance in the cooperative sector in Kenya. Employee referrals as a recruitment source affected employee performance to a very great extent because current staff value their reputation, so they

will only refer individuals they believe would make good employees; and also because current human capital is likely to provide those they refer with realistic information about the job, so the prospective applicants will make more informed decisions about whether the position is a good fit (Breugh, 2008). The study further concludes that campus recruitment as a recruitment source affected employee performance to a great extent because in selecting campuses at which to recruit, organizations considers whether the campus offers relevant majors and a sufficient number of students in those majors to make a campus visit worthwhile. Organizations also consider student quality and diversity as supported by Gerdes (2008). The study further concludes that recruitment policies affect employee performance in the cooperative sector in Kenya as it guides recruitment practices and procedures. The study also concluded that majority of employees at KUSCCO were not aware of the human resource management policy which affected the way they conducted their work and ultimate performance. Finally, recruitment message affects employee performance in the cooperative movement sector in Kenya to a very great extent because recruitment message, or job advertisement, will attract applicants who are more qualified for the respective jobs to apply for the vacancies and once selected, they will be motivated and perform better since they understand their job descriptions. The study also concluded that realistic job previews as a form of recruitment message affect employee performance to a very great extent because it influences role clarity which affects job performance and individuals' perceptions that the organization was honest with them (Breugh & Starke, 2000).

Following thereof, the study concludes that recruitment practices have a positive linkage with employee performance in the cooperative sector in Kenya. The results are in line with those of a study by Abomeh and Blessing (2013), which revealed a significant relationship between recruitment employee performance.

7. Recommendations

On the basis of the findings, the study recommend that The management of KUSCCO should diversify their external human capital recruitment sources for justification and equality for the applicants and to increase organizational performance through recruitment of qualified applicants. The cooperative sector in Kenya and especially KUSCCO should use realistic job previews as part of recruitment message during advertisement as this will assist applicants to do self-selection on whether they are qualified to apply for the vacancies or not and hence only qualified applicants will apply for vacancies available. The main objective of recruitment is to hire applicants on the basis of competence and commitment. Therefore, the cooperative sector in Kenya should recruit its employees based on their competencies since a competent employee will perform better and reduce the cost of training once they are hired in the organization. Most of the employees at KUSCCO were of the view that the Union should conduct proper training to the new staff once hired as this

will improve their level of confidence and ability with a positive effect on their performance.

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