# FACTORS INFLUENCING RECRUITMENT STRATEGIES EMPLOYED BY SMALL BUSINESSES IN KITALE MUNICIPALITY, KENYA

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# A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

**OCTOBER 2012** 

## DECLARATION

This project is my original work and has not been presented for a degree in any other university.

Signed.....

Date.....

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This research project has been submitted for examination with my approval as the University Supervisor

Signed.....

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# DEDICATION

To my mother; my strength and inspiration

### ACKNOWLEDGEMENT

The finalization of this project would not have been possible without the assistance accorded to me directly and indirectly by various people.

I thank the Almighty God for his sufficient grace that has enabled me to undertake and complete this project.

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I'm grateful to the small business enterprises in Kitale Municipality who contributed to the completion of my MBA project by accepting to provide the researcher with information about their businesses.

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#### ABSTRACT

The study sought to establish the factors that influence the recruitment strategies that are employed by small businesses in Kitale municipality. A sample population of 33 businesses participated in the study.

A descriptive survey was conducted. Primary data was collected by use of structured questionnaire. The questionnaires were administered through the drop-and-pick-later method. Data was analyzed by use of descriptive data analysis and factor analysis.

The findings of the study revealed that majority of the small businesses in Kitale municipality use internal sources of recruitment such as promotion and referrals. Furthermore, the results of the study indicate that economic conditions, financial position of a business, size, culture, business strategy, social factors, technological advancements and government/legal frameworks all influence the choice of recruitment strategies that are employed by small businesses in Kitale municipality but to varying degrees.

The researcher recommends that small businesses in Kitale municipality should embrace technological developments and embrace E-recruitment as it is a cost-effective method of recruiting workers. In addition, the researcher recommends that business owners in Kitale municipality should consider outsourcing the recruiting function so that it is carried out by professional human resource personnel. This will ensure that the business enterprise get the best employees.

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#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.1 Background

Human resource management practices are considered to play an important role on a firm's performance, (Jones and Wright 1992). Walton (1999) concurs by stating that people are the only true sustainable resource providing long term competitive and customer advantage. It becomes imperative then, for businesses to ensure that they attract and retain the right people. Recruitment strategies determine to a large extent, the success of a business. Firms therefore, need to pay serious attention to developing and implementing sound recruitment strategies. By having the right people in the right jobs, a firm will enhance its competitive advantage, Finnigan (1987). Various authors such as Gatewood et al, (1987); Armstrong (2006); Chhabra (2005), Dessler (1991) and Gomez-Mejia (2010) content that the adoption of such practices as comprehensive recruitment and selection procedures, extensive employee involvement and training can lead to positive organizational outcomes such as improved worker efficiency and effectiveness, reduced absenteeism and worker turnover, and consequently better firm performance.

Different companies employ different recruitment strategies based on the type and size of the business, the funds available and the number of potential employees that are required by the business. The need to carry out recruitment in an organization arise due to various factors including the birth of a new business, expansion of the business, organizational re-engineering and exit by some employees from the organization.

#### **1.1.1 Recruitment**

On the list of human resource management "best practices", authors view recruitment as the foundation for human resource management. This is because recruitment acts as the first point of contact between an organization and its potential employees.

Chhabra (2005) defines recruitment as the process of searching for candidates for employment and stimulating them to apply for jobs in the organization. Gatewood et al (1987), defines recruitment as those activities that influence the number and types of individuals who apply for a position and their job acceptance decisions. These activities include choosing the recruitment sources, developing what will be stated in the recruitment advertisement and deciding how much money will be spent on the recruitment process. The main purpose of recruitment then is to generate an appropriate number of applicants while keeping costs at a reasonable level.

In most organizations, human resource managers are usually charged with the responsibility of recruiting potential employees. In small firms however, there may be no human resource department, leaving the recruitment process in the hands of the business owners who may not be conversant with the significance of recruitment, thus leaving it to chance. Gomez-Mejia et al (2010), notes that finding qualified and motivated employees is a key concern of small businesses. Bad hires can be catastrophic for small businesses which do not have the luxury of reassigning workers who are not well suited for their jobs.

#### **1.1.2 The Concept of Strategy**

Johnson and Scholes (1993, as cited in Armstrong (2006)) define strategy as the direction and scope of an organization over the long term. Strategy must match the organization resources and changing environment and in particular its markets, customers and clients in order to meet stakeholder expectations. Mintzberg et al (1988), argue that the concept of strategy is not a straight forward one because it takes a number of meanings Strategy can be a plan, a ploy, a pattern, a position or a perspective. As a plan, strategy is defined as a consciously intended course of action or a guideline to deal with a situation. According to this definition, strategies are made in advance of the actions to which they apply and are developed consciously and purposely.

Strategy as a pattern is defined as a behavior that is consistent over time, intended or not. Strategy in this case is emergent as it develops in the absence of intentions. Strategy as a position implies that strategy reflects decisions to offer particular products or service in particular markets. Strategy therefore becomes the mediating force between organization and its environment. Mintzberg et al. (1988) further defines strategy as a ploy, meaning that it is a specific manoeuver intended to outdo an opponent or a competitor. Strategy as a perspective means that it is an organization's fundamental way of doing things. In this respect, strategy is to an organization what personality is to as individual.

Mintzberg et al (1998), argue that the formulation of strategy is not necessarily a rational continuous process. He states that in theory, strategy is a systematic process whereby we think before we act, formulate then implement. He further argues that we act in order to think. Meaning that, a realized strategy can also emerge in response to an evolving situation. Mintzberg emphasized the concept of emergent strategies. A key aspect of this concept is the production of something which is new to the organization even if it is not developed as logically as the traditional corporate planners believed to be appropriate. Tyson (1997) confirms that strategy has always been emergent and flexible and that management process itself conditions the strategies that emerge. Looking at strategy from all the perspectives suggested by Mintzberg is important, particularly in the small businesses sector where minimal planning takes place.

#### **1.1.3 Recruitment Strategies**

Miner et al, (1995) and Cascio, (1998) agree that recruitment, like selection should be heavily tied to strategy. Miner et al (1995), states that recruitment and selection should begin with corporate strategy. According to them, recruitment and selection can serve to staff the organization with people who will most effectively implement the strategies of the organization. Cascio (1998) argues that recruitment is a form of business competition

and therefore, organizations must develop strategies to identify, compete, attract and hire the most qualified people.

Price (2007) defines strategic recruitment as identification of real recruitment needs and fulfilling those needs. The organization's human resource needs are tied to the overall business plan. The needs are in terms of numbers, quality, specialized skills and talents in every area of the organizational activities. Price (2007), further states that the organization's human resource needs range from immediate to medium to long term. Finnigan (1983), contents that a successful recruitment strategy should be well planned and practical to attract more and good talent to apply for jobs in the organization. Armstrong (1999), observes that the definition of recruitment strategy should be the common task of human resource recruiters, the human resource management staff and the line managers. The common team should define the recruitment strategy with the main goal of bringing the right talents to the organization. Mintzberg (1988) concludes that a well thought out recruitment strategy should give the whole organization a plan and a guide. It should define the various factors necessary to address current employment markets, how your company will react to future markets and what steps will be taken to implement the strategies. For a strategy to work, it needs solid support from the management.

#### **1.1.4 Factors Influencing Recruitment Strategies**

According to Hackett (1996), different businesses will employ different recruitment strategies depending on the size, nature, tradition of the organization, as well as the vacant position that is under consideration. Small businesses usually do not have a human resource department due to their small size and financial constraints. This affects the recruitment strategies that they choose. Small businesses may also choose to continue to recruit their employees the same way that they always have (tradition). This occurs mainly because the traditional recruitment method has always worked or because the firm does not know another (better) way of recruiting. In some cases, the vacant position that is under consideration may make the firm to adapt particular recruitment strategies.

Gomez-Mejia (2010), notes that the various factors that influence recruitment strategies can be broadly classified as external factors and internal factors. The external factors are those factors that a business cannot control. They include the general economic conditions of a country, technological development, societal pressures, government policies and the legal recruitment framework under which the businesses operate. Internal factors that affect recruitment strategies are those factors that the business is able to control. These factors include the overall business strategy of the firm, recruitment policies of the firm, financial position and the culture of the firm.

#### **1.1.5 Small Businesses**

The definition of a small business will differ according to the type of study that one is carrying out, the size of the economy being studied, criteria used in a particular country or study or the purpose of classifying business into small, medium or large, (Wasonga 2008). A small business is a business that is privately owned and operated with a small number of employees and relatively low volume of sales. Small businesses are normally privately owned corporations, partnerships or sole proprietorships. Small businesses are classified by their number of employees, sales revenue, asset base and net profit, (www.wikipedia.com). The European Union Commission Recommendation (2003), defines small enterprises as those enterprises that employ fewer than fifty persons and whose annual turnover does not exceed 10 million Euros. The Kenya National Baseline survey (1999, as cited in Kagwani, 2008) defines small businesses as those non-primary enterprises engaging in trade and providing services. The Kenya National Baseline survey further states that small enterprises employ 10-50 people. This study will adopt the headcount definition of a small business as outlined by The Kenya National Baseline survey. A small business in this study will comprise those businesses that have 10-50 employees.

The importance of small businesses in the alleviation of poverty in Kenya has been recognized in the Ministry of finance budget speeches of 1999/2000 to those of

2009/2011. According to the Central Bureau of Statistics (1999), small and medium size enterprises employee up to 30% of the total population.

#### **1.1.6 Small Businesses in Kitale Municipality**

Currently, there are 126 registered small businesses in Kitale municipality, (The Kenya National Chamber of Commerce and Industry). The small businesses are of various kinds, ranging from sole-proprietorship and partnership businesses to registered limited companies. Examples of small businesses in Kitale municipality include hotels and restaurants, supermarkets, wholesale and retail trade, Private schools and colleges, law firms, insurance firms, security firms and small scale manufacturers such as bakeries and milk processing firms.

Small businesses in Kitale Municipality provide employment and act as a source of livelihood to those that they employ. Small businesses provide revenue to the local council in the form of license fees and also provide revenue to the government in the form of tax. The recruitment strategies that these firms employ will differ in response to the size and nature of the firm and the financial position of the firm.

#### **1.2 Research Problem**

The principal component of an organization is its human resources or (Mamoria and Gankar, 2001). It is imperative then that an organization pays as much attention to its recruitment strategies as it does to its other areas of human resource management such as selection, training and development, compensation performance management, among others. This is because the recruitment strategies that a firm employs will determine the kind and quality of employees that the firm will attract and retain.

In recent years, self employment in Kenya has ceased to be the preserve of the retired workforce and of those who are not well educated. More and younger educated people are opting to be self employed and thus small companies and businesses are mushrooming every day. This has lead to creation of employment through these small firms. Recruitment strategies are thus an area that has become very important as it is the human resources of an organization that ultimately determines its success or failure.

Kitale municipality has experienced a 15% increase in registered small businesses in the last year (The Kenya National Chamber of Commerce and Industry). According to various research, most small businesses die within their first five years of operation. This occurs due to a number of factors including poor choice of employees. This study seeks to assess the recruitment strategies that the small businesses employ in their recruitment.

A number of studies have been carried out in the area of recruitment and selection in Kenya. These include: Kagwani (2008) who studied recruitment and selection practices among small and medium size enterprises in Nairobi. Her key findings were that small and medium size businesses do not have a human resource department and that they heavily depended on internal sources of recruitment. Njine (2006) researched on employee recruitment and selection practices among international non-governmental organizations operating in Kenya. She established that international non-governmental organizations had human resource departments that carried out the recruitment and selection practices and that both internal and external recruitment methods were used. Mugao (2004) studied recruitment and selection practices among commercial aviation firms in Kenya. He established that due to the technical nature of piloting, recruitment and selection was done by the chief pilots rather than by the human resource persons. and Chunguli (2003) studied e-recruitment strategies among commercial banks in Kenya. He established that e-recruitment was not yet fully embraced by the banking sector. None of these studies focused on the factors that influence recruitment strategies that are used by small businesses. This study seeks to fill this knowledge gap. The research problem statement leads to the following question: What factors influence the recruitment strategies that are employed by small businesses in Kitale municipality?

#### **1.3 Research Objective**

To establish factors that influence recruitment strategies employed by small businesses in Kitale municipality.

#### 1.4 Value of the study

The findings of this study will be important to small scale entrepreneurs who wish to improve their recruitment strategies. This study will challenge the small business owners to evaluate their recruitment strategies with the objective of determining their effectiveness. This study will enable the small business owners to appreciate that the right quality and quantity of employees will give the small businesses the required leverage to compete effectively in a stiff business environment.

The findings of this research project will be beneficial to policy makers, the government and non-profit organizations that offer various forms of support to small businesses. Currently the government is lending money to encourage entrepreneurship through programs like the youth enterprise fund and the women enterprise fund. This study will enable the government and other partners of entrepreneurial initiatives to better understand the massive impact of recruitment strategies and employee relations in general, on the overall business performance.

The findings of this study will also be beneficial to other researchers and academicians who will use the findings of this research to further their studies on recruitment.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 Recruitment

Graham et al (1995), warns that recruiting a new employee may be the most obvious tactic when a vacancy occurs in an organization, but it is not always the most appropriate. Other options include reorganizing work, use of overtime, mechanizing work, staggering hours, making the job part-time, subcontracting the work or using an agency. After weighing the fore mentioned options, if an organization decides to recruit, Graham et al (1995) advises that a job description and person specification should be used to guide the recruitment process. Flippo (1984) defines recruitment as the process of searching for prospective employees and stimulating them to apply for jobs in the organization. The purpose of recruitment therefore, is to increase the selection ratio, that is, the number of applicants per job opening. Foot et al (2008), discusses four basic functions of recruitment which are: to obtain a pool of suitable candidates for vacant posts, to use a fair process to recruit, to ensure that all recruitment activities contribute to organizational goals and desirable organizational image and to conduct recruitment activities in an efficient and cost effective manner.

Recruitment has long been seen as a key activity of human resource function. However increasingly, organizations are choosing to involve other parties such as line managers recruitment agencies or to outsource the activity altogether. It is crucial that all managers understand and use the recruitment system. This is because attracting and hiring the right kind and level of talent is crucial elements of business effectiveness, Gomez- Mejia (2010). Small-size enterprises may not have human resource departments because of the size of the organization. This results in line managers undertaking the recruitment process. Line managers should therefore be aware of the constraints and challenges surrounding the recruitment process before they undertake to find suitable applicants (Haile, 1986).Where recruitment agencies are involved in the recruitment process, they should be familiar with the organization's polices on human resource, affirmative action

plans, and environment incentives that can be used to induce recruits to become applicants (Halcrow, 1988).

Gomez-Mejia et al (2010), observes that human resource managers plan recruitment efforts effectively by assessing the supply and demand of human resource. This is assessed through studying the labour market. Estimating future labour supply and demand and taking steps to balance the two requires planning. Human resource planning is the process that an organization uses to ensure that it has the right amount and the right kinds of people to deliver a particular level of output or services in the future. Lack of human resource planning may result in labour shortage or surplus. Gomez-Mejia et al (2010), further clarify that after establishing demand and supply for a future period, a firm may face three scenarios each of which requires a different set of responses. In the first scenario, a firm may need more workers than the labour can supply. In this case the firm can train existing employees, promote from within, succession plan, recruit new employees, subcontract part of the work to other firms, hire part-timers or temporary workers or pay overtime. In the second scenario, the labour supply may exceed demand. This means that the firm has more workers than it needs. Response to this may necessitate pay cuts, reducing number of hours worked and work sharing- (all of which may save jobs), early retirement incentives, severance pay and layoffs. In the third scenario, labour demand matches the labour supply. In this case, the organization can deal with this situation by replacing employees with people promoted from inside the business or hired from outside. Employees can also may be transferred or redeployed internally with training and career development programs designed to support these moves. Analysis of demand and supply helps an organization to determine whether there are any labour deficits or surpluses. This provides the basis for recruitment, retention and if unavoidable, downsizing plans.

Redmond (1989) cautions that no one can ever guarantee success in recruitment but that the risk of failure will always be reduced if there is a clear picture of every aspect of the vacancy. He advises that to increase the chances of success, emphasis should be placed on a clear and concise job description, person specification, realistic job preview, limits of authority, compatibility ,conditions of service, cost, status of employees and prospects for growth.

#### **2.2 Recruitment Strategies**

Acquiring and retaining high quality talent is critical to an organizations success. As Cascio (1998) puts it, recruitment and selection of people with strategically relevant abilities is more important than ever. This is because the job market has become increasingly competitive and the available skills have grown more diverse. Recruiters need to be more selective in their choices, since poor recruitment decisions can produce long term negative effects.

Miner et al (1995) and Finnigan (1983) contend that the key point in recruitment is strategy. A successful recruitment strategy should be well planned and executed to attract more and good talent to apply for positions in the organization. The recruitment strategy that is employed by an organization mainly falls into two major categories, internal recruitment and external recruitment strategies.

#### **Internal Recruitment Strategies**

Internal recruitment strategies can provide a small business with a solid pool of applicants. Internal recruitment may involve internal promotions; transfer of existing personnel or through employee referrals. Human resource literature emphasizes the need to have well developed internal labour market arrangements for promotions, training and career development. This implies that many openings can and should be filled internally, Beaumount (1993). Where internal recruitment is the favoured recruitment strategy job openings can be advertised by job posting. This is done by placing notices on manual and electronic bulletin board, in company newsletters and through office memoranda. Referrals made by current employees are usually word of mouth advertisements of the organization. Gomez-Mejia et al (2010) notes that many studies indicate that employees who are hired through referrals tend to stay with the organization longer than those recruited through other means. Some survey indicates that 90% of management positions are filled internally. An organization may also have a skills bank that is used by current

employees to update the employer on newly acquired skills and knowledge and the employee file is updated. Finnigan (1983) advices that when a new vacancy arises in an organization as a result of resignation, promotion or transfer of a former job holder, all internal possibilities must be explored before a new person is engaged.

#### **External Recruitment Strategies**

External recruitment strategy methods that are used by business enterprises include walkin applications, using employment agencies, headhunting, carrying out job-fairs, use of college/university recruitment, advertising vacancies in various media (magazines, newspapers journals, visual and/or audio media) and e-recruitment. Graham and Bennet (1995) advice that when an advert is used, it should contain the job description, person specification in miniature including the job title, description of job and employer, experience, skills and qualification required, age range, working conditions and what action the candidate should take, for example, telephone or fill an application form.

Over recent years, there has been growth in the use of electronic methods by both recruiters and job hunters. Employers post vacancies on their corporate websites and require job applicants to complete application forms online. E-recruitment leads to reduction of costs, Faster and more efficient recruitment, reduction in paper based administration and maintenance of the organization's "cutting edge" image, Foot and Hook (2008). The main disadvantage of online advertising is that it attracts a lot of unsuitable applicants and that many organizations still lack the resources and expertise on the use of the internet for recruitment purposes, Capelli (2001) and Weitzman (1999).

Outsourcing is a recruitment strategy that is used by some firms. Outsourcing involves getting agencies or consultants to carry out at least the preliminary work of submitting suitable candidates or drawing up a short list of potential recruits. It costs money, but it can save a lot of time and trouble, Armstrong (1999). Many organizations also use external contractors to recruit and screen applicants for a position. Typically, the employment agency is paid a fee based on the salary offered to the new employee.

Agencies can be particularly effective when the firm is looking for an employee with specialized skills, Gomez- Mejia (2010).

Hackett (1996) identifies headhunters as special a type of private recruitment agencies. They are almost exclusively used for senior management jobs. The rationale for headhunting is that the ideal candidate is probably not looking for a job and is too busy to read job adverts. Therefore, if the post is important the company should act proactively and seek out the best person. Headhunters perform this service by using an extensive network of contacts, monitoring trade media or by identifying the employees of competitors and suppliers.

In recent times, use of social media as a recruitment strategy has gained popularity especially in small businesses. Social media that are commonly used include Twitter, Facebook and LinkedIn. Social media is an important tool in networking with professional contacts, making new contacts, recruiting employees and in keeping in touch with the world. Social media allows one to stay with co-workers and former workers in one location. Social media sites will play a critical role in networking, career advancement and professional success, (humanresources.about.com).

Various authors such as Torrington et al (2008), Gomez-Mejia (2010), Graham and Bennet (1995) and Mathias et al (1994) discuss the advantages and disadvantages of using internal and external strategies of recruitment. The advantages of using internal recruitment are that the staff morale is promoted, it is relatively cheaper to higher internally and that internal recruitment can cause a succession of promotions within the company. Mathias et al (1994) argues that the main disadvantages of internal recruitment are that it causes a problem of in-breeding in the organization; loss of morale to those not promoted and may result in political in-fighting for jobs and positions in the company.

Gomez-Mejia (2010), enumerates various advantages of external recruitment strategies. These include the facts that external recruitment saves the firm the cost of training an employee for the position and that external recruits may bring new industry insights and perspectives to the organization. The disadvantages of external recruitment according to various authors such as Torrington et al (2008), Gomez-Mejia (2010), Graham and Bennet (1995) and Mathias et al (1994) are that a newly recruited person may not fit into the job or organization or he/she may need time to adjust to the new job and organization. Also, external recruitment may cause internal candidates to have morale problems.

#### **2.3 Factors Influencing Recruitment Strategies**

Torrington et al. (2008) observes that to be successful, firms must closely align their human resource strategies with environmental opportunities, business strategy and organization's unique characteristics and competences. Strategizing allows an organization to be proactive rather than reactive in addressing challenges that confront them. Strategizing allows a business to be better prepared for the future. The factors that affect recruitment strategies can be broadly categorized as external factors and internal factors.

#### **External Factors**

Malcom and Tricia (1997), states that the external factors include labour market factors, technological factors, government policy legislation and societal pressures. According to Price (2007), economic conditions of a country influence the unemployment rates thus the internal and external supply of applicants for example, during recession, there is a high supply of applicants and low turnover of employees. Changes in demand of employees may thus affect the recruitment style and level.Social changes among potential employees also affect the recruitment strategy. For example, nowadays people are not looking for just any job but satisfying careers. To attract and retain employees, recruitment efforts by organizations must emphasize opportunity for career growth through training and development, Hackett (1996).

Malcom and Tricia (1997), observe that technology is changing rapidly in many areas. Technological developments have led to automation of operations in organizations. This has changed the way work is done and the skills and knowledge required for jobs. Alan Price (2007), conclude that the internet has become a mainstream recruitment medium in recent years. It has become common for the early stages of recruitment to be made

accessible online, allowing curriculum vitas to be uploaded, application forms to be completed and pre-selection tests to be conducted. Firms also use website advertising and on-line recruitment agencies. Government policy and legal frameworks of an industry also dictate the recruitment strategy that a firm will use. Affirmative action and non-discriminatory advertising restrict the information that is used in advertisements and that can be gathered from applicants, Gatewood et al (1981).

#### **Internal Factors**

According to Chhabra (2005), there are many factors that limit or affect the recruitment strategy of an organization. These include; the size of the organization, organizational culture, financial position of the business and the business strategy of the firm. The size of the organization impacts on the recruitment strategy employed. In large organizations, HR policy may be decided by a powerful central function with departments adhering to policies and procedure. On the other hand, in small organizations, well developed personnel functions or recruitments and selection systems may not exist. Recruitment may be irregular with a heavy reliance on informal methods of recruitment especially if they have worked well before. In small firms, responsibility for recruitment may be passed to enthusiastic 'amateurs' within the organization or outsourced to a third party.

The culture of an organization determines the organizational recruitment strategy. In some organizations, recruitment may be seen as a marginal activity undertaken in an ad hoc manner. Cully et al, (1999) states that small organizations are less likely to use certain recruitment methods like radio and newspaper because of the resources required. They tend to favour less structured recruitment strategies. Their main sources of recruitment are relatives, friends or acquaintances of existing employees.

The financial capabilities of a firm determine the size of the budget that is allocated to recruitment process. Hackett (1996), states that the recruitment process is expensive, thus, one of the guiding precepts must be the search for cost effectiveness. The ideal is to ensure maximum benefit, in terms of a recruit who can and will perform the job effectively in return for minimum expenditure on advertising, consultants and candidate

expenses. Financial constraints to a firm may limit the quality and number of recruitment and selection methods available for use, Gould and Campbell, (1987).

Torrington et al. (2008) concludes that recruitment strategy should be aligned to the overall business strategy. Human resource strategies including recruitment and selection depend on whether an organizations strategic management style can be classified as one of strategic planning, financial control or strategic control. Different organizational strategies highlight possible reasons for variations to recruitment in different organizations.

#### **CHAPTER THREE**

#### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

This is a descriptive survey. According to Mugenda and Mugenda (2003), a survey research is a systematic gathering of information from a sample of respondents for the purpose of understanding and predicting some aspects of the behavior of the population of interest. This design is considered appropriate because it will allow the researcher to generalize the findings of the target population.

#### **3.2 Population of the Study**

The population of the study will comprise 137 small businesses that are registered in Kitale municipality as at 10.03.12 (the Kenya National Chamber of Commerce and Industry – Kitale branch). See appendix 3 for the list.

#### 3.3 Sample Design

A sample of 45 small businesses will be used in the study. This figure represents 32.8% of the total population and it is considered adequate for the study based on Cooper (2001) recommendation that 10% to 20% of population size is sufficient sample size.

#### 3.4 Data Collection

Primary data will be used in this study. The data will be collected by using structured questionnaires. Drop- and- pick-later method targeting human resource managers (or any other person in charge of the human resource function) will be used to administer the questionnaire. The questionnaire will have two sections, A and B. Section A intends to gather general information about the business enterprise while section B will gather information about the factors that impact on the business's recruitment strategy.

#### **3.5 Data Analysis**

Descriptive statistics will be used to analyze the data that will be collected. Descriptive statistics will include mean, frequencies, percentages and standard deviations. In addition, factor analysis will be used to establish a set of independent factors that influence the choice of strategy by the firms that will be studied.

#### **CHAPTER FOUR**

#### DATA ANALYSIS, FINDINGS AND DISCUSSION

In this chapter data pertaining to the factors influencing recruitment strategies employed by small business in Kitale municipality is analysed and interpreted.

A total of 45 respondents comprising of manufacturers, service providers and distributors were targeted for sampling. Every respondent was given a questionnaire but only 33 responded by completing and returning the questionnaire. This gave a response rate of 73%. The researcher found this response rate adequate and sufficient for the purpose of data analysis. The collected data were edited and coded. Data analysis of the responses from the questionnaires was done using descriptive statistics such as frequency, percentages, mean, and standard deviation. Factor analysis was used to establish a set of independent factors that influence the recruitment strategy. Where applicable presentations were done in form of pie charts, graphs and tables.

#### **4.1 Respondents Background Information**

The respondents were first asked to provide information on the nature of their businesses, how long they have been in business, the number of employees they have, whether the business enterprise has human resource department and the person in charge of the recruitment of employees. The findings are presented in the subsequent sections.

#### **4.1.1 Years of Business Operation**

The study sought to establish how long the respondents' businesses have been in existence. According to the results in figure 4.1, 52% of the respondents have been in the business for at most five years. The results also show that 48% of the respondents have had their businesses running for more than 5 years. These findings may be interpreted to mean that a good number of the enterprises have had enough experience in business and therefore have established ways of recruiting employees.

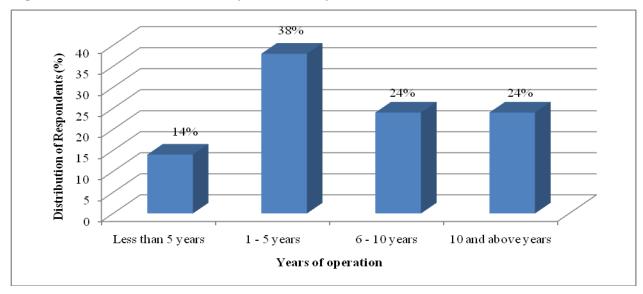


Figure 4.1 Distribution of firms by number of years

#### 4.1.2 Numbers of Employees of Each Firm

The study sought to establish the number of employees in the business enterprise of the respondents. According to the results presented in figure 4.2, 76% of the business enterprises have between 10 and 20 employees. The results also show that 24% of the enterprises have more than 20 employees. This result is interpreted to mean that the small businesses in Kitale Municipality employee a reasonable number of people to warrant professional handling of recruitment of employees.

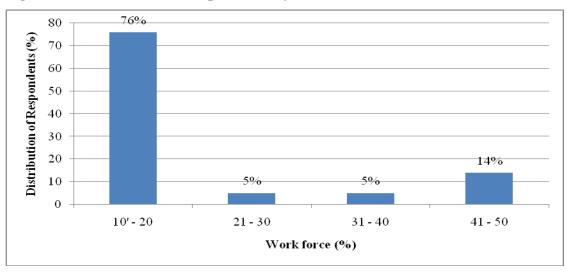


Figure 4.2 Distribution of Respondents by Size of Workforce

#### **4.1.3 Presence of Human Resource Department**

The respondents were asked to indicate whether their enterprises had human resource departments. The study findings presented in the figure 4.3 show that majority of the respondents (76%) indicated that their enterprises did not have human resource departments. Only 24% of the enterprises have a human resource department. Asked to indicate who was responsible for the recruitment, most of the respondents indicated that the recruitment was handled by the manager of the business, who mostly, was also the owner of the enterprise. This is interpreted to mean that recruitment of employees in majority of small businesses in Kitale municipality is not done by professional recruiters.

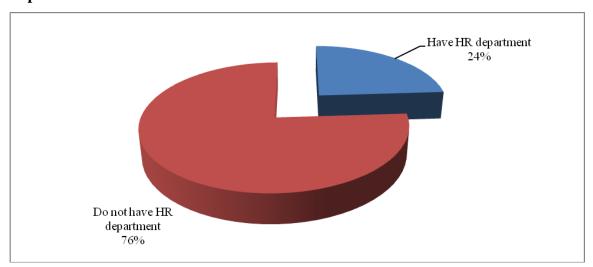


Figure 4.3: Distribution of Enterprises by availability of Human Resource Department

# **4.2** Factors influencing Recruitment Strategies Employed by Small Businesses

In this section the study sought to determine the factors that influence the recruitment strategies employed by small businesses in Kitale Municipality. The findings of the study are presented in the subsequent sections.

#### **4.2.1 Recruitment Strategies**

The study sought to establish the recruitment strategies adopted by the small businesses in Kitale municipality. This was on a five point likert scale of very great extent and not at all. According to the results presented in Table 4.1, most of business enterprises used promotion from within to a great extent (mean score 3.14). The results show that the enterprises also used walk in applications to a great extent (mean score 3.52) to recruit the employees. The results show that referrals were only used to a moderate extent (mean score 2.57) same as college/university applications (mean score 2.29). The results however, revealed that other strategies such as transfers, job fairs, advertising, employment bureaus, head hunting, e-recruitment and social media were only used to a less extent (mean scores 1.1 - 2.0). This may be interpreted to mean that most of the enterprises in Kitale municipality mainly used promotions and walk-in applications to recruit their employees. The study shows that in most of the factors there were variances in responses (standard deviations > 1) except transfer, job fairs, head hunting, e-recruitment and social media (standard deviation < 1).

	Mean	Std.
		Deviation
Promotion from within (n=33)	3.14	1.389
Transfers (n=33)	1.52	.750
Referrals (n=33)	2.57	1.207
Walk-in-application (n=33)	3.52	1.250
College/university application (n=33)	2.29	1.056
Job fairs (n=33)	1.00	.000
Advertising (n=33)	2.00	1.225
Employment agencies (n=33)	1.48	1.504
Head hunting (n=33)	1.57	.811
E-recruitment (n=33)	1.48	.873
Social media (n=33)	1.38	.669

Table 4.1: Preference of Recruitment Strategies by Small Businesses

#### 4.2.2 Promotion and Transfers

The study sought to establish the extent to which various factors influenced the choice of promotions and transfers as a recruitment strategy that is used by the small businesses in Kitale municipality. The results in Table 4.2 show the respondents indicated that all the variables influenced recruitment strategy. The respondents described the influence of the prevailing economic situations on the recruitment strategy as much (mean score 4.00). The social factors also had much influence on the recruitment strategies of small businesses in Kitale municipality (mean score 3.19). The technological development equally had much influence on the strategy (mean score 3.00). The respondents indicated that business strategies influenced recruitment strategies very much (mean score 4.14). Another factor which influenced the strategy very much was the financial considerations (mean score 4.33). The size of the organization had much influence on the strategy (mean

score 3.86). The results of the study show that there were variances in the responses for the entire variable (standard deviation > 1).

		Std.
	Mean	Deviation
Prevailing economic conditions (n=33)	4.00	1.183
Social factors (n=33)	3.19	1.537
Technological developments (n=33)	3.00	1.342
Government policy and legal frameworks (n=33)	2.52	1.436
Business strategy (n=33)	4.14	1.236
Financial considerations (n=33)	4.33	1.065
Size of the organization (n=33)	3.86	1.236
Corporate culture (n=33)	3.62	1.359

**Table 4.2: Factors Influencing Promotion in Small Businesses** 

#### 4.2.3 Referrals

Respondents were asked to indicate the extent to which various external and internal factors influenced their choice of referrals as a recruitment strategy. The study established that all the factors had influence on this recruitment strategy except that social factors, technological development and government policy and legal frameworks had a small influence on the strategy (mean score s 2.81, 2.24 and 2.05 respectively). The results show that the prevailing economic conditions had much influence of the strategy (mean score 3.90) same as business strategy (mean score 3.71). The results also show that the size of the organization and the corporate culture had much influence on the recruitment strategies adopted by small businesses in Kitale municipality. The results show that there were variances in the responses (standard deviation > 1).

	Mean	Std. Deviation
Prevailing economic conditions (n=33)	3.90	1.375
Social factors (n=33)	2.81	1.601
Technological developments (n=33)	2.24	1.338
Government policy and legal frameworks (n=33)	2.05	1.024
Business strategy (n=33)	3.48	1.601
Financial considerations (n=33)	3.71	1.521
Size of the organization (n=33)	3.67	1.461
Corporate culture (n=33)	3.14	1.424

**Table 4.3: Factors Influencing Referrals** 

#### 4.2.4 Walk-in Applications

The study sought to establish the factors that influence the choice of walk-in applications as a recruitment strategy that is employed by small businesses in Kitale municipality. The results of the study in Table 4.4 show that all the factors affected the choice of this recruitment strategy. The results however show that technological development and government policy and legal framework had very little effect on the strategy. The results show that the prevailing economic conditions had much influence on the recruitment strategy (mean score 3.67). The results further show that social factors and the size of the organization had much influence on the choice of recruitment strategy (mean score 3.62) same as the business strategy and financial considerations (mean score 3.81). The results of the study show that there were variances in the responses for the entire variable (standard deviation > 1).

	Mean	Std. Deviation
Prevailing economic conditions (n=33)	3.67	1.683
Social factors (n=33)	3.62	1.359
Technological developments (n=33)	2.57	1.207
Government policy and legal frameworks (n=33)	2.29	1.309
Business strategy (n=33)	3.81	1.167
Financial considerations (n=33)	3.81	1.401
Size of the organization (n=33)	3.62	1.359
Corporate culture (n=33)	3.76	1.546

#### 4.2.5 Advertising

Respondents were asked to indicate the extent to which various factors influenced the choice of advertising as a recruitment strategy that is employed by small businesses in Kitale municipality. The findings of the study presented in Table 4.5 show that the prevailing economic conditions had much influenced on the choice of recruitment strategies adopted small businesses (mean score 3.62). Also of significant influence to the strategy was technological development (mean score 3.29), business strategy (mean score 3.57) and the size of the organization (mean score 3.90). The results of the study show that there were variances in the responses for the entire variable (standard deviation > 1).

		Std.
	Mean	Deviation
Prevailing economic conditions (n=33)	3.62	1.465
Social factors (n=33)	2.90	1.640
Technological developments (n=33)	3.29	1.231
Government policy and legal frameworks (n=33)	2.10	1.300
Business strategy (n=33)	3.57	1.326
Financial considerations (n=33)	4.05	1.284
Size of the organization (n=33)	3.90	1.261
Corporate culture (n=33)	2.90	1.640

#### Table 4.5: Factors Influencing Advertising

#### 4.2.6 E-recruitment

The study sought to establish the factors that led to the choice of E-recruitment as a recruitment strategy in small businesses in Kitale Municipality. The results of the study in Table 4.6 show that the prevailing economic conditions, business strategy and corporate culture had much influence on the recruitment strategy (mean score 3.57). The results show that social factors and technological development had much influence on the strategy (mean score 3.67). However, the financial considerations and the size of the organization had very much influence on the strategy. The results show that there were variances in the responses (standard deviation > 1).

	Mean	Std. Deviation
Prevailing economic conditions (n=33)	3.57	1.660
Social factors (n=33)	3.67	1.623
Technological developments (n=33)	3.67	1.713
Government policy and legal frameworks (n=33)	2.24	1.513
Business strategy (n=33)	3.57	1.326
Financial considerations (n=33)	4.33	1.065
Size of the organization (n=33)	4.00	1.265
Corporate culture (n=33)	3.57	1.568

**Table 4.6: Factors Influencing E-recruitment** 

#### 4.2.7 College/University Recruitment

Respondents were asked to indicate the extent to which various factors influenced their choice of college/university recruitment as a recruitment strategy. The results show that the prevailing economic conditions and financial considerations have had much influence on this choice for the recruitment strategies by the small businesses in Kitale municipality (mean scores 4.29 and 4.33 respectively). The findings also show that the social factors, business strategy and size of the organization had much influence on the choice of this strategy (mean scores 3.10, 3.67, 3.95 and 3.00). The results show that there were variances in the responses (standard deviation > 1).

	Mean	Std. Deviation
Prevailing economic conditions (n=33)	4.29	1.056
Social factors (n=33)	3.10	1.546
Technological developments (n=33)	2.43	1.248
Government policy and legal frameworks (n=33)	2.10	.995
Business strategy (n=33)	3.67	1.317
Financial considerations (n=33)	4.33	1.017
Size of the organization (n=33)	3.95	1.071
Corporate culture (n=33)	3.00	1.581

#### **4.2. 8 Job Fair**

Respondents were asked to indicate the extent to which various factors influenced the choice of job fairs as a recruitment strategy. The findings of the study presented in Table 4.8 show that all the factors influenced the choice of this recruitment strategy. However, the influence of technological development and government policy and legal frameworks was small (mean score 2.14). The results show that the prevailing economic conditions had much influence on the recruitment strategy (mean score 3.38). The results also show that among the variables which had much influence on the strategy included social factors (mean score 3.10), business strategy (mean score 3.14), financial considerations (mean score 3.81), the size of the organization (mean score 3.52) and corporate organization (mean score 3.76). The results of the study show that there were variances in the responses for the entire variable (standard deviation > 1).

	Mean	Std. Deviation
Prevailing economic conditions (n=33)	3.38	1.627
Social factors (n=33)	3.10	1.446
Technological developments (n=33)	2.14	1.236
Government policy and legal frameworks (n=33)	2.14	1.315
Business strategy (n=33)	3.14	1.493
Financial considerations (n=33)	3.81	1.401
Size of the organization (n=33)	3.52	1.504
Corporate culture (n=33)	3.76	1.609

#### **4.2.9 Employment Agencies**

The study sought to establish the various factors that influenced the choice of employment agencies as recruitment strategy that is used by small firms in Kitale municipality. The study shows that all the factors had much influence on this strategy except technological development and government policy and legal frameworks which had small influence on the strategy (mean score 2.8 and 2.19 respectively). The results show that the prevailing conditions, social factors and business strategy had much

influence of the strategy employed (mean scores 3.38, 3.00 and 3.62 respectively). Other factors with much influence on the recruitment strategy employed by the small businesses included financial considerations (mean score 3.86), the size of the organization (mean score 3.67 and corporate culture 3.43). The results of the study show that there were variances in the responses for the entire variable (standard deviation > 1).

Table 4.9: Factors	Influencing	Employmen	t agencies
	muuumenns	Linploymen	e ageneies

		Std.
	Mean	Deviation
Prevailing economic conditions (n=33)	3.38	1.717
Social factors (n=33)	3.00	1.581
Technological developments (n=33)	2.48	1.778
Government policy and legal frameworks (n=33)	2.19	1.327
Business strategy (n=33)	3.62	1.465
Financial considerations (n=33)	3.86	1.389
Size of the organization (n=33)	3.67	1.238
Corporate culture (n=33)	3.43	1.720

### 4.2.10 Headhunting

Respondents were asked to indicate the extent to which various factors influenced the choice of headhunting as a recruitment strategy. The results of the study in Table 4.10 show that technological development and government policy and legal frameworks had no significant influence on the recruitment strategies employed by small businesses in Kitale municipality (mean score 2.43 and 2.29 respectively). The results however show that prevailing economic conditions, social factors and business strategies had much influence on the strategy (mean scores 3.71, 3.62 and 3.90 respectively). Equally of much influence were the size of organization (mean score 3.76) and corporate culture (mean score 3.48). The results of the study show that there were variances in the responses for the entire variable (standard deviation > 1).

	Mean	Std. Deviation
Prevailing economic conditions (n=33)	3.71	1.189
Social factors (n=33)	3.62	1.564
Technological developments (n=33)	2.43	1.469
Government policy and legal frameworks (n=33)	2.29	1.271
Business strategy (n=33)	3.90	1.300
Financial considerations (n=33)	4.24	1.221
Size of the organization (n=33)	3.76	1.338
Corporate culture (n=33)	3.48	1.692

**Table 4.10 Factors Influencing Headhunting** 

## 4.2.11 Social Media

The study sought to establish the various factors that influenced the use of social media (Facebook, Twitter and LinkedIn) as a recruitment strategy that is used by small firms in Kitale municipality. The study results show that all the factors had much influence on the recruitment strategies (mean score 3.1 - 3.9) except government policy and legal frameworks which the respondents were neutral on the issue (mean score 1.90). The results of the study show that there were variances in the responses for the entire variable (standard deviation > 1).

	Mean	Std.
		Deviation
Prevailing economic conditions (n=33)	3.38	1.746
Social factors (n=33)	3.76	1.546
Technological developments (n=33)	3.33	1.826
Government policy and legal frameworks (n=33)	1.90	1.179
Business strategy (n=33)	3.43	1.399
Financial considerations (n=33)	3.57	1.690
Size of the organization (n=33)	3.10	1.729
Corporate culture (n=33)	3.29	1.617

#### Table 4.11: Factors Influencing Social Media

### 4.3 Factor Analysis

In this section the study sought to determine the set of independent factors that influenced the choice of recruitment strategy by small businesses in Kitale municipality.

### 4.3.1 Determination of the number of retained factors

The first decision was to determine the number of factors. The eigen value cut-off of one was used in choosing the ten factors considered for recruitment strategy variables. All factors had eigen values greater than one. This was supported by looking at scree on a plot of eigen values against the number of factors. The scree plot depicted an abrupt break or discontinuity after the tenth, suggesting that all the ten factors were meaningful to be retained.

## 4.3.2 Rotation of the chosen factors

Here the observed items are viewed as linear combinations of the factors, and the elements of the rotated factor pattern are regression coefficients (or regression weights) associated with each factor in the prediction of item score. When all of the items and factors are standardized to have a mean of 0 and standard deviation of 1, the resulting standardized regression weights are analogous to the standardized regression coefficients in regression analysis.

The rotated factor pattern of pattern loadings from the oblique rotation of ten factors is given in Table 4.3. The pattern loadings in this matrix are essentially standardized regression coefficients comparable to those obtained in multiple regression. Their absolute values reflect the unique contribution that each factor makes to the variance of the observed item. The researcher used this matrix to determine which groups of items are measuring a given factor and for interpreting the meaning of each factor The set of questions focusing on recruitment strategy were in ten sets namely promotions and transfer, referrals, walk-in applications, advertising, e-recruitment, college recruitment, job fairs, employment agencies, headhunting and social media.

	Promotion									
	and		Walk in		E-	College	Job-	Employment	Head	Social
	transfers	Referrals	applications	Advertising	recruitment	recruitment	fairs	agencies	hunting	media
Prevailing economic	.495	.422	.753	.658	.542	.641	.664	.689	.485	.750
conditions										
Social factors	.495	.808	.838	.821	.582	.771	.629	.502	.168	.689
Technological	.441	257	.432	177	.456	.481	.151	377	157	171
developments										
Government policy	.502	.084	.661	.052	.377	.838	.378	440	285	279
and legal frameworks										
Business strategy	.494	.798	.311	.680	.523	.707	.395	.464	.880	.801
Financial	.502	.432	.610	.630	.393	.564	.356	.392	.515	.815
considerations										
Size of the	.799	.438	.412	.609	.474	.485	.608	.570	.522	.311
organization										
Corporate culture	.799	.624	.648	.611	.529	.674	.567	.447	.452	.325

 Table 4.12: Rotation of the chosen factors

## **4.3.3 Factors influencing Recruitment Strategies**

The factor analysis procedure produced ten factors that explain 51.0% of the variation in the recruitment strategy questions. Table 4.13 shows for each variable the factor loadings that are greater than 0.25. Table 4.13 indicates that the factors: promotion and transfers,

referrals, walk-in applications, college recruitment and headhunting made a large and unique contribution to the variance of the following 6 items. This was followed by advertising and employment agencies with 5 items and e-recruitment job fairs and social media which had four items each.

Statements	Promotion and		Walk in			College	Job-	Employment	Head	Social
	transfers	Referrals	applications	Advertising	E-recruitment	recruitment	fairs	agencies	hunting	media
Prevailing economic conditions	0.67									
Social factors	-0.79									
Business strategy	0.41									
Financial considerations	0.38									
Size of the organization	-0.38									
Corporate culture	-0.33									
Prevailing economic conditions		0.88								
Social factors		0.46								
Business strategy		0.69								
Financial considerations		0.56								
Size of the organization		0.35								
Corporate culture		0.45								
Prevailing economic conditions			0.67							
Social factors			0.46							
Business strategy			0.59							

### Table 4.13: Factor Analysis Pattern Matrix

Financial considerations	0.53						
Size of the organization	0.32						
Corporate culture	0.31						
Prevailing economic conditions		0.82					
Technological developments		0.46					
Business strategy		-0.56					
Financial considerations		0.63					
Size of the organization		-0.36					
Prevailing economic conditions			0.81				
Business strategy			0.67				
Financial considerations			0.48				
Size of the organization			-0.39				
Prevailing economic conditions				0.71			
Social factors				-0.53			
Business strategy				0.41			
Financial considerations				0.40			
Size of the organization				0.56			
Corporate culture				-0.45			
Prevailing economic conditions					0.85		
Business strategy					0.66		
Financial considerations					0.51		
Size of the organization					-0.42		

Prevailing economic conditions				0.78		
Social factors				-0.46		
Business strategy				0.59		
Financial considerations				0.46		
Size of the organization				0.35		
Prevailing economic conditions					0.67	
Social factors					0.46	
Business strategy					0.59	
Financial considerations					0.46	
Size of the organization					0.35	
Corporate culture					0.35	
Prevailing economic conditions						0.78
Technological development						0.59
Financial considerations						0.46
Corporate culture						-0.35

#### 4.3.4 Discussion of the Factor Analysis Results

The variable promotion and transfer may be interpreted that the small business in Kitale use the method to mainly improve on the retention of the employees in the businesses. This means that lack of promotion to the employees may lead to high rate of employee turnover among the businesses in Kitale. The important factors here are the prevailing economic conditions, the business strategy and the financial considerations.

The second factor here considered as the most important in influencing recruitment strategy is the referral. Here, the highest positive loaded variables are the prevailing economic conditions, business strategies and economic considerations. Recruitment strategy is likely to be positively associated with these three items.

The third factor is the walk-in applications. The management of the small businesses in Kitale give walk-in applications a great deal of consideration. This is however majorly positively influenced by the prevailing economic conditions, the business strategy and the economic considerations. The other important variables were the social factors and the size of the organization. This show recruitment strategy is likely to be positively associated with the prevailing economic conditions, the business strategy of the enterprise and the financial considerations.

#### **CHAPTER FIVE**

# SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter presents a summary of the main findings and conclusions based on the research that was conducted. The purpose of these conclusions is to address the research objective. The study aimed to establish the factors that influence the recruitment strategies that are employed by small businesses in Kitale municipality. From the data that was collected and analyzed, the following conclusions and recommendations are made. Also, suggestion for further research is presented.

#### **5.1 Summary of Findings**

The study established that most small business enterprises in Kitale municipality used promotion from within to a great extent (mean score 3.14) to fill in the vacant positions. The results of the study further revealed that enterprises used to a great extent walk-in applications (mean score 3.52) to recruit employees. However, referrals and college and university applications were only moderately employed (mean scores 2.57 and 2.29 respectively).

The results revealed that respondents described the influence of the prevailing economic condition on the recruitment strategy as much (mean score 4.00). The social factors also had much influence on the recruitment strategies of small businesses in Kitale municipality (mean score 3.19). The technological development equally had much influence on the strategy (mean score 3.00). The respondents indicated that business strategies influenced recruitment strategies very much (mean score 4.14). Another factor which influenced the strategy very much was the financial considerations (mean score 4.33). The size of the organization had much influence on the strategy (mean score 3.86).

The study established that most of the tested factors had influence on the choice of referrals as a recruitment strategy. The results show that the prevailing economic conditions had much influence on the strategy (mean score 3.90) same as business strategy (mean score 3.71). The results also showed that the size of the organization and the corporate culture had much influence on the recruitment strategies adopted by small businesses in Kitale.

The findings indicate that most of the tested factors had influence on the choice of walkin applications as a recruitment strategy that is employed by small businesses in Kitale municipality. The results showed that all the factors influenced the choice of walk-inapplications except technological development and government policy and legal framework affected the strategy. The results show that the prevailing economic conditions had much influence on the recruitment strategy (mean score 3.67). The results further show that social factors and the size of the organization had much influence on the choice of recruitment strategy (mean score 3.62) same as the business strategy and financial considerations (mean score 3.81).

The findings further indicate that the various factors that were tested influenced the choice of advertising as a recruitment strategy in small businesses in Kitale municipality. The study found that the prevailing economic conditions had much influenced on the choice of this recruitment strategy (mean score 3.62) same as the technological development (mean score 3.29), business strategy (mean score 3.57) and the size of the organization (mean score 3.90). The respondents indicated that the financial considerations influenced very much the choice of strategy.

It was also found that the choice of e-recruitment as a recruitment strategy that is employed by small businesses in Kitale municipality was influenced by the various factors that were under consideration. The study established that the prevailing economic conditions, business strategy and corporate culture had much influence on the recruitment strategy (mean score 3.57). The results show that social factors and technological development had much influence on the strategy (mean score 3.67). However, the financial considerations and the size of the organization had very much influence on the strategy (mean score 4.33 and 4.00 respectively).

The results show that the choice of college recruitment was influenced by various factors under consideration. The results show that the prevailing economic conditions and financial considerations have had much influence on the choice for the recruitment strategies by the small businesses in Kitale (mean scores 4.29 and 4.33 respectively). The findings also show that the social factors, business strategy and size of the organization had much influence on the strategy (mean scores 3.10, 3.67, 3.95 and 3.00).

It was established that job fairs as a recruitment strategy was influenced by various factors. The study found that the prevailing economic conditions had much influence on the recruitment strategy (mean score 3.38) same as social factors (mean score 3.10), business strategy (mean score 3.14), financial considerations (mean score 3.81), the size of the organization (mean score 3.52) and corporate organization (mean score 3.76).

The study found that the use of employment agencies as a recruitment strategy that is employed by small businesses in Kitale municipality was influenced by the various factors that were under consideration. The study established that all the factors had much influence on the strategy employed except technological development and government policy and legal frameworks which had small influence on the strategy (mean score 2.8 and 2.19 respectively). The results show that the prevailing conditions, social factors and business strategy had much influence of the strategy employed (mean score 3.38, 3.00 and 3.62 respectively). Other factors with much influence on the recruitment strategy employed by the small businesses included financial considerations (mean score 3.86), the size of the organization (mean score 3.67 and corporate culture 3.43).

All variables under consideration had a significant influence on headhunting as a recruitment strategy that is employed by small businesses in Kitale municipality. The study results show that the prevailing economic conditions, social factors and business

strategies had much influence on the strategy (mean scores 3.71, 3.62 and 3.90 respectively). Equally of much influence were the size of organization (mean score 3.76) and corporate culture (mean score 3.48).

Various factors under consideration influenced the choice of social media as a recruitment strategy that is employed by small businesses in Kitale municipality. The study results showed that all the factors had much influence on the recruitment strategies (mean score 3.1 - 3.9). The study established that from the factor analysis that all the variables influenced the recruitment strategy. However, promotions and transfers, referrals, walk in applications, college recruitment, and headhunting were the most outstanding factors featuring 6 factors each.

#### **5.2 Conclusion**

The study established that very few small business in Kitale municipality have a human resource department. The implication of this is that the recruitment function in these enterprises is carried out by "amateurs" who may not have the necessary knowledge to apply to the function of recruitment. Small businesses therefore and up incurring high costs as a result of high employee turnover.

Small business in Kitale municipality mainly use recruitment strategies that are not too costly. The results of the study show that promotions from within, walk in applications and referrals are the most preferred methods of recruitment. Small business in Kitale municipality shied away from the more expense recruitment strategies such as advertising, job fairs, headhunting and E- recruitment.

Most small business in Kitale municipality are most aware of how economic conditions and their financial positions affect their recruitment strategies. The small business owners were however generally ignorant of how government policy and the legal framework affected their recruitment strategies.

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#### **5.3 Limitation of study**

The study only achieved a response rate of 73%. This is attributed to the fact that some respondents were unwilling to participate in the survey citing lack of time or knowledge. Some respondents were also suspicious of the intentions of the study.

Some respondents did not understand the human resource terminologies that were used in the questionnaire. The research assistant had to guide some of the respondent and this was time consuming.

The questionnaire had too many boxes and columns to tick. This was a bit tedious and monotonous for the respondents.

#### 5.4 **Recommendations**

Small businesses in Kitale municipality should undertake to study and embrace the government policies and the legal framework that govern there operation. This is because from the study done, the business owners were not well versed with the government policies on employee recruitment. The study established that e-recruitment and social media, though fast and relatively cheap recruitment strategies, was not fully embraced by small businesses in Kitale municipality. The study recommends that small businesses should embrace the use of technology as a strategy of attracting the best talents.

The study also established that the small businesses have not utilized employment agencies, headhunting and college recruitment to a great extent. The study recommends that the management of small businesses in Kitale municipality should utilize these recruitment strategies. The study established that the recruitments strategies that were most commonly adopted by small businesses in Kitale municipality were promotions from within, transfers, referrals and walk-in applications. The study recommends that small businesses should continue to employ these recruitment strategies with the aim of attracting and recruiting the best talents in the labor market.

## **5.5 Recommendation for Further Studies**

This study was done on small businesses in Kitale Municipality only. It is suggested that a similar study be replicated in other regions with the aim of determining the factors influencing the recruitment strategies employed by small businesses in that region. The study was also limited to eight factors that influence the choice of recruitment strategies. Further research is recommended to determine the effect of other factors not considered in this study.

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#### **APPENDIX 1: LETTER OF INTRODUCTION**

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
P.O. BOX 30197
NAIROBI
28 <sup>th</sup> March, 2012

**Dear Respondents** 

#### **RE: COLLECTION OF SURVEY DATA**

I am a postgraduate student at the University of Nairobi, at the school of Business. In order to fulfill the degree requirement, I am undertaking a management research project on "Factors Influencing Recruitment Strategies Employed by Small Business in Kitale Municipality".

You have been selected to form part of this study. This is to kindly request you to assist me to collect the data by filling out the accompanying questionnaire. The information / data you provide will be exclusively for academic purposes. My supervisor and I assure you that the information you will give be treated with strict confidence.

Thank you in advance,

Your faithfully,

Janet K Onteri

Student No. D61/72865/2009

Prof. K'Obonyo

Supervisor.

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#### **APPENDIX II: QUESTIONNAIRE**

This questionnaire has been designed to collect information from the recruiters in small business enterprises and is meant for academic purpose only. The questionnaire is divided into two sections. Please complete each section as instructed.

#### SECTION A: BACKGROUND INFORMATION

1. State the nature of the business that you undertake.

.....

2. For how long has your business been in existence? (Please tick as appropriate)

(a) Less than 1 year	(	)
(b) 1 to 5 years	(	)
(c) 6 to 10 years	(	)
(d) 10 and above years	(	)

3. How many employees does your business enterprise have?(Please tick as appropriate)

(a) 10 to 20	( )
(b) 21 to 30	( )
(c) 31 to 40	( )
(d) 41 to 50	( )

4. Does your business enterprise have a human resource department?

(Please tick at appropriate)

- (a) Yes ( )
- (b) No ( )

5. If your answer to question 4 above is NO, who handles recruitment in your business enterprise ( Please state)

.....

# SECTION B: FACTORS INFLUENCING RECRUITMENT STRATEGIES EMPLOYED BY SMALL BUSINESS IN KITALE MUNICIPALITY

6. Listed below are some of the recruitment strategies that can be used by business enterprises. With respect to your business enterprise, please indicate on the five point scale the extent to which each of the listed recruitment strategies is used by your enterprise.

Recruitment strategy	Response					
	To a very great extent	To a great extent	To a moderate extent	To a less extent	Not at all	
	(5)	(4)	(3)	(2)	(1)	
Promotions from within						
Transfers						
Referrals						
Walk-in-applications						
College/university application						
Job fairs						
Advertising						
Employment agencies						
Head hunting						
E-recruitment						
Social media (face book Twitter,						
LinkedIn						
Any other (please specify)						

7. Listed below are some of the factors that influence recruitment strategies that are employed by business enterprises. With respect to your enterprise, please indicate on the five point scale the extent to which each of the listed factors has affected your recruitment strategy

a) Promotion and Transfer

Factors Influencing recruitment	Response					
strategies	Very	Much	Somehow	Neutral	Not at	
	much (5)	(4)	(3)	(2)	all (1)	
Prevailing economic conditions						
Social factors						
Technological developments						
Government policy and legal						
frameworks						
Business strategy						
Financial considerations						
Size of the organization						
Corporate culture						

## b) Referrals

Factors Influencing recruitment	Response					
strategies	Very	Much	Somehow	Neutral	Not at	
	much (5)	(4)	(3)	(2)	all (1)	
Prevailing economic conditions						
Social factors						
Technological developments						
Government policy and legal						
frameworks						
Business strategy						
Financial considerations						
Size of the organization						
Corporate culture						

# c) Walk-in applications

Factors Influencing recruitment	Response						
strategies	Very	Much	Somehow	Neutral	Not at		
	much (5)	(4)	(3)	(2)	all (1)		
Prevailing economic conditions							
Social factors							
Technological developments							
Government policy and legal							
frameworks							
Business strategy							
Financial considerations							
Size of the organization							
Corporate culture							

## d) Advertising

Factors Influencing recruitment	Response					
strategies	Very	Much	Somehow	Neutral	Not at	
	much (5)	(4)	(3)	(2)	all (1)	
Prevailing economic conditions						
Social factors						
Technological developments						
Government policy and legal						
frameworks						
Business strategy						
Financial considerations						
Size of the organization						
Corporate culture						

## e) E-Recruitment

Factors Influencing recruitment	Response						
strategies	Very	Much	Somehow	Neutral	Not at		
	much (5)	(4)	(3)	(2)	all (1)		
Prevailing economic conditions							
Social factors							
Technological developments							
Government policy and legal							
frameworks							
Business strategy							
Financial considerations							
Size of the organization							
Corporate culture							

# f) College/University recruitment

Factors Influencing recruitment	Response					
strategies	Very	Much	Somehow	Neutral	Not at	
	much (5)	(4)	(3)	(2)	all (1)	
Prevailing economic conditions						
Social factors						
Technological developments						
Government policy and legal						
frameworks						
Business strategy						
Financial considerations						
Size of the organization						
Corporate culture						

# g) Job-fairs

Factors Influencing recruitment	Response						
strategies	Very	Much	Somehow	Neutral	Not at		
	much (5)	(4)	(3)	(2)	all (1)		
Prevailing economic conditions							
Social factors							
Technological developments							
Government policy and legal							
frameworks							
Business strategy							
Financial considerations							
Size of the organization							
Corporate culture							

## h) Employment agencies

Factors Influencing recruitment	Response					
strategies	Very	Much	Somehow	Neutral	Not at	
	much (5)	(4)	(3)	(2)	all (1)	
Prevailing economic conditions						
Social factors						
Technological developments						
Government policy and legal						
frameworks						
Business strategy						
Financial considerations						
Size of the organization						
Corporate culture						

# i) Headhunting

Factors Influencing recruitment	Response					
strategies	Very	Much	Somehow	Neutral	Not at	
	much (5)	(4)	(3)	(2)	all (1)	
Prevailing economic conditions						
Social factors						
Technological developments						
Government policy and legal						
frameworks						
Business strategy						
Financial considerations						
Size of the organization						
Corporate culture						

## j) Social Media (Facebook, Twitter, LinkedIn)

Factors Influencing recruitment	Response					
strategies	Very	Much	Somehow	Neutral	Not at	
	much (5)	(4)	(3)	(2)	all (1)	
Prevailing economic conditions						
Social factors						
Technological developments						
Government policy and legal						
frameworks						
Business strategy						
Financial considerations						
Size of the organization						
Corporate culture						

## APPENDIX III: LIST OF SMALL BUSINESS IN KITALE MUNICIPALITY

1.	(Phone Art Solution)	Alex Kamau	0723079053
2.	Achieve estate agency	Director	0724299372
3.	Ajays shop	Director	0736445118
4.	Alakara hotel	Director	0729633847
5.	Anmol Drapers	Director	0722585486
6.	Auma Kipsongo	Director	0711889489
7.	Botanic Enterprise	Director	0714676676
8.	Branded LTD	Director	0721400187
9.	C.I Shah	Director	05430347
10.	Century pharmacy	director	0723395799
11.	Cherangani hill	Director	07227905076
12.	Coast loaf	Director	0736197260
13.	Crunch fitness Darshil hardware	Director	0722396842
14.	Dr. Shill Hardware	Director	0722404818
15.	Dr. Sammy Njenga	Director	0727782399
16.	Dr. Usagi	Director	0722761460

17.	Ebenezer Shop	Director	0721762673
18.	Elimu distributors	Director	31089
19.	Elite workshop	Director	0726781885
20.	End pest services	Director	020238043
21.	Excel institute	Director	0710382162
22.	Flojona restaurant	Director	0723806004
23.	Frontline hardware/electronics	Director	0722265033
24.	Furaha Garage	Director	0722800642
25.	Furaha metal works	Director	0722860642

26.	G.H Tanna	D	irector	07	22700339
27.	Green café	D	irector	07	21200187
28.	Iroko Hotel	D	irector	07	22654788
29.	Jayesh Autospares	D	irector	30	484
30.	Jehova Jire hotel	D	irector	07	28100611
31.	Jesse shop	D	irector	07	22825795
32.	Justus K. Muriungu	D	irector	07	21576789
33.	K.K SHAH	D	irector	07	33617777
34.	Kacha Suppliers	D	irector	07	22569518
35.	Kagumo Driving School	D	irector	07	20318600
36.	Kahuruko Boarding and lodging	D	irector	07	24689292
37.	Kamur Agrovet	D	irector	07	22619790
38.	Kangaroo Shuttle services	Director		07	28944406
39.	KENCO SHOP	Director		07	24802866
40.	Khetia drapers LTD	Director		07	22335398
41.	Kipsongo Training Centre	re Di		irector 072	
42.	Kitale autospares		Director		31669
43.	Kitale Bookshop 2000		Pradip Shah		0722345995
44.	Kitale Glass Hardware		Director		0733844739
45.	Kitale hardware(1968)		Director		0721334794
46.	Kitale high view hotel		Director		0720298700
47.	Kitale house Bar		Director		0720496141
48.	Kitale printers(1985)		Director		05431652
49.	Kitale quality		Director		0722601284
50.	Kitale wool shop		Director		0725215439
51.	Light house academy		Director		0720861134
52.	Lisa paperwork's	paperwork's			05431141
53.	Lulu house		Director		0721998270
54.	Mable stores		Director		0722802728

55.	Magunaandu K LTD	D	irector	0723381677
56.	Mamboleo hotel	D	irector	0722761038
57.	Mamboleo hotel	D	irector	0722761033
58.	Matunda hotel	D	irector	0728297744
59.	Mazop enterprises	D	irector	054-30714
60.	Mbugua and Bros Enterprise	D	irector	31646
61.	Meru Glory Shop	D	irector	0722587503
62.	Mid Africa Hotel	D	irector	31119
63.	Millennium fancy ware	D	irector	0724505076
64.	Mita bookshop	D	irector	0720933535
65.	Mothers Pharmacy	D	irector	0724206007
66.	Mt. Elgon Academy	D	irector	0713608920
67.	Mt. Elgon service filling station	Direct	or 07	722765 190
68.	Mt Emoru Academy	Direct	or 07	722642007
69.	Mwangaza Studios	Direct	or 31	139
70.	NEMA	Direct	or 07	721541545
71.	New Mbuni	Direct	or 07	723438299
72.	Nizar Autospares	Direct	or 05	54-30160
73.	Pestgon co. LTD	Direct	or 07	722644229
74.	RB SHAH K. LTD	Direct	or 07	722847999
75.	Rajan wholesalers	Direct	or 07	723203030
76.	Rejoice general shop	Direct	or 07	724232674
77.	Rose Jumba	Direct	or 07	724608049 1
78.	Saboti stores	Direct	or 07	726644553
79.	Sarara chemist	Direct	or 07	721246174
80.	SHAH Ram merchandise	Direct	or 07	122752595
81.	Shah Ramji Punja	Direct	or 31	1716,30803
82.	Shammah Electronics	Direct	or 07	722952684
83.	ShanirAutospares	Direct	or 05	5431057

84.	Spider web	Director	072226166	
85.	Starehe electronics	Director	0722663527	
86.	Suam supermarket	Director	30243	
87.	Super Cyber	Director	05431346	
88.	Super expo	Director	0722512662	
89.	Super loaf	Director	0731999936	
90.	T.D MEISURIA	Director	0722747879	
91.	Transmattress Supermarket	Director	05430359	
92.	Tredex LTD	Director	31866177	
93.	Tropique drycleaners	Director	0721645798	
94.	Turner baker hartfield	Director	3073819	)
95.	Vi-park hotel	Director	0721246	5174
96.	Waki supplies	Director	30904	
97.	Wamu drapers	Director	0727292	2790
98.	wines and spirit	Director	0734053	8803
99.	Yusuf automobile	Director	0726875	5083
100.	Zaro agro stores	Director	0722540	)997
	(	COMPANIES		
NO.	Name of the company	CONTACT PER	SON CONTA	СТ
101.	Central Farmers Garage	Richard Kamau N	jenga 07227262	197
102.	Chanuka Tel services	John Kimani	07214002	187/
			07707568	868
103.	Eden Rock insurance	Zachary Nderitu	07227655	598/
			02034184	41
104.	Imani Radio	Ptallah Butaki	07223314	412/
			05430438	<b>`</b>

105.	INVESCO Assurance co.	Samuel Ngugi	0720266028
106.	Kapsara Tea Factory	Patrick Munialo MD	0722761657
107.	Kenya Power & Lighting	Manager	0202626810
108.	Kenya Seed Co.	Willy Bett MD	254-54-31909
109.	KEPHIS	Mesheal Otwan	0722630319
110.	Kitale Industry	Manager	07252055767
111.	Ndura Conservancy	Mr. Phillip Ndura	0722330803
112.	Nzoia Water Company	Patrick Munialo MD	0724939688
113.	Panacol International	Director Paul Wekesa	254-722-748298
114.	SAFARICOM	Stephen Karanja	0721636279
115.	Telkom Kitale	Mr. Kevin Omondi	0770252286
116.	Wells Fargo cc.	Nyagaka Oman	0728608391/ 05430869
117.	West FM	Dr. Masafu	0726382491
118.	Western Seed	Mr. Osman Syed	0724268181
119.	Westernfield Motors	Gilbert Nabade	0721461159
120.	Zain	Mr. Alphas O. Onshieku	0731244125
		FARMERS	
121.	Cherangani zone	Robert Chumba	0722523660
122.	Cherangani zone	Jonathan Cheriot	0722619790
123.	Kwanza zone	Mr. Samason Bunyasi	0722364764
124.	Kwanza zone	Bonfasi Njuguna	0725523689
125.	Sabaoti zone	Ruth O Alusi	0726008033

126.	Sabaoti zone	Jane Kilonzo	0720318616	
	LA	W FIRMS		
	AD	VOCATES		
127.	PROF. NICKSON SIFUMA& COMPANY ADVOCATE	DIRECTOR	0723522005	
128.	KAUSA AND COMPANY ADVOCATE	DIRECTOR	0715478694	
129.	CLARE WANYAMA & COMPANY ADVOCATE	DIRECTOR	0733470879	
130.	MWANGI WAHOME & COMPANY ADVOCATE	DIRECTOR	05431564	
131.	J.MWAFULA& CO.	DIRECTOR	0722814782	
132.	SIMBA & SIMBA ADVOCATES	DIRECTOR	221933, 241927,241916	
133.	MR. KIARIE & COMPANY ADVOCATE	DIRECTOR		
134.	MR. GIDEON BARONGO& COMPANY ADVOCATE	DIRECTOR		
135.	AGGREY KIDIAVAI & COMPANY ADVOCATE	DIRECTOR		
136.	ESTHER CHEGE & COMPANY ADVOCATE	DIRECTOR		
137.	CHEBII CHEROP & COMPANY ADVOCATE	DIRECTOR		

Source: The Kenya National Chamber Of Commerce and Industry