

**APPROACHES FOR RECRUITING SENIOR PERSONNEL BY
MULTINATIONAL CORPORATIONS IN KENYA**

BY

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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D61/8938/2006

This research project has been submitted for examination with my approval as the university supervisor.

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I thank God for the grace to have been able to produce and submit this work. I also owe immense gratitude to Dr. John Yabs who took his time to understand my ideas and hence appreciate this work and contribute to its improvement to what it is. His guidance has enabled me to grow academically not only in knowledge but also in skills and attitude.

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I also thank my family members; for being patient in the duration of the study. Thanks for believing in my potential and making me believe in my abilities and encouraging me to always strive for the best.

Despite the assistance accorded to me from these people I am solely responsible for this final report.

DEDICATION

This scholarly work is dedicated to my Dad Fredrick Masinde and Mum Nancy Masinde for their tireless effort in encouraging me to pursue my Masters degree.

ABSTRACT

The study was designed to investigate the recruitment approaches in multinational corporations operating in Kenya. Global management strategies in multinational companies vary greatly. The processes, practices, systems and structures developed to implement those strategies also vary. Developing global strategies can be difficult, given the conflicting demands the global environment places on MNCs. The conflicting demands often arise as MNCs attempt to maximize their abilities to respond to the needs of the host countries (local responsiveness), while trying to maintain their controlled corporate structure worldwide (global integration). MNC are faced with the challenge of unfamiliar business environment and unfriendly laws. Understanding how they cope with these challenges is what the researcher had in mind while under taking this study. In a traditional hierarchical organization the role of hiring and leading people was relatively straightforward. Today, the picture is entirely different. Companies recognize they are actors in large, complex systems and need to interact in a web of relations with different stakeholder groups. Realizing corporate success requires a delicate balance of dialogue and action with groups and individuals inside and outside the organization. Recruiting a formidable workforce is now about balancing competing

In the literature review the researcher sought to understand what other writers say about the various recruitment approaches, recruitment channels and the management approaches that MNCs would adopt while conducting their recruitment process. This paper provides construct validation for the Heenan and Perlmutter classifications (ethnocentric, polycentric, regiocentric and geocentric) from a human resources perspective. It describes and then empirically demonstrates which HR practices are consistent with Heenan and perlmutter's global management strategies. A descriptive survey was undertaken on multinational corporations operating in Kenya. The target population was all the MNCs operating in Kenya , the study used stratified and purposive random sampling to select the companies and respondents involved in the study. The study targeted multinationals operating in eight sectors- financial services, oil, industrial manufacturing, pharmaceutical, ICT, tourism and hospitality, agriculture and construction. Sixty four questionnaires were administered to

employees in the human resource departments of these firms. Fifty two questionnaires were satisfactorily filled and the information analysed using descriptive statistics.

The findings were presented in form of tables and figures. The study found that the firms have adopted varied human resource management approaches with polycentric being the most preferred. Other approaches include regiocentric, ethnocentric and geocentric. The study also found that various parties were involved in the recruitment process including representatives from parent companies, human resource personnel as well as consultants. The study found that the local print media as a source was the preferred media in the recruitment process. The study also found that the recruitment process encounters challenges such as local culture, restrictive level of autonomy given to subsidiary by parent and interference from parent company. The study recommends building up case studies documenting the recruitment practices in multinational corporations to enhance establishment of benchmarks and best practices. The study also recommends that there is need for the MNCs to rely on successful case studies in the HRM in the countries they want to start operations. There is also need to conduct a satisfaction surveys across the MNCs on aspects such as culture and relation with the parent company.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

It is a truism to point out that the world is becoming a global village. This applies to our technology, our travel, our economies and our communications if not always obviously to our understanding. The growth of global enterprises leads to increased permeability in the traditional business boundaries, which in turn leads to high rates of economic change, a growing number and diversity of participants, rising complexity and uncertainty (Ogutu and Carol, 2008). Globalization and free market economy is continuously opening up new market opportunities and multinational corporations (MNCs) are continuously expanding businesses everywhere in the world. As markets in most of the developed countries are already saturated, MNCs are now looking for developing and emerging economies (Kobrin, 2008).

Multinational Corporations have played a major role in international trade for several centuries. A number of multinational corporations (MNCs) from developing economies are becoming key players in the global economy. Multinational corporations engage in very useful and morally defensible activities in Third World countries for which they frequently have received little credit. Significant among these activities are their extensions of opportunities for earning higher incomes as well as the consumption of improved quality goods and services to people in poorer regions of the world (CIPD, 2005). Compared to local firms, multinational corporations provide developing countries with critical financial infrastructure and enormous resources for economic and social development. These institutions are able to overcome challenges that are faced by local firms. The challenges include; lack of managerial training and experience, inadequate education and skills, lack of credit, national policy and regulatory environment, technological change, poor infrastructure and scanty market information, which diminish their ability to contribute effectively to sustainable development (Monowar, 2005).

One common method to establish and maintain both integration and control over international expansion activities is subsidiary staffing (Konopaske, Werner and Neupert 2002).

1.1.1 Recruitment approaches by MNCs

Global management strategies in multinational companies vary greatly. The processes, practices, systems and structures developed to implement those strategies also vary. Developing global strategies can be difficult, given the conflicting demands the global environment places on MNCs. The conflicting demands often arise as MNCs attempt to maximize their abilities to respond to the needs of the host countries (local responsiveness), while trying to maintain their controlled corporate structure worldwide (global integration). Oftentimes, the more autonomy foreign subsidiaries have to act independently and respond to local demands, the less integrated the worldwide organization becomes – and vice versa (Prahalad and Doz, 1987; Tung and Punnett, 2007).

Not much has changed since the 1970s when Prahalad and Doz, (1987) did their original work on classifying MNCs' management strategies (Adler and Ghadar, 2001). More recently, however, these strategies have been re-conceptualized in terms of the MNC life cycle - consistent with the product generation and sales phases of developing MNCs (Adler and Ghadar, 2001). Using either the life-cycle model or classification model, the resulting management strategies involve the interplay between global integration and local responsiveness. In Heenan and Perlmutter's (2007) language, four such recruitment strategies are: (1) ethnocentric, (2) polycentric, (3) regiocentric and (4) geocentric.

1.1.2 Multinational Corporations in Kenya

Many developing countries have developed a renewed interest in Multinational Company as a source of capital due to the decline in official development assistance (ODA) in the 1990s. Multinational Company usually represents a long-term commitment to the host country and can contribute significantly to gross fixed capital formation in developing countries. Multinational Company has several advantages over other types of capital flows, in particular its greater stability and the fact that it would not create obligations for the host country. In

addition to being a source of capital, Multinational Company has other potential benefits to host countries which include technology transfer, new management skills, market know how and job creation. Multinational Company can also be potentially harmful to host economies if it results in resource exploitation, pollution, abuse of market power among other problems. Negative consequences of Multinational Company can be avoided with proper regulation (Mwega, and Ndung'u, 2002).

Kenya has had a long history with foreign firms. In the 1970s it was one of the most favored destinations for multinational companies in the East African region. However over the years, Kenya lost its appeal to foreign firms a phenomenon that has continued to the present. In 2008, Kenya launched Vision 2030 where it hopes to achieve global competitiveness and prosperity of the nation. This initiative has seen a renewed commitment to attract Multinational Company to assist in the industrialization process (Gachino and Rasiah, 2003). Among the multinational companies present in Kenya are Coca-Cola, British American Tobacco, Shell Company, General Motors, Sameer Africa, Barclays Bank and Standard Chartered Bank.

1.2. Research Problem

Multinational corporations like local firms in recent years have been faced with increasing competition arising from various sources including other multinationals. They also have the challenge of unfamiliar business environment and unfriendly laws. While local firms often find it difficult to compete with these firms, MNCs appear to be doing very well in spite of the competitive challenges faced. How they are able to cope with the challenges is worth understanding and hence the needs for this study (Ogutu and Carol, 2008). Resper, (2007) carried out a survey on the challenges of strategy implementation on Multinational Manufacturing Companies in Kenya. Businesses of all sizes operate in international markets – products are sold across borders; the resources used in production can come from anywhere in the world; communication is instantaneous; and financial markets are inextricably linked. Individual businesses operate across borders in a variety of ways – they can do this directly, through the formation of strategic alliances or through merger and takeover. It is clear then

that businesses need to be aware of the global context of their markets (Rasiah and Gachino, 2005).

Talk to any senior manager in a large company today and they will tell you that the biggest challenge they face is recruiting and managing complexity. In a traditional hierarchical organization the role of hiring and leading people was relatively straightforward. Today, the picture is entirely different. Companies recognize they are actors in large, complex systems and need to interact in a web of relations with different stakeholder groups. Realizing corporate success requires a delicate balance of dialogue and action with groups and individuals inside and outside the organization. Recruiting a formidable workforce is now about balancing competing demands and engaging desired workforce competency in seeking collective goals (Andrew, Lenssen and Hind, 2007). It is from this perspective that the study sought to answer the question; what are the management approaches used by various foreign multinational corporations in recruiting senior personnel?

1.3. Research Objective

The study sought to determine the management approaches used by multinational companies in recruiting senior personnel.

1.4. Value of the Study

This study findings will be very significant to different stakeholder organizations in Kenya. Managers of the different organizations will be able to borrow some management techniques of recruiting senior personnel that are used in the recruitment of their organizations senior staff personnel's. The study will explore different management approaches that employed by MNCs in Kenya. Such techniques will be borrowed by managers whose companies or rather organizations are lagging behind to make them achieve their missions.

Strategic implementation has very little literatures that talk about it. Scholars who are venturing into studying strategic implementation process will have a base under which they will use to build their study. This will create an easier tasks to the researchers hence they will

be able to come out with a concrete and up to date ideas on how to implement strategies organizations set.

Employees are the backbone of every organization. These are the kind of people that play a key role in making sure that the organization achieves its objectives. The study will be able to help the employees to understand their roles in strategy implementation process.

This study gives the government ability to understand the needs of MNCs hence set up measures to encourage establishment of such firms. This includes the government putting into consideration labor laws that are favorable. Local companies are able to learn strategies especially based on HR management at the strategic level to enable them compete with MNCs.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Chapter two presents literature review that addresses the objective of this research. Part 2.2 is about approaches for recruiting senior personnel adopted by multinational companies. Part 2.3 looks at the various recruitment channels. Part 2.4 looks at the various management approaches while part 2.5 discusses multinational corporations and how they operate.

2.2 Recruitment Approaches by MNCs

Acquiring and retaining high-quality talent is critical to an organization's success. As the job market becomes increasingly competitive and the available skills grow more diverse, recruiters need to be more selective in their choices, since poor recruiting decisions can produce long-term negative effects, among them high training and development costs to minimize the incidence of poor performance and high turnover which, in turn, impact staff morale, the production of high quality goods and services and the retention of organizational memory. At worst, the organization can fail to achieve its objectives thereby losing its competitive edge and its share of the market (Harrison, Dalkiran and Elsey 2000).

2.2.1 College Recruitment

Sending an employer's representatives to college campuses to pre-screen applicants and create an applicant pool from that college's graduating class – is an important source of management trainees, promotable [entry-level] candidates, and professional and technical employees.⁹ To get the best out of this hiring strategy, the organization and its career opportunities must be made to stand out. Human resource professionals are aware that few college students and potential graduates know where their careers will take them over the next fifteen to twenty years. Therefore many of the criteria used by students to select the first job may be quite arbitrary. The organization that will succeed, then, is one can show how the work it offers meets students' needs for skill enhancement, rewarding opportunities, personal satisfaction, flexibility and compensation (Czinkota, Ronkainen and Moffett, 2005).

College recruitment offers an opportunity for recruiters to select the potential employees with the personal, technical and professional competencies they require in their organization. The personal competencies identified may include, *inter alia*, a positive work ethic, strong interpersonal skills, leadership capacity and an ability to function well in a work team. The opportunity to discuss a student's current strengths and potential future value to an organization cannot be replicated in any other setting (Jones, 2005).

Two major advantages of this strategy are the cost (which is higher than word-of-mouth recruiting but lower than advertising in the media or using an employment agency), and the convenience (since many candidates can be interviewed in a short time in the same location with space and administrative support provided by the college itself) (Harrison, Dalkiran and Elsey 2000).

Unfortunately, suitable candidates become available only at certain times of the year, which may not always suit the needs of the hiring organization. Another major disadvantage of college recruiting is the lack of experience and the inflated expectations of new graduates and the cost of hiring graduates for entry-level positions that may not require a college degree (Bratton and Gold, 2007).

To make college recruiting effective, the recruiting organization must first determine how many and which schools should be targeted. It may prove cost-effective to do intensive recruiting in a few, carefully-selected institutions, establishing a presence and building the organization's reputation among students and faculty. Timely and frequent dissemination of literature, the offer of internships and the award of prizes for academic and/or social prowess help to advertise the organization as a preferred place of employment. Subsequent invitations to the organization's offices, made to students identified as potential employees, may serve to solidify the firm's image (Czinkota, Ronkainen and Moffett, 2005).

2.2.2 Job Fairs

The concept of a job fair is to bring those interested in finding a job into those companies who are searching for applicants. Job fairs are open fora at which employers can exhibit the best their companies have to offer so that job seekers can make informed choices. They are considered one of the most effective ways for job seekers to land jobs. At the job fair, employers have a large pool of candidates on which to draw, while job seekers have the opportunity to shop around for dozens – sometimes hundreds – of employers, all in one place (Harrison, Dalkiran and Elsey 2000).

Notwithstanding the fact that the atmosphere at the fair is more relaxed than at an interview, employers are still on the lookout for qualified, potential employees who have interest, dedication and initiative.

2.3 Recruitment Channels

The effective recruitment and selection of employees is a fundamental HRM activity, one that if managed well can have a significant impact on organizational performance as well as lead to a more positive organizational image (Pilbeam and Corbridge, 2006). Ineffective recruitment has a number of cost implications for employers: low morale which can affect employee performance; lost business opportunities, as well as higher levels of labor turnover. Given the relationship between effective recruitment and organizational performance, organizations need to adopt a more strategic approach to HR planning before moving on to the actual recruitment and selection process (Pilbeam and Corbridge, 2006; Bratton and Gold, 2007). HR planning involves defining job roles and the associated competencies, as well as developing an understanding of the labor market, both internal and external, in order to match the availability of potential labor to organizational needs.

The shift from a manufacturing to a service-based economy seems to have shifted the debate about skills in the workplace from ‘hard’ technical skills to new ‘soft’ skills (Grugulis, 2007). The term ‘soft’ skill is hard to define. It includes references to competencies, personal attributes, individual qualities, transferable skills, as well as social skills. There is a danger that skills may be defined differently in jobs that are predominantly done by women

compared with jobs that are predominantly done by men. For example, in one semi-privatized organization that employed more male managers, managerial competencies included: stress tolerance, thriving on pressure, maintaining logic and persuasiveness of argument despite heavy opposition. In contrast managerial competencies in a retail environment that had a higher proportion of female managers, included: open door policy, taking an interest in employees' lives, having concern for wellbeing of individuals (Grugulis, 2007).

According to CIPD (2006) the key recruitment channels used to attract applicants include: advertisements in local newspapers; recruitment agencies/search firms; corporate websites; specialist journals; encouraging speculative applications; employee referral schemes, and national newspaper advertisements.

2.3.1 Internet Recruitment

With advances in technology Internet recruitment has become a key medium for recruitment by employers and recruitment agencies. Since 1998 there has been a significant increase in the number of organizations using their corporate website as a recruitment channel (Searle, 2006). It is estimated that the online recruitment business has grown to around £3.8 billion in 2005 (Pilbeam and Corbridge, 2006). Internet recruitment is seen as an effective recruitment medium especially when recruiting graduates, IT and technical professionals and middle managers. With Internet recruitment organizations have a number of choices: encouraging direct applicants through their own website, setting up their own recruitment website, or advertising vacancies on specialist Internet recruitment sites such as Monster, Top Jobs, Gold Jobs and Guardian Jobs Unlimited.

The benefits of internet recruitment for organizations include: reduction in recruitment costs; reaching a wider pool of applicants; reduction in the recruitment cycle; technology can be used to scan CVs and match against key selection criteria; a reduction in the amount of paperwork associated with the recruitment process, as well as providing a positive corporate brand image (Pilbeam and Corbridge, 2006; Searle, 2006). Internet recruitment can provide greater flexibility for candidates, thus matching the job-seeking habits of the contemporary

labor market. Organizations recruiting internationally can combine Internet technologies with other technologies, such as video technology, to make it easier and more cost-effective when recruiting in different countries (CIPD, 2006).

In addition Internet recruitment can create opportunities for organizations to use a number of pre-selection tools and tests, thus helping to improve the likelihood of a match between applicants and job vacancies (Redman and Wilkinson, 2006).

2.3.2 Referral Schemes

One of the recruitment methods that appear to be increasing in popularity is the use of employee referral schemes. In this approach, existing employees suggest potential candidates drawn from their own networks. The latest CIPD Recruitment and Retention survey finding indicates that the percentage of organizations that attract applicants by this method has increased from 38% in 2005 to 47% in 2006. The benefits of employee referral schemes include reduced recruitment costs, as well as enabling applicants to gain a more realistic job preview. In addition the willingness of existing employees to recommend their organization to others is used as a measure of 'organizational commitment' in high performing workplaces (Purcell et al, 2003).

Companies that are involved in continuous recruitment are likely to benefit from employee referral schemes. The technology company Xansa, for example, introduced an employee referral scheme in 2004 in order to help overcome recruitment difficulties (CIPD, 2006). Rewards, paid out at the end of probationary period of the referred employee, range from £1000 to £7000 depending on the job band that the referred employee is recruited into. The cost savings of the employee referral scheme can amount to around £1500 per candidate, compared with the use of recruitment agencies.

Despite the attractiveness of employee referral schemes there are concerns that this approach has implications from an equality and diversity perspective, in that it could be seen as a form of discrimination. One way of potentially minimizing biases associated with employee referral schemes is to ensure that the scheme is supported by a fair selection process, one where all parties involved are fully trained for their recruitment and selection role. Another

possibility is to set clear criteria/boundaries around participation in the scheme by certain groups of employees. Senior managers and HR professionals at Xansa for example, with primary responsibility for recruitment, are not allowed to participate in the employee referral scheme (CIPD, 2006).

2.4 Management Approaches

Various human resource management practices are contingent upon the MNCs' international management strategy (Adler and Ghadar, 2001; Heenan and Perlmutter, 2007; Kobrin, 1988; Milliman et al., 1991; Tung, 2006; Tung and Punnett, 2007). The staffing policies which MNCs adopt for their foreign subsidiaries such as recruitment, selection and placement, and the socialization tactics used for host national employees are examples of practices which will vary according to the strategy chosen.

This research was grounded on the Heenan and Perlmutter classifications (ethnocentric, polycentric, regiocentric and geocentric) from a human resources perspective. Staffing subsidiaries with expatriates in key management positions will centralize the parent-company control in decision making more than when subsidiaries are managed by host-country nationals (Egelhoff, 1988; Kobrin, 1989). The ethnocentric management practice is common in start up ventures and when rare technical skills are needed which cannot be found in the local labor force (Tung and Punnett, 2007). HRM is responsible for finding suitable expatriates who will be successful abroad. The current literature suggests there is an extraordinarily high turnover rate among expatriates, and that success in the expatriate situation takes a special set of skills and abilities above and beyond the necessary technical skills for the analogous domestic position (Tung 2006). Financial restrictions where expatriates are expensive and legal limitations such as foreign employment laws often interfere with companies operating from this strategy.

Ethnocentric multinational corporations expect their expatriate managers to transfer headquarters' cultures and philosophy by working with host nationals (Edstrom and Galbraith, 2005). However, given the nature of the socialization process, the expatriates, who are sent to socialize the host nationals to their parent corporate cultures, are often being socialized themselves by the host nationals (Lee and Larwood, 1983). The reason for this is

that the value structure of the host nationals is not being directly influenced by the parent company. Some data show that subsidiaries, even when managed by expatriates, will have corporate cultures more consistent with their own countries' cultures than with that of the parent company (Lee and Larwood, 1983).

In a polycentric MNC host nationals manage subsidiaries with some co-ordination from headquarters on how the subsidiary should operate. For these organizations, host-national employees manage the foreign subsidiaries, and expatriates are rarely (if ever) used. Host nationals have no language and culture barriers, and are less costly than expatriates. However, parent-company employees are unable to gain the valuable global perspective from working abroad. Likewise, host nationals are not socialized to the parent companies' organizational culture through either contact with host nationals or transfers into the parent country. Host nationals are able to develop as managers in their own country, but their own careers will be limited because they are never able to reach the corporate level. In polycentric organizations, there is little concern for a common corporate culture (Heenan and Perlmutter, 2007).

An ethnocentric approach will tend to use expatriates in key positions abroad; a polycentric approach will use local nationals wherever possible, and a geocentric approach will use a mixture of nationals, expatriates and third country nationals (Kelly, 2001). The management issues and implications for management development are as follows: ethnocentricity implies a centralized system with authority high at headquarters with much communication in the form of orders, commands, and advice. Standards for evaluation and control will also be determined centrally. Polycentricity implies a widely dispersed authority, little communication between headquarters and subsidiary, and standards for evaluation and control mostly determined locally. The geocentric ideal involves more integration between centre and subsidiaries to ensure close co-operation between the different parts of the organization, and implementing both universal and local standards for evaluation and control. A high, two-way volume of communication characterizes this ideal type. Worth noting here also is the regiocentric ideal which is similar to geocentric but managed on a regional basis (D'Annunzio-Green, 2001).

A management strategy similar to polycentric is regiocentric. From this perspective, host-country nationals and third-country nationals are recruited, selected and developed on a regional basis. Regions are consistent with some natural boundary, such as the European Economic Community or the Middle East. In regiocentric practices MNCs, the communication and integration systems must be highly sophisticated for headquarters to maintain control over the regions. As in the polycentric perspective, the likelihood of host nationals' career advancement is greatest within the region, but still may be limited in headquarters. As in the polycentric perspective too, however, the host nationals are given the opportunity to manage their own subsidiaries.

When MNCs desire an integration of all of their foreign subsidiaries and the melting of a worldwide corporate culture, they adopt a geocentric management strategy (Heenan and Perlmutter, 2007). MNCs adopting this strategy will staff positions worldwide such that the best people are recruited for positions, regardless of nationality (Heenan and Perlmutter, 2007; Kobrin, 1988). Since headquarters and the foreign subsidiaries of any geocentric MNC will view themselves as integrated parts of a global organization, the corporate culture will be highly unified - but not necessarily dictated by headquarters. The geocentric organization has the most complex organizational structure, requiring the greatest amount of communication and integration across national boundaries (Edstrom and Galbraith, 2005).

In geocentric MNCs, socialization of the organizations' values is used as a control strategy with the greatest amount of flexibility to accommodate the differences among foreign countries' cultures (Edstrom and Galbraith, 2005). Employees in the foreign subsidiaries learn and internalize the values, behaviours, norms, etc, of the global company. They do so through contacts with the parent company and the other foreign subsidiaries, transfers and visits to various foreign locations for instance parent-company employees transferring abroad to develop global orientations, training from the parent company and the subsidiaries, etc. This strategy 'permits the greatest amount of local discretion and the greatest amount of decentralization while maintaining overall integration' (Edstrom and Galbraith, 2005). MNCs adopt strategic socialization processes so that their employees will have increased knowledge of the MNCs' entire networks, and not just the networks within their own countries'

subsidiaries (Bird and Mukada, 2003). The intent is to deemphasize national cultures and to replace them with an integrating corporate culture (Edstrom and Galbraith, 2005).

Child et al. (2000) have argued that MNCs transfer policies from their home to host operations. Ferner et al., (2001) attributes this home country effect to the embeddedness of these multinationals in their country of origin. This refers to the influence of the historical development of the national business system and industrial traditions of the home business environment on the behaviour of these companies. The effect is particularly pronounced in firms emanating from economically dominant countries, as these firms can more credibly impose specific practices on foreign subsidiaries (Edwards and Ferner, 2002). Given the dominance of the US economy in recent times, one could reasonably expect a relatively high degree of imposition of policies in US multinational subsidiaries. Gunnigle et al. (2002) found that while both European and US firms adapted their HRM practices to conform to local norms, standards and regulations, in foreign subsidiaries, localisation among US multinationals was considerably weaker. They further note that the differences in levels of conformity are more pronounced in stronger institutional environments (such as Germany, Denmark and Sweden) and less pronounced in countries that have weak regulatory environments (such as Ireland and the UK). Indeed, Edwards and Ferner (2002) identify the “country of origin” effect as one of four key influences on the management of human resources in MNCs. Muller-Camen et al. (2001) posit that the home country effect has become stronger in recent years, due to the growing pressure on firms who operate in more than one country to integrate their international business (see also, Ferner et al., 2001a, b). This illustrates the importance of the country of origin debate in contemporary international and comparative human resource management (IHRM) literature. The country of origin effect is, however, at odds with the implicit but pervasive assumption that the behaviour of US multinationals provides a template for management of MNCs of different nationalities, which has been a dominant theme in the IHRM literature (Ferner, 2000). Ferner also points to the limitations of using cultural differences to explain differences in the behaviour of MNCs of different nationalities.

A multinational firm faces the challenge of dealing with different sets of government regulations that may cause it to incur additional costs. According to an Ernst and Young

guide written in 2010, foreign governments are increasing value-added taxes in goods and services, in addition to tightening compliance regulations. A change in compliance regulations often means that a firm has to adapt its operational strategies and the way in which it delivers its goods and services. This may require increased costs to hire local specialists who are able to keep abreast of changes and deal directly with local government officials (Dörrenbächer and Geppert, 2010).

The administration of benefits and salaries often proves to be a challenge for a multinational firm. Different labor market conditions might result in the firm offering a set of benefits that it otherwise wouldn't. To attract and retain the talent it needs, a multinational firm could find it challenging to maintain a balance between its administrative costs and recruiting the necessary human capital to effectively perform in a foreign country (Firoz, et al., 2002).

2.5 Roles played by Multinational Companies in Developing Countries

Multinational companies (MNCs) have become the most significant players in world trade, with the world's 100 largest MNCs now controlling approximately 20 per cent of global foreign assets (Nguyen, 2011). Hertz's (2010) analysis confirms that the sales of General Motors and Ford are greater than the GDP of the whole of sub-Saharan Africa and that the assets of IBM, BP and General Electric outstrip the economic capabilities of most small nations. Indeed, Collings, (2003) argue that success for organisations depends on having a global presence. Although foreign direct investment (FDI) is particularly significant in the world economy, it is unevenly distributed, with the world's top 30 host countries accounting for 95 per cent of total world FDI inflows and the world's top 30 home countries generating approximately 99 per cent of outward FDI stocks (UNCTAD, 2001).

2.5.1 Technology Transfer

Economic literature identifies technology transfers as perhaps the most important channel through which foreign corporate presence may produce positive externalities in the host developing economy. MNEs are the developed world's most important source of corporate research and development (R&D) activity, and they generally possess a higher level of

technology than is available in developing countries, so they have the potential to generate considerable technological spillovers. However, whether and to what extent MNEs facilitate such spillovers varies according to context and sectors (Caves, 2006; Hymer, 1976).

Technology transfer and diffusion work via four interrelated channels: vertical linkages with suppliers or purchasers in the host countries; horizontal linkages with competing or complementary companies in the same industry; migration of skilled labour; and the internationalization of R&D. The evidence of positive spillovers is strongest and most consistent in the case of vertical linkages, in particular, the “backward” linkages with local suppliers in developing countries. MNEs generally are found to provide technical assistance, training and other information to raise the quality of the suppliers’ products. Many MNEs assist local suppliers in purchasing raw materials and intermediate goods and in modernising or upgrading production facilities (Findlay, 2008).

Reliable empirical evidence on horizontal spillovers is hard to obtain, because the entry of an MNE into a less developed economy affects the local market structure in ways for which researchers cannot easily control. The relatively few studies on the horizontal dimension of spillovers have found mixed results. One reason for this could be efforts by foreign enterprises to avoid a spillover of knowhow to their immediate competition. Some recent evidence appears to indicate that horizontal spillovers are more important between enterprises operating in unrelated sectors (Wang 1990).

A proviso relates to the relevance of the technologies transferred. For technology transfer to generate externalities, the technologies need to be relevant to the host-country business sector beyond the company that receives them first. The technological level of the host country’s business sector is of great importance. Evidence suggests that for FDI to have a more positive impact than domestic investment on productivity, the “technology gap” between domestic enterprises and foreign investors must be relatively limited. Where important differences prevail, or where the absolute technological level in the host country is low, local enterprises are unlikely to be able to absorb foreign technologies transferred via MNEs (Feldenkirchen 2000).

2.5.2 Human Capital Enhancement

The major impact of FDI on human capital in developing countries appears to be indirect, occurring not principally through the efforts of MNEs, but rather from government policies seeking to attract FDI via enhanced human capital. Once individuals are employed by MNE subsidiaries, their human capital may be enhanced further through training and on-the-job learning. Those subsidiaries may also have a positive influence on human capital enhancement in other enterprises with which they develop links, including suppliers. Such enhancement can have further effects as that labour moves to other firms and as some employees become entrepreneurs. Thus, the issue of human capital development is intimately related with other, broader development issues.

Investment in general education and other generic human capital is of the utmost importance in creating an enabling environment for FDI. Achieving a certain minimum level of educational attainment is paramount to a country's ability both to attract FDI and to maximise the human capital spillovers from foreign enterprise presence. The minimum level differs between industries and according to other characteristics of the host country's enabling environment; education in itself is unlikely to make a country attractive to foreign direct investors. However, where a significant "knowledge gap" is allowed to persist between foreign entry and the rest of the host economy, no significant spillovers are likely (Edstrom and Galbraith, 2005).

Among the other important elements of the enabling environment are the host country's labour market standards. By taking steps against discrimination and abuse, the authorities bolster employees' opportunities to upgrade their human capital, and strengthen their incentives for doing so. Also, a labour market where participants have access to a certain degree of security and social acceptance lends itself more readily to the flexibility that is key to the success of economic strategies based on human capital. It provides an environment in which MNEs based in OECD countries can more easily operate, applying their home country standards and contributing to human capital development. One strategy to further this goal is a wider adherence to the OECD Declaration on International Investment and Multinational

Enterprises, which would further the acceptance of the principles laid down in the Guidelines for Multinational Enterprises (Blomström and Kokko, 1998).

While the benefits of MNE presence for human capital enhancement are commonly accepted, it is equally clear that their magnitude is significantly smaller than that of general (public) education. The beneficial effects of training provided by FDI can supplement, but not replace, a generic increase in skill levels. The presence of MNEs may, however, provide a useful demonstration effect, as the demand for skilled labour by these enterprises provides host-country authorities with an early indication of what skills are in demand. The challenge for the authorities is to meet this demand in a timely manner while providing education that is of such general usefulness that it does not implicitly favour specific enterprises (Feldenkirchen 2000).

2.5.3 Enterprise Development

FDI has the potential significantly to spur enterprise development in host countries. The direct impact on the targeted enterprise includes the achievement of synergies within the acquiring MNE, efforts to raise efficiency and reduce costs in the targeted enterprise, and the development of new activities. In addition, efficiency gains may occur in unrelated enterprises through demonstration effects and other spillovers akin to those that lead to technology and human capital spillovers. Available evidence points to a significant improvement in economic efficiency in enterprises acquired by MNEs, albeit to degrees that vary by country and sector. The strongest evidence of improvement is found in industries with economies of scale. Here, the submersion of an individual enterprise into a larger corporate entity generally gives rise to important efficiency gains (Edstrom and Galbraith, 2005).

Foreign-orchestrated takeovers lead to changes in management and corporate governance. MNEs generally impose their own company policies, internal reporting systems and principles of information disclosure on acquired enterprises (although cases of learning from subsidiaries have also been seen), and a number of foreign managers normally come with the takeover. Insofar as foreign corporate practices are superior to the ones prevailing in the host

economy, this may boost corporate efficiency, empirical studies have found. However, to the extent that country-specific competences are an asset for managers in subsidiaries, MNEs need to strive toward an optimal mix of local and foreign management (Feldenkirchen 2000).

Governments in advanced countries encourage MNC investment because competitive pressures encourage domestic firms to become more efficient at adopting new technologies and products, to rationalise production systems and to make innovations in HR policy as well as providing new jobs. To this end they will offer incentives to the foreign investor by, for example, providing preferential tax regimes, subsidies, building advanced factories and putting in place infrastructure including new roads and rail links. On the other hand governments of developing countries seek foreign investment to encourage competition, to provide employment, to raise the standard of living of their own people and to encourage the transfer of knowledge and technology from advanced countries (Kelly, 2001).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

The main aim of the research was to investigate the various approaches adopted by Multinational Corporations based in Kenya in recruiting senior personnel. This chapter explained the research design, the target population, data collection procedure, data analysis and how the data was presented.

3.2. Research Design

The study used the descriptive survey design as it sought to answer the question of what is going on which is an important aspect to consider for social researchers. According to Saunders et al., (2003) descriptive studies are used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation. This design was appropriate for the proposed study whose purpose was to find out the recruitment practices used by multinationals in Kenya.

Surveys collect information in a uniform manner as possible by asking each respondent the same questions in the same way so as to ensure that the answers are mostly influenced by the respondents experience not due to how the interviewer words the questions. The decision to use a survey was partly because surveys are fast and relatively affordable and also register higher response rates.

3.3 Target population

The population of the study included all MNCs operating in Kenya. According to economic survey 2007 there were 213 MNCs operating in Kenya. The study targeted multinationals operating in eight sectors- financial services, oil, industrial manufacturing, pharmaceutical, ICT, tourism and hospitality, agriculture and construction.

Table 1: Sampling Frame

Sector	Population	Sample
Financial Services	37	4
Oil	14	4
Industrial Manufacturing	49	4
Pharmaceutical	18	4
ICT	26	4
Agriculture	34	4
Construction	14	4
Tourism and Hospitality	21	4
Total	213	32

3.4 Sampling Design

The study used stratified and purposive random sampling to select the companies and respondents involved in the study. In the first stage multinationals were classified in to eight sectors of the economy where they operate in. The study then selected four companies in each of the sector categories. A total of thirty two companies were selected; two officers in HR department were administered with the research questionnaire. Two officers were picked to eliminate personal biases. Therefore the study had sixty four respondents as its sample size.

3.5 Data collection

The researcher will used primary data in this study. The data was both qualitative and quantitative. Qualitative data sought to describe the qualities/characteristics of the subjects of the study. Quantitative data in form of figures was used to show trends of the subjects of the study. Primary data was collected first hand from the HR departments. The researcher used a questionnaire to collect the primary data from the respondents. The primary data was deemed efficient to the research because it is reliable and accurate.

The researcher personally administered the questionnaires to the respondents with the help of research assistants. This method is preferred as it allowed for the researcher to seek clarification on emerging issues.

3.5. Data Analysis

This study used quantitative and qualitative methods of data analysis. To ensure easy analysis, the questionnaire items were coded according to each variable of the study to ensure the margin of error was minimized to assure accuracy during analysis. Data was analyzed using descriptive statistics. The descriptive statistics utilized in the study included frequencies and percentages. The analysis was conducted with the help of Statistical Package for Social Sciences (SPSS) program. Coded data was used to generate frequencies such as mean scores and percentages. These were presented using tables and pie charts to give a clear picture of the research findings at a glance. These were enhanced by offering a narrative explanation.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The main objective of the study was to examine the management approaches used by multinational companies in recruiting senior personnel in Kenya. Answers collected from questionnaires were analysed by questions and visually illustrated with charts and tables. This section presents various key findings while interrogating the same against findings from other similar and related studies on the subject. Sixty four questionnaires were administered to the respondents but 52 were satisfactorily filled and used in this study.

4.2 Profile of the Respondents

In order to get an insight of the HR management that various firms use, the researcher required information from different personnel in the HR department. This was largely meant to ensure that the respondents who were involved in the study were the ones targeted in the sampling to enhance credibility of the study results.

4.2.1 Designation of Respondents

The study first sought to find out the designation of the respondents. Figure 1 below presents the designation of the personnel contacted.

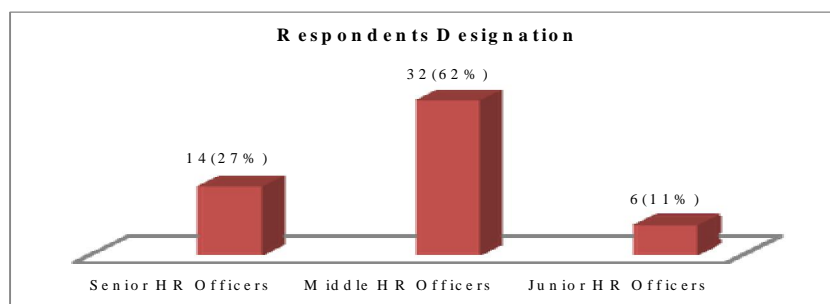


Figure 1: Designation of the respondents

The result shows that the large number of HR personnel interviewed were the middle HR officer equivalent to 62 percent of the total number; senior HR officers constituted 27 percent of the total while HR officers in the junior level averaged 11 percent. The results show that the respondents were representative of the human resource departments in MNCs as had been expected in the sampling process.

4.4.2 Gender of the respondents

The study also sought to find out the proportion of respondents that were involved in the study interview. This was meant to ensure particularly that the result of the study was streamlined by integrating the views of both male and female. This was also intended to ensure that the results obtained were not gender-biased and in case there was, what were the explanations.

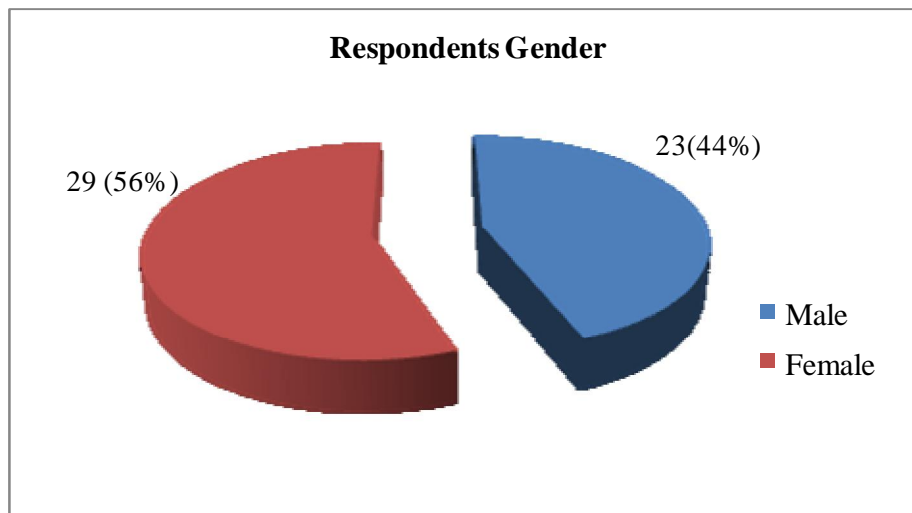


Figure 2: Gender of the respondents

The results indicate that 56% of the respondents were females while 44% were male. This shows that the respondents were fairly distributed across both genders and thus the results have no gender bias.

4.2.3 Age of the Respondents

To help ensure that the result findings are a representative of varied age groups and are not age-biased and at the same time enable exploration of perceptions of MNC recruitment approaches and practices in samples of different demographic setups, the study sought information from respondents of different age groups as depicted in table 2 below.

Table 2: Age Distribution of respondents

Age	Frequency	Percentage
20-30 years	15	28.8
31-40 years	18	34.6
41-50 years	19	36.5
Total	52	100.0

The majority of respondents were found in the 41-50 (36.5 per cent) and 31-40 years of age group (34.6 per cent) with these age groups comprising 71.1 per cent of respondents. The table shows that the respondents involved in the study were fairly distributed across all age groups. This also stipulated that the result findings obtained were not age biased.

4.2.4 Respondents' Academic qualifications

The study also sought information on educational levels finding that MNC and their subsidiaries generally have an educated workforce. Table 3 shows the results.

Table 3: Academic qualifications

Academic level	Frequency	Percentage
Masters and above	13	25%
Graduate	30	57.7%
A level	4	7.7%
O' level	5	9.7%
Any other	0	0

The results show that 25 per cent of respondents have qualifications at the post-graduate level and above. Those at the graduate level are the majority constituting 57.7 percent of the total while those with A' level and O' level academic qualifications are the minority. Diagram The researcher considered understanding the demographic characteristics of respondents very significant in the creation of rapport with them to help in collection of the information. With a total of 82.7 per cent of respondent having attained educational level of graduate and above is a clear indication that the respondents are highly rated employees who should know more about the human resource management practices of their respective companies and would therefore provide reliable information. With a substantial proportion of respondents having at least a first degree is an indication that the respondents are composed of highly educated people.

4.2.5 Work Experience

The survey also sought information on job tenure (length of employment with the MNC in the HR sector and department in current organisation). This was intended to provide an insight on the experience of the respondents in matter relating to recruitment approaches of MNCs. The results are as stipulated in figure 3 and 4.

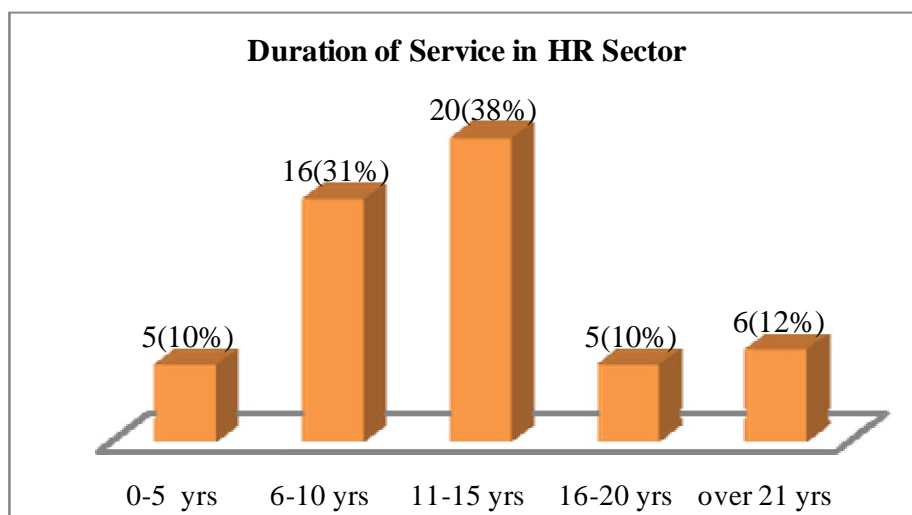


Figure 3: Duration of Employment in the HR sector

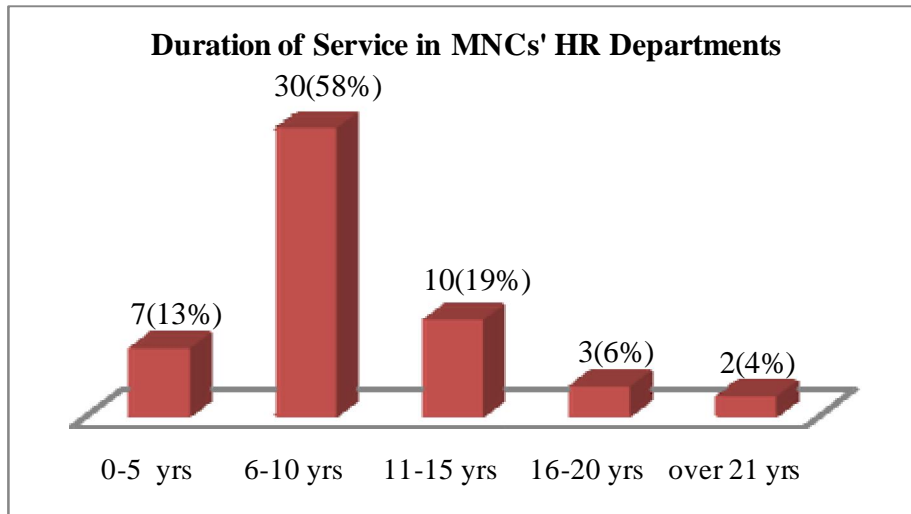


Figure 4: Length of Employment in MNCs' HR department

Majority of the respondents have put in at least five years of service indicating that the respondents have actually spent enough time in the service to know how strategic the management of their companies is. It also meant that they are well informed on the topic of the study and their contributions to the study findings are reliable and credible.

4.2.6 Size of the Firm

The study sought to find out the number of employees present in respective firms. On one hand, this was intended to ensure that the sample size to be taken is a reasonable representative of the population under investigation as a way of enhancing the reliability of the information gathered. On the other hand, this was intended to determine whether or not these firms are sufficiently staffed. The results are as indicated in the table 4 below.

Table 4: Number of employees in the firm

Number of Employees	Frequency	Percentage
Less than 500	32	61.5%
500-1000	16	30.8%
Above 1000	4	7.7%

The results show that firms with less than 500 staff were the majority (61.5 per cent) followed by firms with the number of employees between 500-1000 (30.8%) while firms with an average of more than 1000 employees are only 7.7 percent of the total. The results mean that the views can be generalized in all the MNCs operating in Kenya as they were obtained from firms across all size categories.

4.3 HRM Approaches in the MNCs

The main objective of the study was to find out the approaches adopted by MNCs in managing their workforce. A set of questions were posed to get insight into the approaches used by the MNCs operating in Kenya.

4.3.1 Presence of Recruitment Policy In The Firm

In order to understand the nature staff management practices of the firms under study and particularly in the present times of internationalization, the study sought information on the presence and availability of recruitment policies of MNCs in Kenya. The results were as indicated in figure 5.

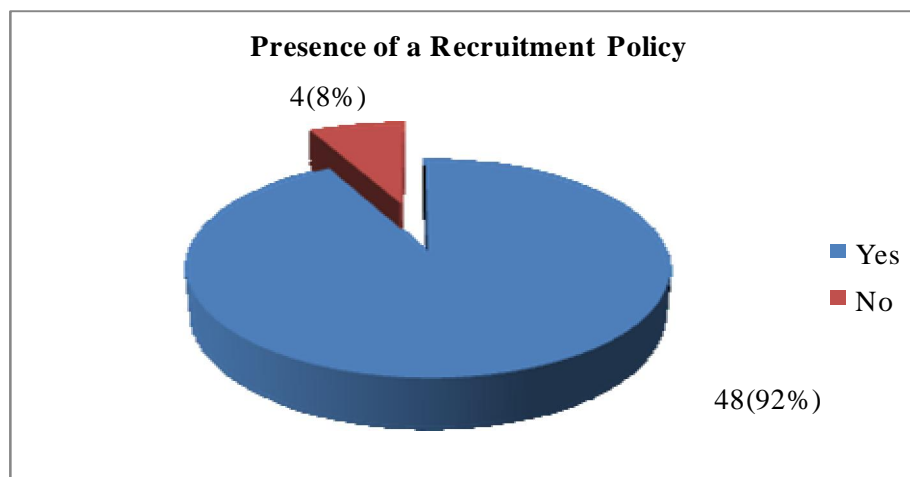


Figure 5: Presence of Recruitment Policy in MNCs in Kenya

The result shows that 92.3 percent of the respondents indicated that there were recruitment policies for MNCs in Kenya while only 7.7 percent indicated otherwise. This suggested that

with the internationalization of operations, many firms have put in place policies to help deal with many HRM issues. It is also an indication that these firms have taken proactive approach in recruiting its senior personnel.

The study also sought to understand whether there were similarities in recruitment policies of all MNC subsidiaries. The results are as stipulated by figure 6.

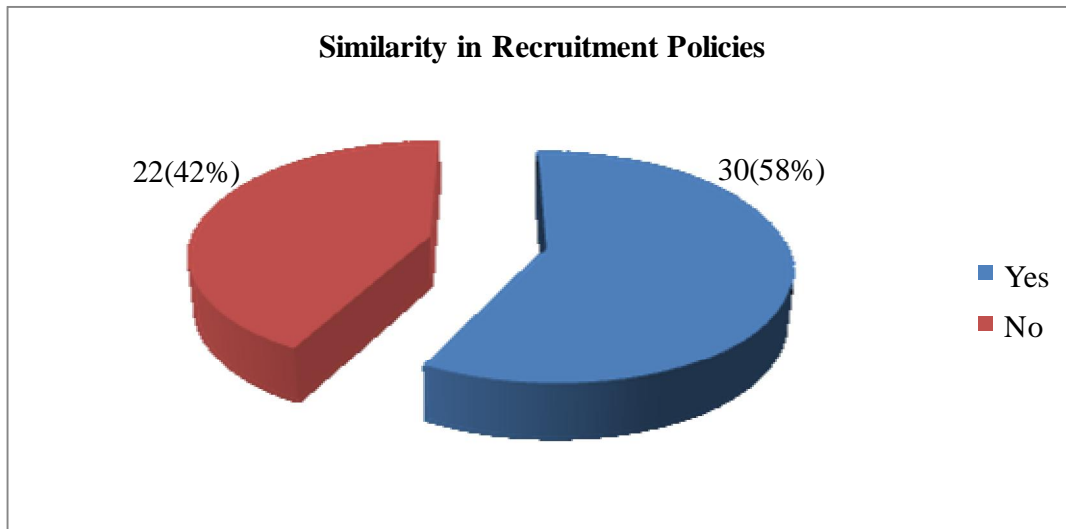


Figure 6: Similarity of Recruitment Policy in Subsidiary and Parent Company

The result shows that majority of the respondents - 58% as indicating that there are similarities of recruitment policy among all MNC subsidiaries while only 42% of the respondents believed that such similarity do not exist. This is an indication that most MNCs adopt the recruitment policy of their parent companies though there are also a number who have localised the recruitment policy. The findings are in line with CIPD (2006) who argued that there is no single HRM policy that can be implemented across regions and thus there is likelihood of adjusting policies to suit particular business operating environment. The findings can also be explained by Tung and Punnett, (2007) who found that there were firms in industries such as ICT where there was no need to alter HRM policies and thus there was uniformity in subsidiaries and the parent company. Child et al. (2000) indicated that parent companies in such industries were more likely to transfer HRM policies from their home to host operations. Gunnigle et al. (2002) noted that even where a subsidiary formulated its unique policies the influence of parent company was apparent.

The study sought to find out the considerations made when adapting the recruitment policy to the host nation context. The respondents noted that such considerations include salary scales, working conditions, regulatory framework, relation with governments, working cultures such as holidays, man hours dedicated to work per day among other issues. The findings are in line with Edwards and Ferner, (2002) who found that the operating environment was taken into consideration when formulating and implementing a HRM policy in subsidiaries of multinational corporations.

4.3.2 Recruitment Techniques Used by MNCs

The study also sought to get an insight into the techniques used by MNCs to recruit their senior staff. The results are shown in table 5.

Table 5: Sources of Recruits

	Yes		No	
	f	%	f	%
Advert placements in media	52	100	-	-
University Recruitment	42	81	10	19
Job Fairs	8	15	44	85
Referral Schemes	14	27	38	25
Internal recruitment	32	62	20	38
Forwarding from Parent company	36	69	16	31
Recruitment Agencies	24	46	28	54

The results show that the most popular sources of senior personnel recruits were advert placement in media outlets, university recruitment, forwarding form parent companies and recruiting from within the firms' ranks. Other sources include recruitment agencies, referral schemes and job fairs. The respondents were asked to describe briefly how the sources work in securing the recruits. The most notable response was that university recruitment was preferred for management trainee positions. The respondents also noted that the firms

obtained senior personnel who were forwarded from other subsidiaries or the parent company headquarters. The respondents also indicated that the MNCs also relied on internal recruitments where senior personnel were recruited from within the subsidiaries. The findings are in agreement with CIPD, (2006) and Purcell et al., (2003) who noted that the MNCs drew their senior personnel from varied sources.

4.3.3 Parties Involved In the Recruitment Process

To help understand how recruitment process is carried out by these MNCs, the study sought information on various parties involved in the recruitment process. Figure 7 shows the results obtained.

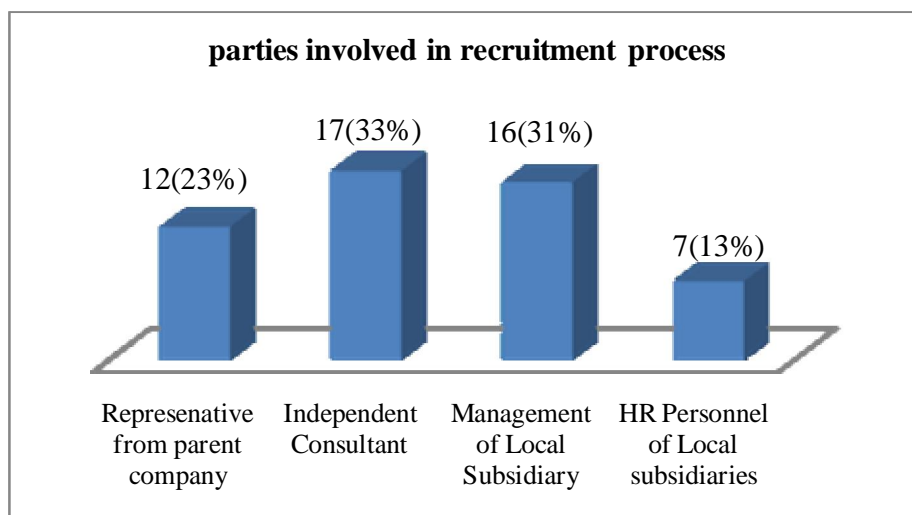


Figure 6: Parties involved in the recruitment process

The results show that the participants are management of local subsidiary, independent consultants, representatives from parent companies and HR personnel of local subsidiaries. The results show that there are varied approaches in the recruitment process of senior personnel. The findings are in line with Pilbean and Corbridge, (2006) who found that multinational corporations use various techniques in recruiting senior personnel and thus the parties involved were also diverse. Searle, (2006) found that in hiring of subsidiaries senior

personnel there was emphasis on participants who understood the organisation culture of the parent company as well as the labour dynamics where the subsidiary was hosted.

4.3.4 HR Staffing and Management Approach

The study sought to find out the staffing approach use by the MNCs operating in Kenya. The results are as depicted in figure 8.

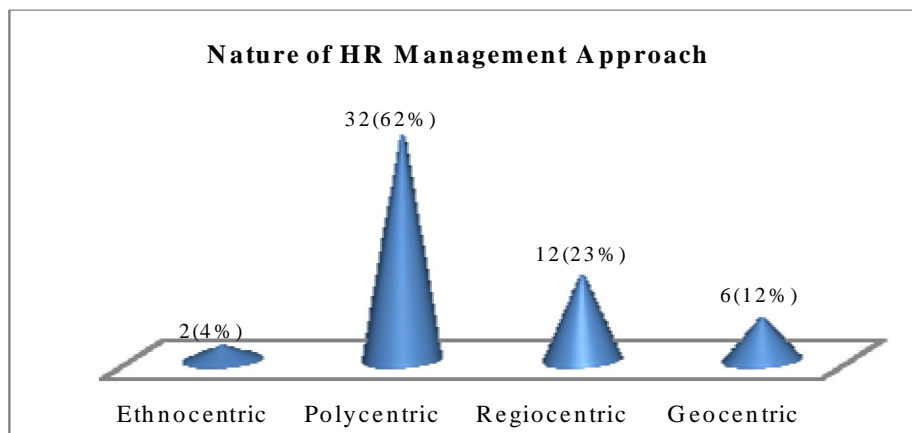


Figure 7: Nature of HR Management Approach

The result shows that while only four percent of the respondent believed that the nature of HR management approach is ethnocentric, an average of 32 respondents (62%) indicated that many MNCs exhibit polycentric HR management approach. In addition, 23% indicated that MNCs in Kenya exhibit regiocentric HR management approach. Nine percent noted that the MNCs they are working in have a geocentric HR management approaches and practices. The findings are in line with Adler and Ghadar, (2001), Heenan and Perlmutter, (2007) and Tung and Punnett, (2007) whose studies have shown evidence that various human resource management practices are contingent upon the MNCs' international management strategy.

The respondents further explained that under ethnocentric recruitment approaches firms rely on the information gathered only from the home country with and had great influence from the parent company. Heenan and Perlmutter, (2007) noted that ethnocentric practice was popular among firms which were young and where the technical skills were readily available

in host nation. The respondents noted that under polycentric orientation recruitment practices appreciates the differences between countries and consequently, polycentric staffing involves taking into consideration needs of the firms in various countries. The respondents noted that this approach was popular as senior personnel could be moved from Kenya to other countries where the MNC had operations. The respondents noted that under regiocentric orientation recruitment of senior staff takes cognizance of the prevailing East African region conditions. The respondents noted that under geocentric orientation recruitment takes consideration of global best practices in a certain industry.

The findings are supported by (Kelly, 2001) who found that an ethnocentric approach will tend to use expatriates in key positions abroad; a polycentric approach will use local nationals wherever possible, and a geocentric approach will use a mixture of nationals, expatriates and third country nationals. The findings are also supported by D'Annunzio-Green, (2001) who found that ethnocentricity implies a centralized system with authority high at headquarters with much communication in the form of orders, commands, and advice. D'Annunzio-Green, (2001) further found that polycentricity implies a widely dispersed authority and that geocentric ideal involves more integration between centre and subsidiaries to ensure close co-operation between the different parts of the organization, and implementing both universal and local standards for evaluation and control.

4.3.4 Characteristics of Senior Personnel Recruitment Approaches

To get an insight into the characteristics of the senior personnel recruitment approaches in MNCs the study used a likert scale to gauge the extent to which various aspects were practised in the MNCs operating in Kenya. A scale of 1-5 weighted means was used to make interpretations. The scores "Very Small Extent" and "Small Extent" were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale (1 Small Extent 2.5). The scores of 'Moderate' were equivalent to 2.6 to 3.5 on the Likert scale (2.6 Moderate Extent 3.5). The score of "Large Extent" and "Very Large Extent" represented major contribution to the project implementation rate. This was equivalent to 3.6 to 5.0 on the Likert Scale (3.6 Large Extent 5.0). the results obtained are shown in table 6.

Table 6: Characteristics of Recruitment Practices in MNCs

Recruitment Practices	Very Small Extent	Small Extent	Moderate Extent	Large Extent	Very Large Extent	Mean Score
The firm use recruitment agencies	9	16	12	11	4	2.71
The firm use executive search consultants	25	16	7	4	0	1.81
The firm carries it advertisements for senior personnel positions in popular local languages	0	0	10	27	15	4.10
The firm carries it advertisements for senior personnel positions in foreign languages	17	16	12	5	2	2.21
The firm uses local print media in recruitment of senior personnel	0	0	3	7	42	4.75
The firm uses foreign print media in recruitment of senior personnel	22	17	7	6	0	1.94
The firm uses local broadcast media in recruitment of senior personnel	12	34	6	0	0	1.88
The firm uses foreign broadcast media in recruitment of senior personnel	22	26	4	0	0	1.65
The firm uses local websites, blogs and other platforms in recruitment of senior personnel	27	25	0	0	0	1.48
The firm uses foreign websites, blogs and other platforms in recruitment of senior personnel	26	23	3	0	0	1.56
The firm emphasizes on hiring locals	2	5	3	23	19	4.00
The firm emphasizes on hiring expatriates	18	20	6	4	4	2.15

The results show that MNCs use recruitment agencies to a moderate extent as indicated by a mean score of 2.71. The results imply that there are a substantial number of MNCs who rely on recruitment agencies while others do not. The MNCs use executive search consultants to a small extent as indicated by a mean score of 1.81. This implies that only a few MNCs rely on consultants to fill their senior positions.

The MNCs carries it advertisements for senior personnel positions in popular local languages to a large extent as indicated by a mean score of 4.10. This means that local print media are a preferred advertisement for jobs by MNCs. The MNCs carry it advertisements for senior personnel positions in foreign languages to a very small extent as indicated by a mean score of 2.21. This implies that foreign languages are rarely used in sourcing for senior personnel in MNCs. The MNCs use local print media in recruitment of senior personnel to very large extents with this item posting a mean score of 4.75. This show that local print media is the

preferred media channel. The MNCs use foreign print media in recruitment of senior personnel to a very small extent as indicated by a mean score of 1.94. This shows that the foreign media is not relied upon by the MNCs when advertising for the senior positions. The MNCs use local broadcast media in recruitment of senior personnel to a very low extent as shown by a mean score of 1.88. This implies low utilisation of the broadcast media in sourcing for senior personnel among the MNCs. The MNCs use foreign broadcast media in recruitment of senior personnel to a small extent as shown by a mean score of 1.65. The MNCs use local websites, blogs and other platforms in recruitment of senior personnel to a small extent as shown by a mean score of 1.48.

MNCs use foreign websites, blogs and other platforms in recruitment of senior personnel to a small extent as shown by a mean score of 1.56. The findings are linked to Purcell et al, (2003) who found that MNCs adopted media outlets which were preferred by the professionals in the host in a bid to attract the most appropriate candidates for the senior positions.

MNCs emphasize on hiring locals to a large extent as indicated by a mean score of 4.00. The results imply that the MNCs prefer hiring from the host nation. MNCs emphasize on hiring expatriates only to a small extent. The results imply that there is no policy on need to hire experts. The findings are linked to Firoz, et al., (2002) who found that unless where it was impossible to find the right candidate MNCs ensured that their HR policies did not favour foreigners over locals as this was likely to affect productivity.

4.5 Challenges Faced by MNCs in Recruiting Senior Personnel

The study also sought to find out the challenges facing MNCs in the process of recruiting senior personnel. The respondents noted that there exist several challenges. One of the challenges noted was the issue of understanding aspects of culture of host nation which was prevalent during the initial stages of setting up local subsidiary. The respondents noted that this causes problems in terms of management and policy development, because it makes it difficult for the organization to make company-wide policy decisions without having to take into consideration the variety of cultural viewpoints represented within the organization

itself. The findings support arguments by Child et al. (2000) that the major source of concern for multinational companies and their managers is how to maintain high quality in all their processes, in an ever-changing global economy.

The study found that the education system was somehow a challenge to the MNCs in hiring the right senior personnel especially in some technical fields especially the emerging fields. The respondents noted that there were gaps in the education system and market demands. Dörrenbächer and Geppert, (2010) argued that such a situation usually leads to increased costs in hiring expatriate specialists.

The respondents also noted that the level of autonomy which the parent company gave the local subsidiaries. The respondents noted that some decisions with regard to hiring of senior staff were overturned by the parent company. The respondents also noted that the MNCs have to contend with the challenge of having its senior employee being poached by other firms in operating nation and other nations. This led to a situation where there is high turnover among the senior management positions of MNCs. The respondents also noted that the labour laws were challenges as work permits for expatriates. As noted by Tung, (2006) financial restrictions where expatriates are expensive and legal limitations such as foreign employment laws often interfere with the process of recruiting senior personnel in MNCs.

4.6 Addressing Challenges in Recruitment of Senior Personnel by MNCs

The respondents indicated that MNCs have put in place various strategies to address the challenges facing the recruitment process. Among these include harmonising the policies to local culture as well as using consultants and recruitment agencies who understand local labour dynamics. Ferner et al., (2001) noted that managers in the twenty-first century are being challenged to operate in an increasingly complex, interdependent and dynamic global environment. It is quite clear that multicultural organizations and their managers are able to find solutions to their multi-cultural problems despite severe bureaucracy and staff frustration in some cases. As noted by Firoz, et al., (2002) stakeholders involved in the recruitment of senior personnel in MNCs have to possess the art of managing people who are from different cultures, taking into account their different set of values, traditions, and ways of achieving various goals.

The study found that the MNCs were offering in house training for staff who later take up management roles. The study also found that the MNCs are forced to adapt their operational strategies to be compliant with the various governments' regulations in Kenya. A change in compliance regulations often means that a firm has to adapt its operational strategies and the way in which it delivers its goods and services. The staffing problems facing international firms are more complex than in domestic firms, and inappropriate staffing policies may lead to difficulties in managing overseas operations. For the success of MNCs Firoz, et al., (2002) emphasized the need for those involved in the recruitment process to always think globally and act locally.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a short synopsis of the study. It includes a section resending a summary of key findings, conclusion and recommendations proposed by the study.

5.2 Summary of Key Findings

Regarding the existence of a recruitment policy for the MNC in Kenya, the study found that 92.3 percent of the respondents believe that there is existence of recruitment policies for MNCs in Kenya while only 7.7 percent believe otherwise. From the study, such policies in Kenya include: identification of competencies, experience and qualification required; it also entails induction process as well as termination policies. This was a suggestion that with the internationalization of operations, many firms have put in place policies to help deal with many HRM issues. This is an affirmation to Ying et al (2007) argument that despite the beginning with the colonial rule and following through independence when Kenya had a long history of lack of autonomy within its politics and economy, had shortage of resources of education, lacked a stable economy, and suffered from high birth rate and devastating influence of HIV/AIDS, the study finds that in recent times however, HR recruitment policies in Kenya have been revised and restructured and at the same time assigned a key role of elevating the economic condition of the country and its people. These recruitment policies have also been made smoother to encourage foreign firms to develop their branches in Kenya.

From the study for example, it is clear that the recruitment of senior personnel by MNCs is shaped by a number of influences including: country of origin thereby reflecting historical, cultural, institutional, political, legal and social factors. The study reveals further that the adoption of the policy to host countries contexts is influenced by host country's labour regulatory regimes and practices in key areas such as employment contracts, hiring and firing procedures, and union bargaining/recognition practices. In addition to the difficulties created

by local legal system, the study has also found that the implementation of successful human resources policies by MNC have increasingly been challenged by inappropriate level of knowledge. With few qualified candidates available in the market, companies have to strive to attract and select them.

According to the study an important condition for multinational companies to move and expand their investment in any country is the country's capability to quick absorb and master new skills and technologies as well as the availability of people who could highly flexible management skills. However, the study found that limited number of qualified educational institutions, the specific labour regulations for recruitment and lack of sufficient talented local personnel-possessing the specific technical and human skills pose serious concerns for MNCs in Kenya, this adds to the issue of local legal labour regulations that sometimes impede the implementation of global recruitment policies.

The study found that various parties take part in the recruitment process of MNC in Kenya. This include direct hiring through referrals, use of different consultant and agencies as well as recruiting from different universities and colleges as management trainees. This means that MNC's HR managers will have to accommodate employees in their virtual work locations and find ways to manage corporate culture, socialization and employee orientation. MNCs will have to act as organizational performance experts and shape employees behavior and perceptions in order to obtain and maintain a competent workforce. MNC HR managers will need to be familiar with and understand other cultural norms to promote organization diversity. This is based on contention that an organization that recognizes and promotes cultural diversity will benefit because it will be employing the market that it serves. With increasing globalization and competition within the market, a diverse workforce is conducive to attracting and retaining a strong client base.

5.3 Conclusion

This study has been built around the perspectives and the views of HR personnel in MNCs operating in Kenya. It has emerged that MNCs pursue varied recruitment practices in their quest to fill senior position with qualified candidates. The approaches are influenced by a

host of factors ranging from organisation policy of parent company, culture in host nation among other labour dynamics.

As noted by Ferner, (2000) international human resource management focuses on the management of human resources on a global basis. An organization's strategy on globalization strongly affects the approach it takes to international human resource management. The approach to international human resource management in turn influences the implementation of the major international human resource management functions of recruitment and selection, development and training, performance evaluation, remuneration and benefits, and labour relations. Companies taking an ethnocentric approach attempt to impose their home country methods on their subsidiaries. The polycentric approach follows local practices. Finally, a geocentric or global approach develops practices for world-wide use.

The staffing problems facing international firms are more complex than in domestic firms, and inappropriate staffing policies may lead to difficulties in managing overseas operations. For the success of MNCs Firoz, et al., (2002) emphasized the need for those involved in the recruitment process to always think globally and act locally.

5.4 Recommendations

The study recommends that there is need for the MNCs to rely on successful case studies in the HRM in the countries they want to start operations. There is also need to conduct a satisfaction surveys across the MNCs on aspects such as culture and relation with the parent company.

The study also recommends that there is need for the MNCs to document the recruitment processes in a format that is accessible to enhance building up of case studies which can aid the benchmarking of best practices in recruitment.

5.5 Suggestions for Further Research

Future study should be undertaken to look into other aspects of HRM in MNCs which are not covered in this study. Such aspects can include training and development, performance appraisals and reward system.

The study suggests that a comparative study should be undertaken in Kenya on the patterns of recruitment practices among local firms and the MNCs and deduce whether there are significant differences.

The study suggests that a study should be undertaken to determine the correlation between MNCs performance and HRM practices. There is need for such a study to use secondary data.

Further studies can also look into the factors such as nature of industry and host country culture, relate to HRM approaches among the MNCs.

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APPENDICES

Appendix 1: University Reference Letter



Telephone: 020-2050162
Telegrams: Nairobi, Kenya
FAX: 22093 Nairobi
P.O. Box 30197
Nairobi, Kenya

DATE 23/09/2012

TO WHOM IT MAY CONCERN

The bearer of this letter Gertrude Ngeta Nyula Masinde

Registration No. 261/8438/2006
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI



IMMACULATE OMANO
MBA ADMINISTRATOR
MBA OFFICE, AMBANK HOUSE

Appendix 2: Introductory Letter

Dear Sir/Madam,

I am a postgraduate student studying at University of Nairobi, currently undertaking a research on **Recruitment Practices among foreign multinationals operating in Kenya.**

As the research topic suggests, you have been selected as one of the respondents of the study. I kindly request your assistance by availing time to respond to the interview questions. The information gathered will only be used for academic purposes.

Your assistance will be highly appreciated.

Yours faithfully,

Gertrude Masinde

Appendix 3: Research Questionnaire

1. Name of the firm: _____
2. What is your designation? Senior HR Officer Middle Level HR Officer
Junior HR Officer
3. Kindly state your gender: Male Female
4. Kindly state your age bracket? 20-30 years 31-40 years
41-50 years Over 50 years
5. Which is your highest academic qualification? Masters and above
Graduate A Level
O' Level Any other (Specify) _____
6. How long have you been in the HR sector? 0-5 Years
6-10 Years 11-15 Years
16-20 Years Over 21 Years
7. What is the length of time have you been in HR department in your current firm? 0-5
6-10 11-15
16-20 Over 21
8. What is the total number of employees in the firm: Less than 500
500 – 1000 Above 1000

SECTION B: RECRUITMENT PRACTICES

9. i) Is there a recruitment policy for the MNC? Yes No
ii) Is the recruitment policy similar to all MNC subsidiaries? Yes No
iii) What are the considerations made when adopting the policy to host countries contexts?

10. i) What are the sources of senior personnel recruits company to? College Recruitment
Job Fairs Referral Schemes Internet Sources
Others: _____
ii) Describe briefly the sources of recruits? _____

11. Who is involved in the recruitment process? Representative from mother firm []

Independent Consultants [] Others (Specify) _____

12. i) What is the nature of the firm HR management approach? Ethnocentric []

Polycentric [] Regiocentric [] Geocentric []

Others (specify) _____

ii) Describe briefly the key features of the HRM management approach adopted by your firm: _____

13. The following statements relate to the extent to which firms surveyed have adopted various tools and techniques in their recruitment practices components. Rate them as per the given scale.

Recruitment Practices	Very Small Extent	Small Extent	Moderate Extent	Large Extent	Very Large Extent
The firm use recruitment agencies					
The firm use executive search consultants					
The firm carries it advertisements for senior personnel positions in popular local languages					
The firm carries it advertisements for senior personnel positions in foreign languages					
The firm uses local print media in recruitment of senior personnel					
The firm uses foreign print media in recruitment of senior personnel					
The firm uses local broadcast media in recruitment of senior personnel					
The firm uses foreign broadcast media in recruitment of senior personnel					
The firm uses local websites, blogs and other platforms in recruitment of senior personnel					
The firm uses foreign websites, blogs and other platforms in recruitment of senior personnel					
The firm emphasizes on hiring locals					
The firm emphasizes on hiring expatriates					

13. List the challenges faced by MNCs in recruiting senior personnel? _____

14. How can the problems encountered in recruitment of senior personnel by MNCs be addressed? _____
