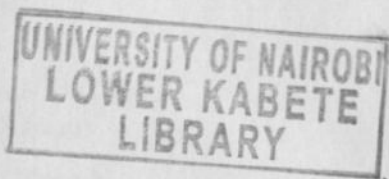# RECRUITMENT STRATEGIES ADOPTED BY BARCLAYS BANK OF KENYA IN RESPONSE TO EMPLOYEE-RELATED FRAUDS
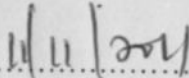
BY

MAKAMIGOYA OTIENO HILLARY

A Management Research Project Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA), School of Business, University of Nairobi

NOVEMBR, 2011

DECLARATION

I Declare that this is my original work and has not been presented in any other university or college for the award of Degree or Diploma.

Signature .... Date.......... 11/11/2011 ....

Makamigoya O. Hillary

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

Signed .... Date ...... 11/11/2011 ......

Professor Peter K' Obonyo

Department of Business Administration

School of Business, University of Nairobi

DEDICATION

To my parents Andrew Migoya and Christine Migoya who literally broke their backs to ensure that I obtain education. I am forever grateful!

ACKNOWLEDGEMENT

ABSTRACT

The role of human resource procurement is critical to the overall fabric of an organization. It forms the basis of human capital advancement and also an avenue for propagating organizational culture. As a factor integral to business success, recruitment of employees continues to be quite dynamic in its approaches and strategies. Employee value system and personality disposition are key elements in the development of the core principles of integrity and trust which are important for the reputation of the organization.

Cases of employee –related frauds in the banking industry continue to evoke pertinent concerns on the manner in which human resourcing is undertaken. Fraud is a significant challenge in the industry which has been responsible for huge losses in the financial sector and the inter-linked industries.

Barclays bank of Kenya is a leading and dominant bank with a significant presence in the country. It has a network of 113 branches and over three thousand employees. The bank also enjoys a rich history spanning about 100 years of presence in the local market and an international network.

The objective of the study was to establish the recruitment strategies adopted by Barclays Bank of Kenya to respond to employee- related frauds. The researcher used case study design since the research is descriptive in nature. Both primary and secondary sources of data were used to obtain information for the study.

Semi-structured interview guide was used to obtain information from three recruitment officers at Barclays Bank. This was administered through a face to face interview. The researcher used content analysis because it involves observation and detailed description of objects, or things and the errors which occur during the study are easily detected and corrected.

The research findings reveal that Barclays bank has a clear recruitment plan and policy which are well elaborate. The recruitment strategies adopted by the bank however do not

significantly analyze employee related frauds hence are quite generic and replicates largely the industry practice. The bank puts much emphasis on selection where screening of applicants is given huge attention. The bank has put in place global standards which clearly spell out the screening procedure. Diversity and inclusion is also a major aspect of the recruitment policy and the bank strives to remain an equal opportunity employer.

In conclusion, with the dynamic business environment, organizations should undertake to align their strategies to the ever changing demands of external environment. Recruitment strategies should therefore be tailored in such a manner as to attract the most qualified candidates with the desirable values.

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ABBREVIATIONS

BBK -   Barclays Bank of Kenya

BFID -   Banking Fraud Investigation Department

BSD -   Bank Supervision Department

CBK -   Central Bank of Kenya

CIPD -   Chartered Institute of Personnel and Development

HR -   Human Resource

HRM -   Human Resource Management

PWC -   Price WaterHouse Coopers

CHAPTER ONE: INTRODUCTION

1.1   Background of the study

The place of human capital in the overall fabric of any organization is extremely vital. Therefore it is a critical role of every Human Resource Department to ensure that appropriate resources are in place to efficiently and effectively manage this important resource. To this end, recruitment which serves as a conduit for developing organizational culture must be given the necessary emphasis to ensure that the desirable qualities and skills are tapped and nurtured. Jackson, Schuler and Herner (2009) observed that effective recruitment and retention practices grow out of the strategic planning process. Recruitment efforts should be consistent with the organization's strategy vision and values. Consequently recruiting activities vary across companies, even in the same industry.

Beaumont (2003) identifies three key issues that have increased the potential importance of recruitment and selection decision to organizations. First, demographic trends and changes in the labor market have led to a more diverse work force, which has placed increasing pressure on the motion of fairness in selection. Second, the desire for multi-skilled, flexible workforce and an increased emphasis on team working has meant that recruitment decisions are concerned more with behavior and attitudes than with matching individuals to immediate job requirements. And third, the emphasis between corporate strategy and people management has led to the notion of strategic selection: that is a system that links recruitment and selection processes and outcomes to organizational goals and aims to match the flow of people to emerging business strategies.

Employee-related frauds have become a significant challenge in the financial sector with the banking industry bearing the greatest brunt. This is not withstanding the very fact that these institutions/entities exist on the precincts of trust and integrity. Banks must strive by any means to uphold their reputation since this is their fundamental pillar for existence (PWC, Financial Focus, 2011).

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According to the bank supervision department (BSD) whose mission is: to promote and maintain safety, soundness and integrity of the banking system through the implementation of policies and standards that are in line with international best practice for bank supervision and regulation; fraud in the Kenya Commercial banking sector is a major challenge which needs urgent and decisive mitigation. The BSD Annual Report (2009) proposes stringent measures on risk and governance. On the other hand, the Price-Water House Coopers (PWC) financial focus (2011) analyzed fraud as a growing operational risk. According to the report, Kenyan banks had lost a staggering Kshs. 1.7 billion in the period of between August to October 2010. Commercial banks had also lost Kshs. 761 million in the first six months of 2010 through fraud.

In addition, employee culpability was also indicated as a significant threat. A confidential report from the banking fraud investigation department (BFID) at the Central Bank of Kenya attributes most new fraud (especially electronic fraud) to bank staff working in complicity with third parties (usually staff in other banks or former banking staff). A security manager at consolidated bank said, "We are now dealing with younger employees who are very sharp and IT savvy and after some time they learn how the system works and how to cradle it." Fraud experts identify employees as the main fraud risk, but they are not the only source of risk (BSD Annual Report, 2009).

Staff complicity in bank frauds is therefore a critical reality which needs to be addressed. It is against this backdrop that the study undertakes to investigate the recruitment response strategies undertaken by Barclays Bank of Kenya to curb this trend. Barclays bank just like the other industry players continues to experience huge losses arising from such frauds (PWC, Financial Focus, 2011). Recruitment is seen as a fundamental pillar in creating and developing a reputable organization hence requires proper guidelines to act as an initial sieve to potential fraudsters.

1.1.1 Recruitment Strategies

The term recruitment according to Margaret Foot and Caroline Hook (2008) refers to all activities directed towards locating potential employees on attracting applications from

suitable candidates. The main aims of recruitment for any organization therefore are: to obtain a pool of suitable candidates for vacant posts, to use a fair process and be able to demonstrate that the process was fair, to ensure that all recruitment activities contribute to organizational goals and a desirable organizational image and to conduct recruitment activities in an efficient and cost-effective manner (Foot and Hook, 2008).

Torrington, Hall and Taylor (2008) observed that recruitment can either be internal or external. Internal recruitment entails attracting candidates or potential applicants from within the organization and is usually preferred when an organization intends to grow its employees and hence enhance a culture of hard work and motivation. Similarly it has also been touted as an important avenue for succession planning. The vacancies are usually advertised through the company's intranet, posters, word of mouth and internal memos. One major setback with this approach is that it may not suffice in instances of business re-engineering that calls for a near culture change. In addition, it can block highly skilled applicants outside the organization from getting the opportunity to serve in the organization.

The other option is external recruitment which involves recruiting from outside the organization. Once an employer has decided that external recruitment is necessary, a cost-effective and appropriate method of recruitment must be selected. There are a number of distinct approaches to choose from, each of which is more or less appropriate in different circumstances. As a result most employers use a wide variety of different recruitment methods at different times. In many situations there is also a good case for using different methods in combination when looking to fill the same vacancy. The various sources of external recruitment include: advertising in local press, recruitment agencies, corporate website, employee referral schemes, specialist journal and trade press, radio/T.V, posters/billboards, education liaison, apprentice, placements and speculative applications (Torrington, Hall and Taylor, 2008).

1.1.2   Employee-related frauds

The term fraud according to Wikipedia is referred to as an intentional deception made for personal gain or to damage another individual. An internal fraud on the other hand refers to the various forms of fraud instigated by employees or staff of a given organization. By and large, employees usually have a crucial role of undertaking their roles in a quite responsible manner to uphold the organizational integrity. This is due to the fact that they have an explicit access to customers' information or data that they should not manipulate for personal gratification (www.wikipedia.com)

In a nutshell an internal fraud is purely an "inside job" which cannot be blamed on any other party other than the employees themselves. For banks, internal frauds pose a critical challenge since customers entrust their assets on the hands of the banks with a clear belief that safety and integrity will prevail. Hence any moment of suspicion may result to significant reputational damage. According to PWC Financial Focus (2011) frauds in the bank are perpetrated in the following ways: Electronic frauds such as: manipulation of electronic files, circumvention of IT controls by those with superior administrative rights or by management and unauthorized penetration mechanisms and non-electronic frauds such as: Cash theft (including planned robberies), identity frauds especially as regards applications for loans, mortgages and other financial accommodation facilities, card skimming and phishing and cheque fraud.

1.1.3   Recruitment Strategies and Employee-related Frauds

The place of recruitment is quite vital in every organization and needs appropriate attention. This is particularly so in the banking sector where integrity is the hallmark. Recruitment serves a crucial role of attracting potential candidates who are expected to propagate the values of their respective companies or institutions. The banking industry has witnessed an increase in employee-related frauds over the years and the trend is being fuelled by technological advancement in the core banking platforms (BSD Annual Report, 2010). Recruitment can be linked to the quality of employees who are later charged with the responsibility of driving growth in the organization. Employee-related

frauds can therefore be curbed if recruitment strategies are quite elaborate to ensure that only candidates with high moral standing and required skills are attracted.

1.1.4 Barclays Bank of Kenya

Barclays Bank of Kenya Limited (BBK), a subsidiary of Barclays PLC, is the leading banks in Kenya in terms of profitability, and market share in areas of the areas of loans and deposits. It has operated in Kenya for more than 90 years and extensive network of 117 outlets with 234 ATMs countrywide. Barclays' business units fall under Retail Banking, Treasury and Card Services with Cross-functional relationships to support the segments of local business and small to mid-sized enterprises (SME). Each of those businesses is well positioned for growth and caters for the dynamic needs of diverse customer segments (BBK Annual Report and Accounts, 2010)

Financial strength coupled with extensive local and international resources have positioned Barclays as the number one provider of financial services in the market for the past several years. Moreover, year-over-year financial performance has built confidence in Barclays leadership and management among the bank's 60,000plus shareholders, as well as the banking industry. The bank's vision is to be the best retail and commercial bank for every customer, every market, every product, every time. Its mission is to achieve the following: to remain the leading retail and commercial bank in Kenya, to be recognized as a trusted, innovative, customer-focused company that delivers products and services of superior quality to all customers, to be the best place where the best people want to work, to be associated by all stakeholders as a corporate partner that contributes towards the welfare of the communities in which we do business and to deliver value to our shareholders through positive growth (BBK Annual Report and Accounts, 2010) Since being established in Kenya, Barclays has contributed to the development of the banking industry, financial services sector, as well as the economy overall. Industry recognition received by Barclays for leadership include: Most respected financial institution in the Region from Price Water Coopers (2004 and 2007); and Best Financial Management in the Services Sector from Kenya Institute of Management (2005 and 2006).

Frauds continue to pose a significant threat to the banking industry and Barclays bank has not been spared either. Risk management is a fundamental area that is being given appropriate attention to ensure that frauds are curbed. According to the BSD report (2010) the bank lost close to Kshs. 100m in the last year alone to fraudsters. Only negligible amounts are usually recovered given the protracted and complicated court cases arising from such frauds. In many of these cases staff complicity is normally singled out. Many fraudsters work in a well collaborated scheme involving bank employees who completely understand the processes and related loopholes which can be accessed. Employee-related frauds at Barclays bank pose serious threat to the institution to the extent that significant risk management and compliance systems are being given enough attention. The same is being replicated by the other industry players in a bid to curb this unfortunate trend.

1.2   Statement of the Problem

Recruitment is a fundamental Human resource function in any organization since it acts as an avenue through which organizations attract a pool of potential candidates from which successful candidates are selected to drive the organizational vision. It is expected therefore to bring on board the best people. Gatewood, Field and Barrick (2008) observe that: "people possess innate abilities, behaviours and personal energy and these elements make up human capital. And it is they and not their employers, who own this capital and decide when, how and where they will contribute it. In other words they can make choices". Work is a two-way exchange of value, not a one-way exploitation of an asset by its owners. Integrity and high moral standing are crucial attributes that employees require to ensure that the core values of the organization are promoted. Employee-related frauds are therefore quite undesirable incidents which challenge the role of employees in the organization. This is particularly critical in the banking sector where trust is crucial as investors put in significant amounts of money with the conviction that it will be kept safe. Employee integrity is therefore quite important to enhance the trust.

It is apparent that the commercial banking industry in Kenya is experiencing huge losses from employee-related frauds; a fact that many shy off from confronting due to its

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perceived potential impact on the reputation of the organization. Banking fraud and investigations department (BFID) asserts that what is reported is just but a meager proportion of the real extent of such incidences, with many banks opting to exploit internal measures. Losses incurred by banks last year due to employee fraud were estimated at more than Sh2 billion—making employees the biggest threat to banking profitability ahead of competition from rivals and risk of default by borrowers (Business Daily, April 27th 2011). In a nutshell it is quite evident that banks suffer huge losses orchestrated by people who are expected to be of high integrity and moral standing. According to the BSD report (2010) Barclays bank lost close to Kshs. 100m in the last year alone to fraudsters. Only negligible amounts are usually recovered given the protracted and complicated court cases arising from such incidents.

Researchers on issues relating to frauds in the banking industry have not been keen on assessing the value chain to understand the genesis of this problem. Wanemba (2010) studied strategies applied by commercial banks in Kenya to combat frauds. In her findings control lapse in such institutions was highlighted to the main cause and therefore proper control measures suggested to be undertaken top curb frauds. Her study did not delve much on the staff aspect but on the broad areas of fraud. Mbwayo (2005) on the other hand looked strategies applied by commercial banks in Kenya in anti-money laundering compliance programs and realized the legal and policy framework in the country is partly to blame for the money-laundering cases and the apparent globalized financial networks. He observed that commercial banks in Kenya use training as a significant avenue to curb the vice. Lastly, Kilonzi (2008) studied recruitment practices, job satisfaction and employee retention in the Kenya Manufacturing Sector and noted that there is a link between the respective recruitment practices applied by organizations and the levels of job satisfaction. From my review no studies have been undertaken to link recruitment strategies to employee-related frauds in the commercial banking industry in Kenya.

This study therefore tries to ask the following questions: Are recruitment strategies partly to blame for frauds by employees? Which recruitment strategies can be utilized to curb

employee-related frauds? Is there a role of recruitment in ensuring integrity and high moral standing in organizations? It is the gap in knowledge represented by these questions that the proposed research is expected to fill.

1.3 . Objective of the Study

To establish the recruitment strategies adopted by Barclays bank of Kenya to respond to employee-related frauds.

1.4 Significance of the Study

The study will be of great importance to organizations in the financial and related sectors in the following ways: provide an insight on the magnitude of losses attributed to Employee-related frauds in the banking sector. Through this organizations will begin to appreciate its detriments. It will also provide information on the basis of which entities in the industry develop appropriate measures to curb the upsurge in such cases. In addition it will provide a basis for HR managers to develop policies and procedures that will enhance effective development of human capital. Lastly it will enable organizations to appropriately develop their employees' potential through training.

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CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Recruitment

Human resource management (HRM) is that part of human resource concerned with staffing the company, determining and satisfying the needs of people at work and governing relationships between employees and the organization (Graham and Bennett, 1998). It concerns the human side of management of enterprises and employees relationships with their firms. The purpose of HRM is to ensure that the employees of a company are used in such a way that the employer obtains the greatest possible benefit form their abilities and employees obtain both material and psychological rewards from their work.

The staffing function has assumed greater importance these days because of the rapid advancement of technology, increasing size of organizations and complicated behaviors of human beings .The function of staffing comprises those activities which are essential to manage and keep manned the positions created in organization's structure. It is that task of HR managers to determine the requirements with regard to the number and types of people for the jobs, deciding on qualifications required for those jobs and recruiting, selecting and training people to perform these jobs efficiently (After determining the number and type of personnel required for the job, the HR manager proceeds with identification of sources of recruitment of suitable candidates for the job. Recruitment precedes selection process which is the selection of the right candidates for various positions in the organization (Chhabra, 2005).

In itself, recruitment is a point to apply for available jobs that involves identification of different sources of labor supply. It also involves and evaluates the vacancies validity, then chooses the most suitable sources, and invites applicants from the prospective candidates for the job. Gatewood, Field and Barrick (2008) define recruitment as these organizational activities (such as choosing recruiting sources, developing what will be stated in the recruitment ads and deciding how much money will be spent) that influence the number and types of individuals who apply for a position, and that also affect applicant's decisions about whether or not to accept a job offer. Recruitment has three

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major purposes: to develop an appropriate number of applicants (e.g. ten for each position) while costs reasonable, to meet the organization's legal and social obligations regarding the demographic composition of its workforce and to help increase the success rate of the selection process by reducing the percentage of applicants who are either poorly qualified or have the wrong skills (Gatewood, 2008).In order to attain those purposes recruitment seeks to determine the following concerns: Job content, in what way is it to be different from the job done by the previous incumbent, what are the aspects of the job that specify the type of candidate and what are the key aspects of the job that the ideal candidate wants to know before deciding to apply (Torrington, Laura and Taylor, 2008).

2.2 Concept of Strategy

Strategy, a word of military origin, refers to a plan of action designed to achieve a particular goal. It is the match between an organization resources and skills and the environment opportunities it wishes to accomplish. Strategy is more though, than laying out the plan – long – term or short – of what we are going to do. Once strategy is determined, second tier or operational decisions can be made in the proper context. By definition, operational decisions are those that pertain to the broad execution of strategy. After operational decisions come tactical decisions, those third-tier decisions made "in the heat of battle." Military tactical decisions are made on the ground during battle." Military tactical decisions are made on the ground during battle when, inevitably, things do not go as planned, and officers and soldiers must improvise as they adjust to changing circumstances. Tactical decisions must be aligned or with strategic and operational decisions. Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat (Johnson and Scholes, 2002).

Strategy guides organizations to superior performance through establishing competitive advantage. It also acts as a vehicle for communication and co-ordination within organizations. Successful strategies include objectives that are simple, consistent and long term, good understanding of the competitive environment and objective understanding of resources that is, understanding strengths and exploiting them and

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understanding weaknesses and protecting the organization against them. Understanding the strategic position of an organization and considering the strategic choices upon to it is of little value unless the managers or management wish to follow can be turned into organizational action (Johnson and Scholes, 2002).

Mintzberg (1990) distinguishes between intended, realized and emergent strategy. Intended strategy is strategy as covered by management. Emergent strategy is strategy that becomes apparent through passage of time, that is, after the events it governs. Realized strategy is the strategy that is observed. It is influenced by both intended and emergent strategy. Strategic management on the other hand is the set of decisions and actions that results in the formulation and implementation of plans to achieve a company's objectives. Organizations whether profit or non-profit making, private or public have found it necessary in the recent years to engage in strategic management in order to achieve corporate goals. They are required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed circumstances, and lastly to develop rationale necessary to lay ground work for adopting and implementing strategies in this ever-changing environment (Pearce and Robinson, 1997).

2.2.1 Response strategies

Organizations depend on the environment for their survival and they have to scan it in an effort of building trends and conditions that could eventually affect the industry and adapt to them. Response of any organization can either be operational or strategic operational responses are concerned with efficiency of operations while strategic responses are long term in nature and embrace the whole organization and involve large amounts of resources and decisions relating to them are usually made at corporate and business levels of the organization. Strategic responses are the set of decisions and actions in the formulation and implementation of plans designed to achieve a firm's objectives (Peace and Robinson, 1991). They are part of competitive strategies that organizations develop in defining goals and policies. They are reactions to what is happening in the environment of the organization. The general management should be involved in the

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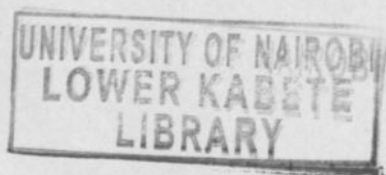
organizational strategic responses. For an organizations to implement a strategic response, three components are essential, these are: the will to respond, ability to respond and volume of responses (Ansoff, 1999).

Strategic responses involve changes to the organization behavior. Such responses may take form depending on the organization's capability and the environment in which it operations. The overall responsibility for the effective responses belongs to the general management of the firm. Firms can respond to environmental changes by crafting new operational changes which are taken by functional areas of the organization to achieve corporate and business unit objectives by maximizing resource productivity. They note that operational responses are concerned with developing and nurturing a distinctive competence to provide an organization with competitive advantage. Operational responses include marketing and financial strategies (Ansoff and Mac Donnell, 1990).

According to Johnson and Scholes (2002), Human Resource Strategy is concerned with determining the human resources that the organization needs to achieve its objectives as it could use low skilled or skilled employees. Research and development strategies are effective ways to safeguard the organization against product or production process obsolesce. Purchasing strategy deals with the obtaining of raw materials, parts and supplies needed to perform operational functions. The mature and tasks undertaken by the operating core of an organization has an important influence on the various aspects of organization design and control. Operations are core functions of the organization and continuously manage the flow of resources through it. In many organizations, operations count for eighty percent of employees and hence most of their added value and output of an operation system is the bundle of goods and services, which is consumed by society.

There are three genre strategies; these strategies are overall cost leadership, differentiation and focus. Differentiation is used as a response technique to increased competition by many firms. To differentiate is to make one unique and distinctive. Differentiation involves differentiating products or service offering of the firm and creating something that is perceived industry – wise as being unique. Cost leadership

requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction from experience tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like research and development, services, sales force and advertising. The focus strategy aims at narrow market, segments, product category of certain buyers. The strategy is about identification of a particular customer segment, geographical market and coming up with products suitable for that segment. This strategy rests on the premise that the firm is thus able to serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly(Johnson and Scholes, 2002).

Recruitment being an important aspect of human resource management must be aligned to corporate strategy and policies outlined to effect the same. Managing diversity is currently enjoying a great deal of support from the business community. The nature and extent of a recruiting effort depends on a multitude of factors, including the skills level required, the state of labor market and general economic conditions and the image of the employer in the outside community. A company that has a general reputation for paying fair wages, providing good employee benefits and taking an interest in employee welfare may attract all the job applicants it needs without any extra recruiting effort (Mintzberg 1990)

Furthermore, small companies that hire only a few people a year may not need to do more than spread the word of a job vacancy around the plant or office. In recent years, however, societal pressures and governmental regulations have added a new dimension to the recruitment process – the process of affirmative action. As this concept has been applied to recruiting it has resulted in programs requiring employee to go out and actively seek job applicants from groups of people who might not otherwise apply for employment because they denied such employment in the past (Ansoff, 1999).

As Johnson and Scholes, (2002) indicate the approaches a company should follow in its recruiting are dictated in large part by the outcomes from the human resource planning. If plans indicate no anticipated growth and little attrition in the near future, then recruiting investments can be less than would otherwise be the case. It is important, however, to

recognize that in the context of strategic human resource management, recruiting needs to be responsible not merely to present requirements but to anticipate future requirements; the system needs to be geared to fill vacancies at all levels as they appear this effort requires planning and preparation.

If a major strategic change is anticipated in future, recruiting changes may very well have to occur well in advance to ensure adequate staffing. Largely, in response to those considerations, large employers recruit on a regular and continuing basis for their entry-level positions. This is often true even when a company is pursuing a strategy that requires downsizing. The problem here is that union contracts and other considerations often require the layoff of younger, less experienced employees first, thus forcing up the average age of the workforce. To protect against being vulnerable to massive retirements within a very short time span, these companies subsequently must recruit younger workers to maintain an appropriate age distribution.

Recruitment strategies adopted by Commercial banks must take into consideration the upsurge in staff-instigated frauds in such institutions. The magnitude of such crimes is quite fundamental and many HR practioners are left puzzled on the root cause of this unfortunate trend. The P.W.C Financial Focus (2011) analyses fraud as a major risk in the banking sector and points a finger of blame at the thieving members of staff who even complicate the entire web. It is against this backdrop that Barclays Bank, a major player in this industry has got to put measures that only applicants with integrity and high moral standing are attracted to ensure that the vice is curbed from the onset.

PWC report on Y-generation (2010) significantly analyses the issue of the young employees and suggests that employers must not only take extreme care in managing them but also pertinent procedures must be put in place for their recruitment and ultimate selection.

2.2.1 Recruitment Strategies

Attracting candidates is primarily a matter of identifying, evaluating and using the most appropriate sources of applicants. However, in cases where difficulties in attracting or

retaining candidates are being met or anticipated, it may be necessary to carry out preliminary study of the factors that are likely to attract or repel candidates – the strengths and weaknesses of the organization as an employer (Armstrong, 1999). Vacancies, of course, are often filled internally. Sometimes organizations advertise all vacancies publicly as a matter of course and consider internal candidates along with anyone from outside the organization who applies. This approach is generally considered to constitute good practice and is widely used. However, many organizations prefer to invite applicants from internal candidates before they took their external labor markets for new staff.

There are considerable advantages from the employer's perspective. First it is a great deal less expensive to recruit internally, there being no need to spend money on job advertisement or recruitment agencies. further cost savings and efficiency gains can be made because internal recruits are typically able to take up new posts much more quickly than people being brought in from outside. Even if they have to work some notice in their current positions, they are often able to take on some of their new responsibilities or undergo relevant training at the same time. Torrington, Hall and Taylor (2008) further indicate that the other advantage stems from the fact that internal candidates as a rule, are more knowledgeable than new starters coming in from other organizations about that exactly the job involves. They are also more familiar with the organization's culture, rules and geography, and so take less time to settle into their new jobs and to begin working at full capacity.

In addition, giving preference to internal recruits, particularly as far as promotions are concerned, has the great advantage of providing existing employees with an incentive to work hard, demonstrate their commitment and stay with the organization when they might otherwise consider looking for alternative employment. The practice provides a powerful signal from management to show the existing employees are valued and that attractive career development opportunities are available to them. Failing to recruitment internally may thus serve to put off goods candidates with potential from applying for the more junior positions in an organization (Armstrong, 1999)

As Torrington, Hall and Taylor (2008) note, the main disadvantage of only advertising posts internally stems from the limited field of candidates that it permits an organization to consider. While it may mean that someone who "fits in well" is recruited, candidate is not even considered. Over the long term the organization can thus end up being less well served been required to complete with outside people for their posts. For this reason internal recruitment sits uneasily with a commitment to equal opportunities and to the creation of a diverse workforce. Talented candidates from under-represented groups are not appointed because they never get to know about the vacancies.

It is also important to note that the management of internal recruitment practices is difficult to carryout effectively in practice. Research carried out by the Institute of Employment Studies of U.K. (2002) shows that serious problems often occur when internal candidates fail to be selected. This is because they tend to enter the selection process with higher expectations of being offered the position than is the case with external candidates. Bitterness, antipathy and low morale are thus likely to follow. Moreover, failed internal candidates are considerably more likely to pursue claims of unfair discrimination following a selection process than external candidates. For these reasons it is essential that great care is taken when managing internal recruitment to ensue that the approach taken is both fair and seen to be fair. Giving honest, full, accurate and constructive feedback to failed candidates is an essential part of the process (Torrington, Hall and Taylor, 2008).

The alternative to internal recruitment is the external recruitment. This is recruiting from outside an organization. Once an employer has decided that external recruitment is necessary, a cost-effective and appropriate method of recruitment must be selected. There are a number of distinct approaches to choose from, each of which is more or less appropriate in different circumstances. As a result most employers use a wide variety of different recruitment methods at different times. In many situations there is also a good case for using different methods in combination when looking to fill the same vacancy. The nature of responsibility incumbent in the job must also be considered before any attempt is made to choose a method of recruitment. Certain jobs are more confidential

and call for candidates with utmost integrity. It is therefore a fundamental reality that appropriate and pertinent considerations must be put in place before setting on a recruitment method (Torrington, Hall and Taylor, 2008). Various strategies of recruitment of employees are summarized in table 2.2.1

Table 2.2.1 Usage of various recruitment strategies by 803 organizations in U.K in 2006

Advertisement in local press	79%
Recruitment Agencies	76%
Corporate website	75%
Specialist Journal and Trade Press	66%
Job centre plus	51%
Word of mouth / speculative applications	49%
Employee referral scheme	47%
National newspaper advertisements	45%
Education Liaison	37%
Apprentices / work placements / secondments	36%
Commercial job-board internet sites	16%
Posters / billboards	10%
Radio / TV	7%
Other	11%

Source: CIPD (2006): *Recruitment, Retention and Turnover Annual Survey Report,* CIPD Publishers, London.

2.2.2 Recruitment Procedures

A good recruitment procedure will optimize the recruitment costs, time and other resources. Cole (2002) notes that a well designed recruitment procedure is cost-effective, responsive, creates control and internal discipline in recruitment matters. Table 2.2.2 indicates a sample of recruitment procedure in form of a checklist questions.

Table 2.2.2 Recruitment Procedures

Item	Question to be considered
1.	Has the vacancy been agreed by the responsible manner?
	Is there an up to date job description for the vacant position?
3.	What are the conditions of employment (Salary, hours, benefits) for the vacant position?
4.	Has a candidate specification been prepared?
5.	Has a notice of the vacancy been circulated internally?
6.	Has a job advertisement been agreed? Have details of the vacancy been forwarded to relevant agencies.
7.	Do all potential candidates (internal and external) know where to apply and in what form?
8.	What arrangements have been made for drawing up the shortlist for the candidates?
9.	Have interview arrangements been agreed, and have short listed candidates been informed?
10.	Have unsuitable candidates held in reserve been informed of their position?

Source: Cole G. A. (2002; 175), *Personnel and Human Resource Management* 5th Edition, DP Publishing Ltd.

2.2.3 Job Description and Personal Specifications

Foot and Hook (2008) note that for organizations that engage fully in human resources planning there will be an ongoing work dedicated to producing and maintaining job descriptions and personal specifications. The process of producing these documents is known as job description. However, even in organizations that do not engage fully in human resources planning, it is essential to produce job descriptions and personal qualifications / competency profile for all existing posts as a basic framework for recruitment and later selection activities. These documents contain the information around which the job advertisement and the assessment of candidates will be structured and they can also be used as evidence of a fair process.

The contents of a basic job description as detailed by Foot and Hook (2008) are: job title, reporting structure (reporting to and responsible for), purpose for the job and major duties. In respect to the contents of the job specifications, Cole (2008) notes that the job specification devised by Professor Alec Rodger in what is popularly known as the seven point plan include: physical make up, attainments, general intelligence, special aptitude, interest, disposition and circumstances.

2.2.4 Core Dimensions of Strategic Recruitment

Strategic recruitment is a critical aspect of strategic human resource management and has been given adequate consideration to ensure that the intended gains arte optimized. Millmore, Lewis, Saunders, Thornhill and Morrow (2007) observe that it is highly integrated process that captures all other dimensions of human resource management entailing strategic planning, realistic job preview, customer focus and the process is expected to be a continuous one. These dimensions are indicated in figure 2.2.4.

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Figure 2.2.4 Core Dimensions of Strategic Recruitment

- Two way strategic integration
- Internally integrated with other HR strategies

- Interests of all stakeholders represented
- Customer centered
- Emphasis on self-selection
- Line management

- Short term and longer term strategic focus
- Facilitates management of change
- Contributes to business transformation

Strategic recruitment & Selection process

- Continuous improvement model
- Evaluation of process and outcomes
- Evaluation includes contribution to achievement of strategic objectives

- Realistic job preview central to the process
- Stress placed on reliability and validity of recruitment and selection methods
- Selection methods chosen or developed on basis of fitness for purpose

- Human resource planning as a vehicle for strategic integration
- Focus on organization fit as well as job fit
- Incorporation of core values / competencies

- Front –loaded investment model
- Reduced post-selection costs

Source: Millmore, Lewis, Saunders, Thornhill and Morrow (2007) *Strategic Human Resource Management,* Financial Times Press.

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2.3   Concept of Fraud

In the broadest sense, fraud is an intentional deception made for personal gain or to damage another individual. The specific legal definition varies by legal jurisdiction. Fraud is a crime, and is also a civil law violation. Many hoaxes are fraudulent, although those not made for personal gain are technically not frauds. Defrauding people of money is presumably the most common type of fraud, but there have always been many fraudulent discoveries in art, archeology and science. A hoax also involves deception, but without the intention of gain, or of damaging or depriving the victim, the intention is often humorous (http//www.dreamessays.com).

Fraud can be committed through many methods, including mail, wire, phone and the internet (computer crime and internet fraud). The difficulty of checking identity and legitimacy online, and the ease with which hackers can divert browsers to dishonest sites and steal credit card details, the intentional dimensions of the web and ease with which users can hide their location, all contribute to making internet fraud the fastest growing area of fraud. Common law fraud has nine elements: a representation of an existing fact, its materiality, its falsity, the speaker's knowledge of its falsity, the speaker's intent that it shall be acted upon by the plaintiff, plaintiff's ignorance of its falsity, plaintiff's resilience on the truth of the representation, plaintiff's right to rely upon it and consequent damages suffered by plaintiff (Bartlet and Ballatine, 2002).

Many fraud cases involved complicated financial transactions conducted by 'white collar criminals', business professionals with specialized knowledge and criminal intent. An unscrupulous investment broker may present clients with an opportunity to purchase shares in precious metal repositories, for example. His status as a professional investor gives him credibility, which can lead to justified believability among potential clients. Those who believe the opportunity to be legitimate contribute substantial amounts of cash and receive authentic looking bonds in return. If the investment broker knows that no such repositories existed and still received payments for worthless bonds, then victims may sue him for fraud (Http://www.marsgroupkenya.org/multimedia).

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2.4   Bank fraud

Bank fraud is the use of fraudulent means to obtain money, assets, or other property owned or held by a financial institution, or to obtain money from depositors by fraudulently representing to be a bank or financial institution. In many instances, bank fraud is a criminal offense. While the specific elements of a particular banking fraud law vary between jurisdictions, the term bank fraud applies to actions that employ a scheme or artifice, as opposed to bank robbery or theft. For this reason, bank fraud is sometimes considered a white-collar crime (http://en.m.wikipedia.org).

According to the PWC Financial Focus (2011) frauds in the bank are perpetrated in the following ways: electronic frauds such as manipulation of electronic files, circumvention of IT controls by those with superior administrative rights or by management and unauthorized penetration mechanisms. Non-electronic frauds on the other hand include: Cash theft (including planned robberies), identify frauds especially as regards applications for loans, mortgages and other financial accommodation facilities, card skimming and pushing and cheque fraud.)

2.4.1   Employee-related Frauds

Employees play a critical role in ensuring that organizational values are perpetuated and the envisaged objectives are met within the stipulated time. This is particularly important in the sense that human capital is not replaceable rather an asset that is quite unique and ought to be nurtured to promote individual and organizational productivity (Cole, 2002) .However this resource can also be detrimental if adequate measures are not put in place to tap the requisite skills and bring on-board the best people for the right jobs. The financial sector thrives primarily on trust and hence employee integrity is paramount to ensure that only individuals with high moral standing are attracted. Employee-related fraud refers to the various forms of fraud instigated by employees or staff of a given institution. Essentially, this is an 'inside job' planned by the employees who work in connection with third parties (Bartlet and Ballantine, 2002). In many cases the employees have adequate knowledge of the processes and in collusion with other entities in the system can take advantage of their explicit knowledge to defraud their employers.

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2.4.2 Challenges of Fraud

One of the biggest challenges for the fraud examiner is to persuade management that the risks of fraud cannot be underestimated. Those who have not suffered from fraud previously will be unaware of the risks and costs. Management may simply think in terms of the direct financial costs but need to be encouraged to look further. At first look, the suggestion that communication aspects should be emphasized in the implementation process seems to be a simple one. Even though studies point out that communication is the key success factor within strategy implementation. Communication with employees regarding issues delayed to the strategy implementation on fraud prevention is frequently delayed until the changes have already crystallized. In this context it is recommendable an organization institute a two way communication program that permits and solicits questions from employees about issues regarding the formulated strategy(Bartlett and Ballantine, 2002)

Another challenge of fraud is vagueness in the assignment of responsibilities. In addition, these responsibilities are diffused through numerous organization units. Unfortunately, in practice managers and supervisors at lower hierarchy levels who do have important and fertile knowledge are seldom involved in strategy formulation. When they are involved, however, the profitability for realizing a smooth targeted and accepted strategy implementation process on fraud prevention increases substantially. Other challenges of fraud include: lack of investment in training for internal employees. Employees need to be trained on fraud that is on what is fraud, how to combat fraud and ways in which they can prevent fraud occurrence. This in return will reduce fraud occurrences (Wanemba, 2010)

2.4.3 Combating Fraud

Private companies, particularly whose stock-in-trade is liquid cash, invest heavily in anti-fraud risk assessment models and programs that can effectively identify the gaps that can be used by fraudsters to swindle the business of its hard earned cash. In Kenya, virtually all commercial banks have set up fraud and security departments that work closely with risk management functions to ensure fraud risk is sufficiently mitigated. Once the risks

are identified, a gap analysis can be completed and improvements recommended mitigating the fraud risks. Subsequently monitoring should ensure. It is prudent to adopt the best practices in combating corruption and fraud risks in work places if Kenya has to develop. To find fraud, one has to know what it looks like. To stop fraud one has to know what causes it (Bartlett and Ballantine, 2002).

Avenues to report such cases should be available; for instance telephone hotlines and special email lines to encourage whistle blowing. Perpetrators must be punished to ensure there is a paradigm shift in terms of the culture. This is possible in both the private and government institutions. Before a company opens its doors to new employees, managers should stop and ask themselves "Do I really know this person well enough to trust him with my money, confidential information, and above all my reputation?" Many employers are just as lax when it comes to recruitment of senior staff, including directors. There is a presumption that a previous employer must have carried appropriate checks. This should not be assumed as vetting is not only for new employees; it should be an on-going process across the whole workforce (http://www.target marketing.com/article/how-combat fraud).

The other significant challenge is the increase in technology. There is an increase in technological know how and a bigger percentage of frauds occur via the internet. Tracing the fraud occurrences become difficult due to the much software that is in place. Also lack of good infrastructure is another challenge of fraud. Most institutions lack equipment that they can use to prevent fraud. For example, the presence of surveillance cameras prevents frauds, but institutions are not able to install them. The inherent vulnerabilities of the banking and finance system provide a conduit for fraudulent activities, coupled with an accelerated pace of financial development and an emphasis on realizing short-term returns, frauds are likely to increase (Wanemba, 2010)

It is important that a company set out in black and white exactly what is acceptable and what is not acceptable. It is only when companies do this that staff will be put on notice that certain behavior is unacceptable. The aim of a corporate policy is to demonstrate to

both employees and the outside world that the company is taking the threat of dishonesty, fraud and theft seriously. By issuing a detailed policy, it clearly sets out what is considered to be dishonest and warns any potential wrongdoers that the consequences of being caught will be serious. The effect therefore will be to deter any potential wrongdoers thus resulting in reduced losses from any wrong doing and reduced costs in respect of investigating any wrong doing (Bartlett and Ballantine, 2002).

Fraud examiners have a wealth of experience that has been obtained through investigation. One of the positive steps they can take is to pass this experience back to company management and staff through an education process. The methods that the fraud examiner can take to increase awareness of the risks faced by companies include: lectures to management and staff on general fraud awareness, presentation of case studies, use of company intranet and articles in company magazines. Once a fraud examiner has carried out the above steps, he will then be in a position to implement specific controls to prevent fraud (Bartlett and Ballantine, 2002).

If the right candidates have been recruited, the company has an effective code of conduct and whistle blowing process the need for effective controls will be less urgent. People commit frauds, but as technology plays an increasingly important role in business life the fraudster often leaves warning signals of his /her activity in an organization's systems. Each transaction will leave a trail. Operationalization can also be used, which involves the determining and identification of key indicators used to combat fraud and the independent variables. (http://www.targetmarketingmag.com/article/how-combat-fraud). This is illustrated in figure 2.4.3

Figure 2.4.3 Operational framework on combating frauds
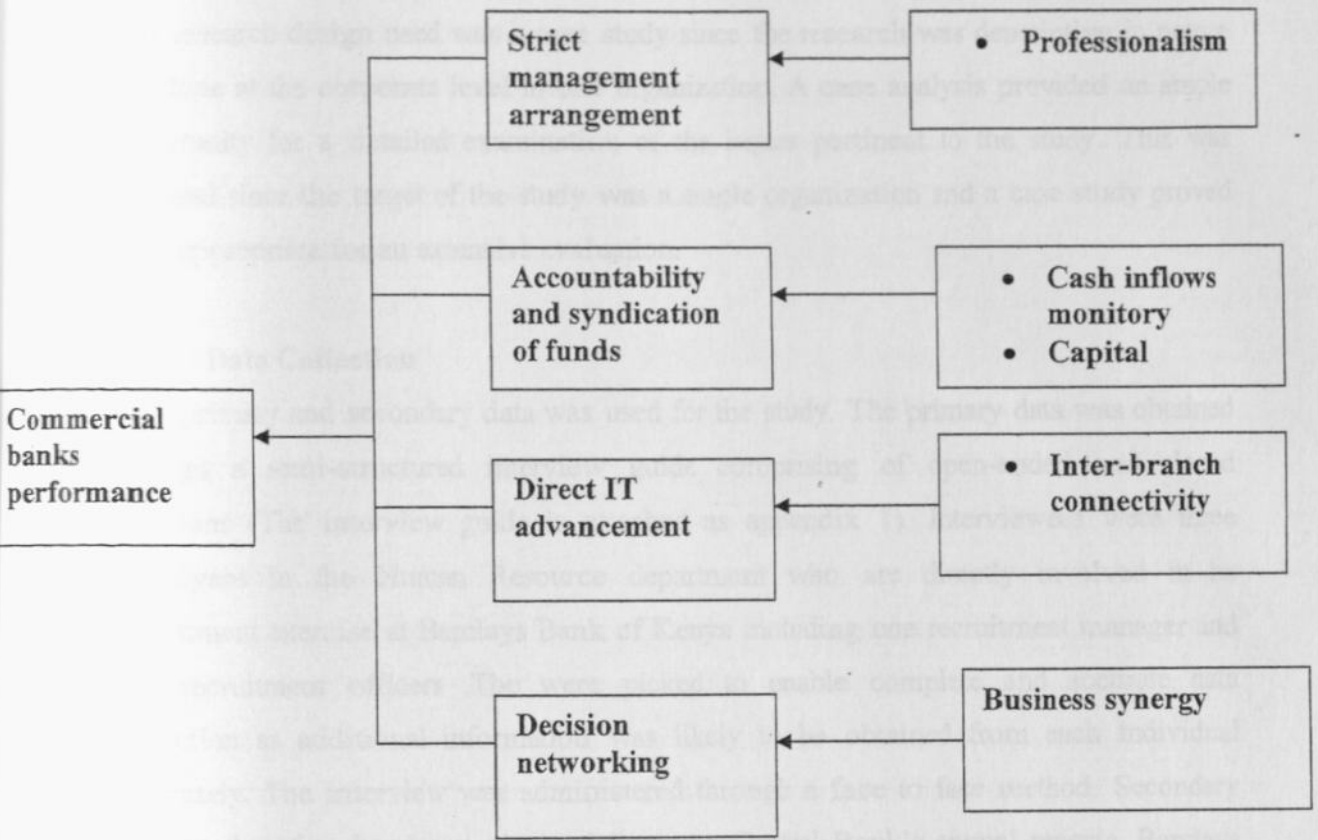
Source: Bartlett, B.L. and Ballantine, D. (2002). *The Negative Effects of Money Laundering on Economic Development,* Platypus Magazine, No. 77: Australia

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design used was a case study since the research was descriptive in nature and done at the corporate level in one organization. A case analysis provided an ample opportunity for a detailed examination of the issues pertinent to the study. This was essential since the target of the study was a single organization and a case study proved quite appropriate for an extensive evaluation.

3.2 Data Collection

Both primary and secondary data was used for the study. The primary data was obtained through a semi-structured interview guide comprising of open-ended and closed questions (The interview guide is attached as appendix 1). Interviewees were three employees in the Human Resource department who are directly involved in he recruitment exercise at Barclays Bank of Kenya including one recruitment manager and two recruitment officers .The were picked to enable complete and accurate data collection as additional information was likely to be obtained from each individual separately. The interview was administered through a face to face method. Secondary data on the other hand was obtained from the Central Bank's annual reports, Barclays banks financial reports, various publications on staff frauds and the company's website.

3.3 Data Analysis

Before any analysis, the data collected was checked for completeness and consistency. For this study, content analysis was used. This is because content analysis involves observation and detailed description of objects, or things and the errors which occur during the study are easily detected and corrected. The method of analysis was also appropriate for the study because of the qualitative nature of the data collected.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter describes data findings from the field, its analysis and interpretations thereof. Primary data was collected from Barclays Bank of Kenya HR department. The researcher used a semi-structured interview guide to conduct face to face interviews with three officers involved in the recruitment exercise at Barclays Bank. The researcher also used secondary sources of data which is included Barclays' annual reports, recruitment policy paper, circulars, CBK's annual reports and economic surveys and various other publications on the topic. Content analysis was used for a detailed analysis of the data collected.

4.2 Recruitment Planning

Barclays Bank has a well outlined recruitment plan which is largely issued to the Human Resource Strategic Plan. The HR strategic plan is also in tandem with the corporate strategy. The recruitment plan is however quite flexible based on several factors that occur in the external environment. The bank draw up a plan that was to enhance the expansion strategy of the year 2006 – 2010 which saw a huge number of employees (about three thousand) being recruited in the bank to cater for the expansion programme. The subsequent plan on the other hand is based on employee attrition and succession planning. Thus currently recruitment exercises are conducted as positions fall vacant. In this regard the available vacancies are largely filled internally unless particular specialized skills attributes are required. The bank's recruitment plan is therefore externally flexible and is meant to take shape based on both the corporate strategy and the human resource strategic plan which provide a blue print for the organization.

4.3 Recruitment Policy

Barclays Bank being a global player has standardized policy framework that outlines salient areas which must be considered in line with the guidelines. The people screening global standard must be adhered with by all concerned in all the markets in which Barclays operate. The document is received annually based on the inevitable changes in the global arena. The rationale of this policy is the increasing threat from terrorist

networks, opportunist and organized criminals, and the potential disruptions from groups or individuals who threaten the people, properties, facilities or reputation which are examples of security risks Barclays must prepare for and, wherever possible, protect against.

The aims of the standard are to: ensure screening for all prospective job applicants and people to be employed by Barclays and that it is commensurate with the identified and foreseeable security risk, set out minimum standards which are supportive of these aims and of business objectives and to meet legal and regulatory requirements in respect of corporate and people security.

The standard applies only to the Barclays Group and does not apply to employees or activities of Third parties (non-consolidated entities). The Barclays group conducts the screening itself in accordance with this standard, or delegates this to an appropriate screening service provider. The minimum standards are executed on a risk based approach whereby each role or role type is risk-assessed to determine the appropriate level of screening required in order to protect the bank from security breaches, financial loss or regulatory censure. Irrespective of the risk profile the minim screening checks must be undertaken for all roles, however more stringent controls are invoked for certain designated roles to mitigate risks or if local legislation or regulation requires. With regards to Barclays Bank of Kenya, the HR director and Head of Compliance are accountable for agreeing the risk assessment methodology to be used to determine the screening checks that is performed for each role or role type.

The policy also embraces equality and diversity and the organization is committed to giving equal opportunities and respecting the diverse nature and backgrounds of potential candidates. According to Barclays Plc group Chief Executive, John Varley, 'Diversity touches upon everything we do as a business, from shareholder value, employee well-being, customer satisfaction and loyalty, to our contribution to and reputation in the communities we serve." Equality and diversity therefore is a critical facet of the Barclays Bank of Kenya's recruitment policy and currently the ratio of male to female employees

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is six to four. The same is also applied at management levels. The composition of the workforce significantly indicates the operationalization of this policy. It is apparent that Barclays Bank of Kenya has a well outlined recruitment policy which is drawn from the global standards stipulated by the group.

4.4   Recruitment Strategies

Human Resource Department has a pertinent role of ensuring that best candidates are attracted so as to develop and sustain a high performance organization through its people, policies and practices. In this regard the recruitment strategies at Barclays Bank of Kenya are geared towards promoting a high performance organizational culture which is correlated to the Bank's vision, this the bank has five guiding principles which include: Customer focus, best people, pioneering, trusted and winning together which are meant to promote unity of purpose among the over three thousand employees.

Internal recruitment is mainly through an internal job advertisement (I.J.A) whereby all job vacancies and their respective requirements are posted as and when they occur. Prospective applicants therefore are always on the look for arising vacancies. This is intended to enhance employee growth and loyalty. It provides a spectrum of hope for the employees and encourages motivation with respect to career progression. International vacancies within the Barclays group are also posted on the group's intranet and all employees who are qualified are eligible to apply on-line irrespective of their countries of origin. This has widened the scope of opportunities for the employees giving them a chance to seek for jobs outside their countries for origin. Applicants can also submit their resumes to a joint pool which is centrally managed and candidates can benefit from future vacancies or related opportunities. This has been an exciting strategy especially to the young people commonly referred to as the Y-generation who are motivated to undertake challenging tasks.

The bank has also embraced career growth through talent search. Within the HR function there is talent management department which is charged with the responsibility of ensuring that talents are nurtured within the organization. Through this programme highly

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talented employees are identified and assigned challenging roles. Related to this is the reward management scheme which rewards high performers. In some instances exceptional performance is rewarded strategy in among the sales people or the lead generators. Some departments such as I.T. Treasury and Finance with specialized roles usually take their staff for further training and strive to retain their skilled members.of staff.

Internal recruitment strategies are therefore given the first priority before considering external sources as an avenue to boost employee motivation and performance. Barclays Bank of Kenya has quite elaborate strategies for external recruitment. Firstly, vacancies are posted on the company's website. Through this potential applicants can access the respective vacancies and dully apply. In addition advertisements are also posted on the daily newspapers especially where large numbers of employees are required. This is because the intended audience is larger compared to internet-based source's recruitment for executives on the other hand is centrally conducted for all Barclay's group member countries by an international recruitment agency in the United Kingdom.

The agency has a data base for all the top management level employees who are potential executives. Besides, the agency sources for potential candidates outside the organization. Locally, for certain roles which demand specialized skills and for top management roles, the bank engages local recruiting agencies such as manpower and Hawkins which can reach out to wider scope of potential candidates.

The bank also has the graduate emerging managers' (G.EM) programme which intends to attract highly qualified graduates to be trained on different areas of management and later posted in respective functions as managers based on their qualifications. This has been in place and has seen fresh graduates with exceptional qualifications get an opportunity to serve in different managerial positions in the bank upon completion of their training.

Lastly, Barclays Bank of Kenya has initiated universities fares whereby the HR department plans visits to the local universities to showcase the numerous opportunities within the organization. Through these events, the organization is able to clearly indicate its core values, guiding principles, mission and vision to the potential candidates so that the students become aware of what the bank stands for. Hence only the qualified candidates are attracted.

Fraud in its broadest sense is a highly complex issue which normally calls for a myriad of intertwined approaches to ensure that it is curtailed and in good time. In this regard it is apparent that recruitment strategies can play a crucial role in attempting to curb frauds committed by employees. At Barclays Bank of Kenya recruitment strategies are not geared towards alleviating frauds but instead pushed to the selection stage where adequate measures are put in place. As a result attraction which stands at the very beginning of this procurement exercise is ignored and in effect the efficiency of sealing all available loop-holes in the fight against employee-related frauds is compromised in a way. Similarly the process of selection which largely depends on the results of the attraction exercise does not pertinently become cost-effective and may miss out on addressing some issues which would be adequately tackled at the recruitment stage.

4.5   Employee-Related frauds

Fraud is a major challenge in the financial industry and is increasingly becoming a real concern to the industry players. The most intriguing form of fraud is that involving employees who are expected to be the custodians of organizational values. Barclays bank just like the other banks suffers huge losses arising from employee –related frauds. The main causes of fraud at Barclays bank are: advancement in technology, poor training of staff, poor vetting of recruited staff and poor internal controls. However in all these causes the contribution of the employees in collusion with other parties is imminent. It is therefore a fact that the role of employees in advancing organizational growth is critical. For the 2009 – 2010 financial year alone the bank reported a staggering Kshs. 1000 million loss through frauds. A significant amount of this loss was attributed to employee-related frauds.

The bank concedes that employee –related fraud is a major challenge and in effect puts forward compliance and regulatory framework to avert it. However the sensitivity of the information makes it quite challenging to counter since the bank endeavors to safeguard its reputation in the eyes of its customers, shareholders and other stakeholders. This explains why the bank opts for internal mechanism to deal with employees who are implicated in such vices. Similarly losses resulting from frauds are bundled together with other operational losses to protect the bank's reputation.

Various approaches have been put in place by the bank to counter employee related frauds. Top in this list is the thorough screening of employees before selection. This is a global requirement that ensures that only qualified candidates are picked for respective roles. Secondly the bank has put in place strong internal controls which are documents in the process maps and procedure manuals to ensure that the trend is curbed.

Periodic training of employees has also been stepped up to ensure that all employees are well aware of the risk levels of the transactions and products that they handle. Staffs are also trained on other related policies which are aimed at combating fraud. These include: Anti-money laundering fraud management and Anti-bribery policies among others. Moreover the bank through its risk assessment department is involved in detailed audit exercises to identify areas which are capable for frauds. They also undertake regular audits in the departments to confirm compliance with the laid down policies and procedures. Lastly the bank also provides avenues for employees to report suspected frauds. They can report such cases without fear of or intimidation. There is also a policy to govern this which is known as whistle blowing. This is a toll-free facility that is open to all employees and clearly eliminates any aspect of witch-hunting. Employees can either make unanimous calls or drop a mail with sufficient details to ensure further scrutinization of the suspected cases.

4.6   Recruitment Strategies to Combat Employee –Related Frauds

The bank has no clear recruitment response strategies to combat employee –related frauds. It rather focuses on selection and puts much emphasis on proper vetting of applicants before short listing. Recruitment strategies at Barclays Bank therefore do not give appropriate consideration to employee –related frauds and this is replicated across the industry. A lot of emphasis on employee disposition is only apparent after recruitment. Sources of potential candidates are not given significant consideration and this gives from those with questionable moral standing making it to the selection panel. The bank has not critically analyzed recruitment as an avenue of combating employee related frauds hence continues to apply traditional sources of applicants as opposed to clear cut recruitment.

Recruitment as an avenue to combat frauds is expected to be incorporated in an elaborate system and provisions given in the overall corporate strategy in a manner that is practical enough to promote implementation and eventual review. At Barclays bank of Kenya the laid down strategies for recruitment of staff do not anticipate curbing of employee related frauds and envisages that the selection process will ultimately take into account this issue. It was revealed that the case is not even different when it comes to internal recruitment. The HR department oversees the entire process of internal recruitment through the various strategies indicated leading to inadequate opportunity to ascertain the value systems of the potential candidates. In a nutshell, the strategies for recruitment do not categorically embrace the fact that it can be effectively used to curb future fraudsters even before the point of selection.

4.7   Discussion of the findings

The role played by recruitment in any organization is critical and is expected to enhance the advancement of the organizational objectives and also move the entity towards its mission. This is particularly vital in the financial sector whose existence is to a large extent underpinned in the perceived reputation of the industry players. Issues to with trust and employee integrity are therefore quite fundamental to ensure that all the stakeholders remain confident that their investments are in safe hands. Employee-related frauds in this
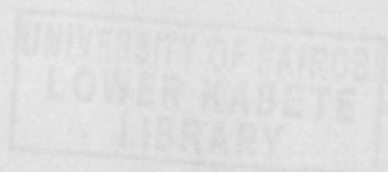
regard deal a big blow to the industry players. For Barclays Bank of Kenya which is by many standards a critical player should be engaged in explicit measures aimed at curbing employee-related frauds which analysts believe is a major challenge to the industry.

The results from the study indicate that both recruitment planning and policy formulation are critical considerations for Barclays Bank and this is demonstrated by the elaborate plans and policy papers prepared by the bank. The HR department has therefore taken into consideration the essence of proper planning of procurement of manpower. This is a significant undertaking given the fact that such plans are critical in ensuring that the broader strategic plans laid out by the organization are met. Policy framework serves even a greater role in laying down the groundwork for the eventual recruitment exercise. It spells out the key considerations which are deemed pertinent for recruitment. For Barclays Bank of Kenya this is adopted from the global framework that does not take into consideration the diverse nature of the various markets. However it gives room for a bit of flexibility based on the local jurisdiction but this may in several aspects be limiting as the global parameters which stipulate the minimum standards are drawn from the realities in the European markets (specifically U.K.).

HR managers should therefore strive to ensure that the local policy framework reflects the local realities so as to remain viable. The document should be adjusted to take into consideration the Kenyan realities so as to be effective and address the intended functions. Timely reviews based on current need is expected so as to ensure that at all times the recruitment policy is cognizant of the dynamics of the local market and the respective socio-economic and political landscape in the external environment as this has a direct impact on the policy document.

Recruitment strategies for Barclays Bank of Kenya as observed from the study do not take into consideration employee-related frauds. As Wanemba (2010) observed recruitment can be used as an avenue of combating frauds in the banking sector if it is undertaken in a manner that embraces the need to attract potential candidates from thoroughly vetted avenues. For Barclays Bank of Kenya, this is pushed to the selection

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stage. The implication is that the shortlisted candidates and those eventually picked may not be thoroughly screened. In addition cost implications may be overlooked as issues which would be adequately addressed at the recruitment stage get to the selection stage.

HR managers at Barclays Bank and all other decision makers should strive to relook the various recruitment strategies in place to embody aspects aimed at combating employee-related frauds. It is a fact that if appropriate recruitment strategies are put in place, the challenge of employee-related frauds may be dealt with from a very early stage and with a concerted effort from other related departments subsequent selection exercise can be done seamlessly. However as researchers in this area indicate proper training and employee relations practices can also be used to combat employee-related frauds. This does not in any way demean the place of recruitment which can be seen as the transit valve for the organizational workforce. In the value-chain analysis proper recruitment strategies should serve a cardinal role in combating employee frauds.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The objective of this study was to establish the recruitment strategies adopted by Barclays Bank of Kenya to respond to employee – related frauds. The research findings show that the Bank does not clearly have recruitment strategies aimed at averting employee-related frauds. The focus is only at post –recruitment stage whereby elaborate screening of applicants is undertaken. It was also indicated that employee – related fraud is a big challenge not only to the bank but the entire industry. Advancement in technology was pointed out as a major deterrent to combating fraud with the engagement of a youthful workforce who is I.T. savvy.

The study also showed that Barclays Bank has a well formulated procurement policy which is applied by all countries within the Barclays group. The resourcing policy embraces diversity and inclusion. The document is also regularly reviewed to respond to changes in the external environment and amendments to the local legal frameworks. Recruitment planning sir also undertaken by Barclays Bank and the recruitment plans are dependent upon strategic human resource planning and the entire corporate plan. With respect to recruitment, internal sources involved include: internal job advertisements and talent search / management. Externally, the bank attracts potential candidates through: job postings on the company's website, advertisements in the daily newspapers, use of recruitment agencies, graduate programmes and college / university fares.

5.2 Conclusion

Recruitment is a fundamental role of the human resource function and is of critical essence in developing human capital within organizations. It undertakes to bring on board qualified candidates with the right skills and attitude to advance the organizational objectives. The banking industry entirely relies on integrity as a critical pillar to enhance reputation and promote growth. Over the years the industry has continued to face the challenge of fraud which has led to losses of significant magnitudes. What is more perplexing is the fact that in many of these cases employee capability has been cited. An

employee-related fraud is a major challenge to the bank given the complexity of such cases. Many banks opt for internal mechanism to deal with the employees suspected to be involved in such crimes rather than going the full length of seeking legal redress due to the reputation risk of such activity. As a matter of fact, recruitment can be used as the initial step of curbing employee-related frauds. Through proper value-chain analysis the sources of attraction must be critically evaluated to ensure that they conform to the minimum standards of combating fraud.

When this is attained, the subsequent selection and placement procedures will be used to further enact the stated standards. Recruitment strategies must therefore be outlined in a manner that they will also embody employee related frauds and act as the very first approach of curbing it.

5.3   Limitations of the Study

The study was limited to an individual organization and this may not provide appropriate information to policy formulators in the industry. The study should have been broad enough to bring on board other banks in order to show industry trended. Secondly, the study focused its attention on recruitment at the organization level disregarding the other recruitment agencies. It would have been of great value to obtain information form the recruiting agencies regarding this topic.

5.4   Recommendations

Barclays bank of Kenya should respond to the challenge of employee related fraud through salient recruitment strategies which have into consideration the aspect of fraud. The attraction strategies should be clearly stipulated to ensure that only appropriate sources are used. In addition, recruitment, through agencies should be thoroughly monitored and the respective agencies to be hired properly screened to ascertain compliance with the policy framework. Besides the recruitment strategies should also be

regularly reviewed to embrace the changes in the external environment and the apparent dynamic HR practice.

5.5   Suggestions for Further Studies

Researchers can conduct further study to establish recruitment response strategies employed by other banks. This will provide a proper framework to both the decision makers and policy formulators in the industry. Further studies may also done on selection and its impact on combating frauds in the financial sector.

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APPENDIX I: INTERVIEW GUIDE

(A)   Background Information

1.   Name.. (Optional)

2.   Department...

3.   Designation / position ....:.................................

4.   How long have you served in this position?...

5.   To what extent are you involved in recruitment of staff for the bank.................
        ....

(B)   Recruitment Strategies

1.   Does your organization have a recruitment policy?..

2.   If yes, kindly highlight the key areas of this document.....................................
        ....

3.   What are the main recruitment strategies used by the organization?
        ....
        ....

4.   Kindly provide a brief description of the above mentioned strategies
        ....

5.   How often does your organization recruit?
        ....

6.   How different are your recruitment strategies from other industry players?
        ....

7.   How often are your recruitment strategies reviewed in the wake of the dynamic
        business environment and changing HR practice..

8.   How do you handle recruitment for executives and top management............

(C)   Recruitment Response Strategies/Employee-related Frauds

1.   In your opinion how can recruitment be used as an avenue to reduce employee-
        related frauds?...
        ....

2. Which recruitment strategies does your organization have in place to curb employee-related frauds?

....

3. Kindly give a brief of the above strategies.

....

4. What are the challenges in executing these strategies?

....

5. How do you handle internal recruitment with a view of curbing employee-related frauds?

....

....

6. How do you manage the challenge of attracting the most qualified candidates who are also of high moral standing?

....

....

7. In your view do the industry players embrace recruitment as a way of curbing Employee-related frauds?

....

THANK YOU

APPENDIX II: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

DATE _____

TO WHOM IT MAY CONCERN

The bearer of this letter _____

Registration No. _____

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 the 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.

JUSTINE MAGUTU
ASSISTANT REGISTRAR
MBA OFFICE, AMBANK HOUSE