

**RECRUITMENT AND SELECTION PRACTICES ADOPTED BY
THE INSURANCE FIRMS QUOTED IN THE NAIROBI STOCK
EXCHANGE**

BY

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Declaration

This Is To Certify That This Research Project Is My Original Work And Has Not Been Presented For A Degree Award In Any Other University Or Institution Of Higher Learning. Information From Other Sources Has Been Acknowledged.

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This Management Project Has Been Submitted For Examination With My Approval As The University Supervisor.

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Dedication

To my dear husband Albert Orengé, daughter Natasha and son Leo, you are all of great inspiration to me.

Abstract

In today's rapidly changing environment, a well defined recruitment and selection practice is necessary for organizations to respond to its human resource requirements in time, it is therefore important to have a clear and concise policies and practices in place. The purpose of this study was to identify recruitment and selection practices adopted by the insurance firms quoted in the Nairobi Stock.

The study made use of cross-sectional survey. A census was carried out, primary data was collected using interview guides. The head of human resources departments of the five insurance companies were interviewed and content analysis used to analyze the information collected.

The recruitment practices that were found to be dominant in these organizations are both the internal and external. Internal include; transfers, promotions and job rotations. External include; advertising, college graduates, walk in applicants, employee referrals, recruitment agencies and head hunting. The selection practices commonly adopted by the firms under the study are; interviews, tests and reference checks.

It was concluded that the use of some practices like referrals could greatly impact on objectiveness of the processes. It was also clearly revealed that the traditional practices of recruitment and selection are still being appreciated and used, though organizations are now using more advanced practices It's recommended that the human resources managers should embrace modern sources of communication to contact the prospective employee

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CHAPTER ONE

INTRODUCTION

1.1 Background

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 (Schuler, Jackson 1999).

The importance of ensuring the recruitment and selection of the right people to join the workforce has become increasingly apparent as emphasis on people as the prime source of competitive advantage has grown. The increasing recognition of Human Resource Management as a business unit adding value to the chain has therefore made it highly strategic in nature and more critical to achieving corporate objectives, HR professional therefore plays a more strategic role in an organization. Strong HR practices have the potential to increase a company's productivity and profitability. The management of each company needs to know which practices to focus on for the success of the business. (Price 2004).

Recruitment and selection are core areas of Human Resources Management. They are not simply techniques for filling vacancies, they are also levers for organizational change, sustaining employee commitment and achieving high performance (Price, 2004). It is with people that quality and performance begins and ends. Successful businesses realize one of their most important assets is their workforce. Developing a strong, capable employee roster requires a recruitment and selection process that identifies strong candidates both inside and outside the company. Routine evaluation of the methods, procedures and strategies used in retaining new employees and selecting employees for advancement can improve employee retention and the quality of interview candidates. The best evaluation methods identify successful processes that can be enhanced and ineffective processes that need modifications. (Armstrong 2005).

1.1.1 Recruitment and Selection

The recruitment and selection is the major function of the human resource department and recruitment process is a key activity towards creating the competitive strength and the strategic advantage for the organizations. Recruitment process involves a systematic procedure from sourcing the candidates to arranging and conducting the interviews and requires many resources and time. Recruitment is the first contact of an enterprise with the potential employee. A well planned and managed recruitment process will lead to high quality applicants while haphazard and piecemeal effort will result in mediocre one. Selection is the process of choosing the most suitable person out of all applicants. According to Leap et al (1993), selection is the process of differentiating between applicants in order to identify those with greater likelihood of success in the job.

Recruitment involves attempting to locate and encourage potential applicants to apply for existing or anticipated job opening. Recruitment strategies and practices attempt to create a pool of appropriately qualified skilled and experienced people so that selection practices and decisions can be effective. Recruitment therefore entails sourcing the right people at the right time in the right place and at the right price. Each recruitment exercise is an opportunity to analyze the job again and update the job description and job specification (Compton et al 2009). Recruitment entails gathering a pool of qualified candidates for a position (Mejia et al 2009). The goal of recruitment is to generate a pool of candidates, who are qualified or available positions, diversity refers to not only the demographic characteristics of candidates, but also their background and experience. One must not limit the pool to those with similar skills and knowledge, but must consider where to find people who might have transferable skills that will allow the candidate to perform well in a position. Recruitment is often thought of as casting a wide net to gather potential candidate for available position. The focus should be on finding candidates that possess the essential knowledge, skills and abilities necessary to perform the job at the level of established standards (Rothwell 2012)

Once the organization has a pool of qualified candidates, it is time to evaluate these candidates using selection process. Selection is also called hiring, it entails assessing candidates to determine who ultimately will be hired. The goal of the selection is to determine the best candidate for the position. (Rothwell 2012) The selection process involves collection of job resumes and their preselection. This is very important in the recruitment and selection process, more so today as many organizations lose a lot of time selection procedures. The job interview should discover the job candidate, who meets the

requirements and fits best the corporate culture and the department. (Hendry 1995). The key stages of a systematic approach can be summarized as; defining the vacancy, attracting applicants, assessing candidates and making the final decision. (Torrington 2005).

1.1.2 Recruitment and Selection Practices

Recruitment and selection practices specify the objectives of recruitment and selection and provides a framework for implementation of recruitment and selection programme. It may involve organizational system to be developed for implementing recruitment and selection programmes and procedures by filling up vacancies with best qualified people (Armstrong 2005). Recruitment and selection within an organization is an integral part of that organization's overall Human Resource Management process, as such it is related closely to other Human Resources processes e.g. job design, HR development, performance appraisal and management, reward systems, career and succession, planning promotions and transfers. The key concepts that underlie modern human resource practice are reflected in all activities concerned with the attraction, selection, maintenance and separation of an organization's employees (Compton et al 2009).

In times of changing labour markets, organisations need to adapt their recruitment and selection practices and policies to allow them to compete more effectively for staff, particularly those with skills that are in short supply. The offer of training and development opportunities is often a strong attraction to potential recruits. Jobcentres, which administer Government training schemes, are a source of advice and potential recruits. (Armstrong 2005). Improving effectiveness of recruitment requires the need to

use more sophisticated recruitment practices that bring out competencies and behavioral characteristics required of employees. This can be achieved by use of practices such as job rotation, college recruitment, recruitment through employment agencies, use of media advertising, direct application forms and recruitment consultants (Hendry 1995). Organizations tailor their recruitment practices to the specific positions they are seeking to fill. These practices might differ depending on the level of the position, Price (2004).

Selection requires the use of a wider range and advanced selection practices to identify candidates who match the specifications because the traditional interview approach is very limited (Armstrong, 2005). Selection practices include selection through application forms, the use of aptitude tests and psychological tests, structured interviews, assessment centers, referencing and medical examinations (price 2004). Firm size has a major impact on the selection practices used within a company, larger firms tend to have increased bureaucratic and formal procedures compared to smaller firms. Large enterprises usually have well developed HR structures e.g. internal labour markets, career development, career development systems and integrated human resource practices which are missing in smaller firms (Hall, et al 1986).

1.1.3 NSE's listed insurance firms

There are five Insurance companies listed in Nairobi Stock Exchange list. These are; Pan Africa Insurance Holdings ltd, Kenya Re-Insurance, CFC Insurance, Jubilee Insurance and British American Insurance of Kenya (BRITAK).The mentioned insurance firms have their headquarters in Nairobi, they also have a branch network in all major towns in

Kenya e.g. Mombasa, Kisumu except KenyaRe (www.kenya-reinsurance.com,www.pan-africa.com,www.Jubileekenya.com , [www. Britak .com](http://www.Britak.com), [www. cfc.com](http://www.cfc.com)).

Pan Africa Insurance and CFC Insurance specializes only in life Insurance, but Jubilee and BRITAK, offers Life, General and Medical Insurance. Kenya re provides various reinsurance and financial services to insurance companies in Kenya, the rest of Africa, the Middle East and Asia, it offers range of reinsurance services, such as fire, accident and marine insurance. All these companies rely on both permanent and contract employees for manpower needs. To maintain its competitive edge, the firms endeavor to continually attract develop and retain a pool of experienced professional staff who maintain high ethical standards in business practice and is socially responsive and environmental conscious. (www.kenya-reinsurance.com, www.pan-africa.com, , www.Jubileekenya.com , [www. Britak.com](http://www.Britak.com), [www. cfc.com](http://www.cfc.com))

1.1.4 Problem Statement

In today's rapidly changing business environment, a well defined recruitment and selection practices are necessary for organizations to respond to its human resource requirements in time, it is therefore important to have a clear and concise recruitment policy and practice in place, which can be executed effectively to recruit the best talent pool for the selection of the right candidate at the right place quickly. Creating suitable recruitment and selection practices is the first step in the efficient hiring process. A clear and concise recruitment and selection practices and policies help ensure a sound recruitment process (Martin and Bartol 1998). Within some organizations, the human resources department manages all hiring processes. In other companies, HR directs hiring

procedures but hiring managers or committees perform recruitment and selection tasks. Inevitably, the lack of a systematic technique for employee selection results in inappropriate choices for respective jobs hence the misdirection of skill and talent. This failure translates to a loss to both the employer on one end in the form of mediocre worker productivity as well as the employees whose aptitudes are underutilized hence wasted talent capacity (Cole, 1997).

Human Resources Managers need to ensure that recruitment and selection practices that are adopted are coherent and consistent with their firms' business strategy and with other associated functions of human resources such as planning, training and development, pay and benefits and performance management (Mugao 2004), in his study on recruitment and selection practices of pilots among commercial aviation firms in Kenya. Hsu et al (2000) in their study state that the company size and ownership pattern among other variables, have some influences upon Human Resources Management Practices.

The listed insurance firms in Kenya differ in terms of the sizes, products, clientele base, and number of employees and in terms of their vision and mission strategies. The strategic differences in the insurance companies implies that the importance assigned to recruitment and selection may differ, however all companies must make decisions on three areas of recruitment; staff recruitment and selection policies and practices which affect the kind of jobs the company has to offer, secondly is the recruitment sources used to solicit applicant which affect the kind of people who apply and finally the need to make decisions on the characteristics and behaviors of the recruiter (price 2004).The listed Insurance firms are competing for the same clients in the already saturated market, the need to therefore gain a competitive advantage over each other and having the right

employees for the right job is critical for the organization's success. The hiring of a new employee is a very important function, the Insurance firms are finally beginning to realize that employees are their most important asset, therefore development of appropriate hiring and selection practices can prevent the costly error of hiring the wrong person for a particular position. Hiring the wrong person can be costly in terms of advertising, interviewing, training, and administrative expenses. Then there is the time lost in the selection process, disruption to the department due to a position needing to be filled, and the negative effects on productivity and morale when a new hire performs a job unsuccessfully (Hall et al 1986). According to Dessler 1991, recruitment and selection, as a human resource management function, is one of the activities that impact most critically on the performance of an organization.

Research undertaken on recruitment and selection practices include; Njine (2006) who in his study on employee recruitment and selection practices among International NGOs operating in Kenya concluded that effective recruitment and selection practices enhances the employees' productivity. Mugao (2004) did a study on recruitment and selection practices of pilots among commercial aviation firms in Kenya and Kangwani (2008) who studied staff recruitment and selection practices among small and medium enterprises in Nairobi, both concluded that recruitment and selection practice is a major success marker in organization's performance. However no study has focused on recruitment and selection practices among listed Insurance firms in Kenya, this research therefore fits the current context in this field of study, since current research do not seem to specifically focus on recruitment and selection practice in the insurance companies in Kenya, but rather gives a general outlook of what recruitment and selection is.

1.2 Objective of the Study

The objective of this study is to establish the recruitment and selection practices that are common in the listed insurance firms in Kenya.

1.3 Value of the Study

This study will be in a position to expound on the various challenges and benefits of an effective recruitment and selection practices and establish the attitude, opinions and perceptions of managers and thus will benefit the listed insurance firms by providing an insight on the benefits of having effective recruitment and selection practices in place, therefore the management will endeavor to put policies in place to enhance good practices which will positively impact on the employee's performance.

Secondly the study will be of benefit to other firms striving to achieve their vision through use of human resources by development of proper policies and practices, thus improving the general performance in areas of businesses. This is achieved by getting the right person for the right job.

The study will be significant to the researchers and scholars as they will benefit from the study as it will add on to the growing body of knowledge in human resources practices in Kenya. This will act as a source of reference for studies to be done on recruitment and selection practices in future

CHAPTER TWO

LITERATURE REVIEW

2.1 Recruitment and Selection

In time of increasing global competition, every organization is concerned about the level of work performance of its employees. This is because the performance of employees is a major determinant of how successful an organization is in reaching its strategic goals and developing competitive advantage over rival firms, therefore, influencing the work performance of employees is a major objective of the organization. Fortunately, there is an agreement about how this can be accomplished, organization specialists have determined that an individual employee's work performance is made up of two factors; the ability of the individual and the effort that the individual puts forth. Ability is a function of the recruitment and selection practices (Gatewood, Field, and Barrick, 1987). According to Martin and Jackson (1997), the employment situation has in recent years shifted from a seller's to a buyer's market. In the mid 1990s the economic climate dictated that most organization did not expand but downsize, so that the emphasis changed from the 'input' side of the staffing process, i.e. recruitment to the 'output' side i.e affecting redundancies and early retirements. In any event, the same level of care and attention needs to be paid in recruitment and selection practices in order to ensure that the organization's Human Resource requirements are satisfied in as a cost-effective manner as possible.

Business owners perceive that their problems originate from both their inability to analyze their situation and their view of what the government should provide, others will lament about difficulty in obtaining skilled and dedicated staff and absence of coordinated forms of Human Resources Management practices (Hendry, 1995). If organizations are able to find and employ staff who constantly fulfill their roles and are capable of taking on increased responsibilities, they are immeasurably better placed to deal with the opportunities and threats arising from their operating environment than competitors who are always struggling to build and maintain their workforce (Cole 1997). Different models of recruitment and selection have been developed with greater concern for personality and attitude than presumed ability. Recruits maybe sought who will 'fit in' with the culture of the corporation; who will be content to build a career within the organization; who will absorb the goals of the organization. In free market countries the Human Resources profession has adopted a 'best practice' model which fits the prevailing business ideology (price 2004). This model prescribes a quest for the best person for the job.

The nature and extent of recruitment and selection efforts depends on a multitude of factors, including the skill levels required, the state of the labor market and the 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. Furthermore, small company that hire only a few people a year may need to do more than the spread the word of a job vacancy around the office. In recent years, however, societal pressures and government regulations have

added a new dimension to the recruitment and selection processes and practices, the concept of affirmative action has been applied in recruitment and selection, it has thus resulted in programs requiring employers to go out and actively seek job applicants from groups of people who might not otherwise apply for employment because they have been denied such employment in past. Affirmative action has expanded recruiting and selection horizons and investments considerably (Cole 1997).

According to Hsu and Leat (2000), The Human Resources Managers should recognize that the types of recruitment and selection techniques and practices they use to select the right employee for the job are critical for the firm's success. The misuse of any kind of recruitment and selection instrument could be costly to the organization and may also be demoralizing to the employees who may find themselves in the wrong job. Of all the resources in a firm, its people are far and away the most important. People give life and usefulness of machines and money. Since recruitment and selection are the first stages of dialogue between applicant and the firm, Human Resource Managers must realize the importance of formation of expectations during these processes. Failure to do so may result in loss of high quality applications (Finning, 1983).

2.2 Recruitment Practices

Kretovics and Cambridge (1998) indicate that policies and details plans and procedures and practices for recruitment should be devised and put in place by every organization. These are necessary to ensure that recruitment practices are systematic, consistent and responsive to internal needs. Plans typically contain references to quantity, quality, time and cost as well as identifying those responsible for achieving the required results.

Recruitment practices should be flexible enough to permit human resource staff, in particular, to respond flexibly to demands made on them both by recruiting departments and by potential candidates.

According to Hsu and Leat (2000), planning for present and future staff, job analysis, preparation of Job Description and Job Specification were all more important than recruitment. Their study further reveal that recruitment is the only process of hiring that varied with firm size , where large firms considered recruitment more important than did small and medium size firms from their findings, small firms had a mean of 3.62, medium firms 3.67 and large firms 4.72. The recruitment process is viewed as a process of attracting sufficient and suitable potential employees to apply for vacancies in the organization. The principle purpose of recruitment activities is to identify the most suitable applicants and persuade them at accept a position in the organization. It also serves to meet legal and social obligations regarding the demographic compositions of its workforce. Finally it helps increase success rate of the selection process by reducing the number of applicants who are poorly qualified or have wrong skills. (Gatewood, Field, and Barrick, 1987)

When a firm decides to recruit they must be able to reach the desired pool of applications from which they make their selection from. According to Breaugh and Starke (2000) the firms can reach these desired applicants through both internal and external sources. When a vacancy occurs, the normal practice, in many firms is to carry out a search within the company to identify possible candidates before turning to the outside sources. Individuals may be considered for promotion into positions for lateral transfer and some rare cases demotion. Recruitment from within is the primary method of obtaining candidates at the

management level, some survey indicates that 90% of management positions are filled internally (Dessler 1991). Internally the job openings could be known to employees either through job posting or using talent search procedure. Job posting provides an internal candidate pool of those who vie for the advertised position. Posting involves placing an announcement of the vacancy on the bulletin board, magazines or via memorandums to the departments (Ryan & Ployhart, 2000).

The enterprise could also make use of skills data banks as an internal source of recruitment. The employees will often update the employer of newly acquired skills and knowledge and the employees will often update the employer of newly acquired skills and knowledge, and the employees file updated. In case of job openings, employer will use skills bank of present employees to source for recruits. Employees' morale and performance is enhanced when job opening is filled from within, also having been in the company the candidate is more committed to the goals and vision of the firm and another advantage is that there is more accuracy in assessing skills and of course less orientation is needed. The shortfalls of job posting is that many well qualified individuals may fail to volunteer for consideration because they fear reprisal on the part of superiors and those not qualifying for the job may get discounted leading to low moral (Kretovics and Cambridge 1998).

According to Miner and Crane (1995), talent search is usually used when a company anticipates a number of future vacancies at the highly skilled and lower management level and wishes to recruit candidates for promotions from within the firm. The search is widely advertised, and employees are asked to notify the Human Resource Office if they wish to be considered for various training programmes that will qualify them for

promotions. Those who indicate interest are administered an extensive battery of psychological tests and evaluated in various other ways. The people finally selected are given appropriate training and are placed in a reserve talent pool, while continuing in their regular jobs until selected for promotion. A variant of this practice involves the use of a short battery of psychological tests that is given to all lower-level employees. Candidates for the more refined screening are then identified on the basis of test scores rather than through a competitive process.

Where a firm opts to reach qualified applications outside the firm, they could use any one or more of the following sources to reach the desired application; college recruitment, campus and college graduates are a prime source of managerial, professional and sales personnel and campus recruiting is an extensive operation. Graduates at both the bachelors' and masters levels in a variety of disciplines are sought by the company recruiters. Almost all colleges have at least one placement office to coordinate the visits of company representatives and arranging interview with the employers (Dessler 1991). Few problems are associated with this approach, one is that recruitment is conducted exclusively by the larger firms, small companies fill their limited needs in other ways, the result is that many individuals who might otherwise prefer a smaller firm are attracted to the larger ones, simply because they have practically no opportunity for exposure to small firms in the campus placement office. With more experience in the business world, they tend to gravitate to smaller companies, thus organization eventually experience very high turnover rates. Those to be hired can become very disillusioned with their initial employer. A second issue is that even those who accept job offers often back out before

arriving to start work, in such cases recruitment costs are totally lost, the mode is also time consuming from the recruiters perspective, (Wright, McMahan & Williams 1994).

Employee referrals and walk ins is also a source of candidates with announcements of job openings and requests being posted on the organization bulletin boards. Employees can then inform friends and relatives and encourage them to apply. Referrals are a good source of candidates and often result in high quality employees. The success of referrals however depends on the morale of employees. Employers may offer their employees bonuses or prizes for referrals who are hired and stay with the company for a specified period. Job applicants will also walk-in and submit their resume to organizations in case of job opening they could be called upon. (Miner, Crane 1995).

Another source of external recruitment is the employment agencies. Agencies are commercial enterprises for supplying employers with candidates for jobs. They are of two types; office staff employment agencies, which mainly deal with clerical, typing and office machine operator vacancies. The employer informs the agency of the vacancy, and the agency submits any suitable candidate on it's register. When a candidate is engaged the employer pays a fee to the agency, part of which is usually refunded if an employee leaves within a specified time. The other type is selection agencies for senior staff, which usually undertake the complete the recruitment process and the first stages of selection for managerial and professional vacancies. The agency analyses the job, prepares job and personal specifications, advertises, sends out application forms and interviews the selected candidates, sometimes testing them also. The employer is then presented with shortlisted candidates to make the final choice, this is however an expensive mode because the employer pays a substantial fee whether or not the right candidate is found.

Agencies are also of disadvantage in that in many cases it's impossible for an outside body to understand in a short time what kind of person will fit in with the current management of the company and it's also very difficult for the agency to follow up and validate it's recommendation (Graham, Bennet 1998).

Advertisements are another popular method of recruitment of external candidates. Two things to consider when using advertising as a source of candidates are the media to use and the construction of the advert (Singh and Finn (2003)). The media will determine the cadre of candidate one wants to reach. For example to clerical jobs, low-level jobs and administrative jobs a local newspaper would suit best. The local newspaper is readily available to locals who could be potential candidates. For specialized jobs, trade and professional, journals and magazines would be most appropriate to use. When needing to recruit large numbers for long periods, an entrepreneur could consider using outdoor advertising. This includes the use of roadside billboards, posters on street boards and buses. Point-of-purchase as a form of media is very useful to reach large number of candidates, involves using posters, banners, brochures and placement offices. Radio and telephone adverts is not commonly used but cannot be absolutely ruled out as effective. Generally job advertisements should aim at procuring a small number of well-qualified candidates quickly and as cheaply as possible (Graham, Bennet 1998).

According to Graham and Bennet (1998), very senior managers are sometimes recruited by a process known as 'executive search' or 'headhunting'. It's advocates believe that the best candidates are not those who reply to adverts or look for new jobs in other ways, but those who are successful in their present jobs and not thinking of moving elsewhere. On receipt of a commission from a client the head hunter will search for potential candidates

in competing businesses, in membership lists of professional bodies and through confidential headhunting networks. Selected individuals are then approached discretely and following a discussion regarding the job and its remuneration, one or two of them are introduced to the client's firm. Advantages of headhunting are that, headhunters possess expert knowledge of the salary levels and fringe benefits necessary to attract good caliber candidates, also if targeted candidate does not want the job, he or she may suggest someone else who is equally suitable and who may in fact be interested. On the other hand headhunting is highly disruptive to successful businesses, which stand to lose expensively trained senior managers and an unsuitable candidate might bribe the headhunter to recommend that person for a vacant job.

The other form of recruitment is through job fairs, which aims 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. Notwithstanding the fact that the atmosphere at the fair is more relaxed than at an interview, employers are still on the look out for qualified, potential employees who have interest, dedication and initiative (Dessler, 1991). Singh and Finn (2003) propose that advertising on the Internet should supplement conventional recruitment practices.

Hsu and Leat (2000), agree with culturally relativist arguments, that recruitment practices are culturally sensitive across national boundaries. Recruitment methods also vary

significantly according to the nature of the business and the size of the firm. Larger firms use transfers, job rotation and employee referrals more frequently whereas smaller firms use direct applications technique.

2.3 Selection Practices

Even in times of high unemployment, selection is very much a two-way process, with the candidate assessing the organization as well as the other way round. From the organization's point of view, selection is just as much as a selling operation as the initial recruitment (Cole 1997). Very often, personnel are selected on a subjective, emotional basis, not on a basis of sound principles. Before hiring workers the entrepreneur need to know his/her organization. Miner and Crane (1995) suggests twelve steps in thorough selection. He points out that doing the job of selection will from the beginning give way for more effective and smooth operation of the business. Understand the organization, the 'climate' in which the worker will work; the working conditions, the physical and psychological atmosphere. Besides, there is need to find out what personal factors (age, education and the like) are needed. He/she also need to know the job to be filled, being familiar with each duty and responsibility. Having a Job Description and Job Specification. Finding out what tests will help predict competence, recruiting widely and wisely as well as interviewing objectively are fundamental. The entrepreneur has to know what he is looking for without making generalizations. The entrepreneur needs to have an associate also interview an applicant, review carefully before making final decision.

The objective of selection practices is to identify and hire those individuals most likely to perform on the job over a substantial period of time. The selection approaches include

interview, application forms and biographical information, references and background investigations and psychological tests (Cole 1997). Armstrong (2005) categorizes all selection approaches into three; interviews, assessment centers and tests. Interviews according to Armstrong fall into three categories. These are individual interview, which involve face-to-face discussion, panel interview, selection boards and telephone interviews.

Telephone interviews are useful if speed is paramount and if geographical distance is a concern. In panel and face to face interview, one applicant is interviewed at a time but a number of interviewers may vary, the greater the number of interviewers at any one time the greater the formality. Where interviewers prepare themselves along the line suggested, they are more likely to reach informed judgments about candidates rather than hopeful “guesstimates”. Some organizations encourage their line managers to formalize this process of structuring the interview by asking them to complete a candidate assessment form, which is usually based on the personnel specification. Successful selection interviewing is not easy, but generally it’s possible for managers and others to improve their skills in this aspect of their work by practicing the skills involved and by developing systematic procedures, much of the arbitrariness can be done away with. (Cole, 1997).

Assessment centers focuses on behavior, it is a process and not a place. It incorporates multiple forms of assessments; simulation exercises, in-tray exercises, psychological tests and interview. They are useful to indicate the extent to which candidates match the culture of the organization and give candidates a better feel of the organization and its values. Psychological tests are standardized tests designed to provide an objective

measure of certain human characteristics by sampling human behavior. Some of the advantages of assessment centers are; considerable data about candidate can be collected, if successful, it can produce valid and reliable choice of candidate and it has the potential for use as a staff development tool as well as for selection purpose. It's shortfalls include; complexities of putting an assessment center together, costliness of setting up and then running a center and a poorly designed centre, or one which fails a particular group of participants e.g. the minority can bring adverse publicity as well as representing poor value of money (Ryan & Ployhart, 2000)

Tests typically are used to identify an individual's level of verbal, numerical use of tests which have been tried and tested over many years, and thus have acquired a reasonable reputation for both reliability and validity (Cole,1997). They are used on the basis that tests scores relate to or correlate with subsequent job performance, so that high test score would predict high performance levels and vice versa (Torrington, 2005). Scholars in favour of tests attest greater potential of accuracy and objectivity of test data. According to Ryan, Farland, and Baron, (1999), tests include intelligence tests, which are designed to measure performance of a number of standardized mental tasks, they are closely related to general ability to learn. Aptitude tests on the other hand are special, such as mechanical ability, spatial and numerical ability, they predict potential of an individual to perform tasks within a job. Attainment tests attempt to measure previous learning and include tests for spelling, arithmetic and typing. Another type is the personality tests, which are aimed at providing a profile of individual personality, Bruce (1969), describes them as the most controversial of all psychological tests, at present their validity is open to question. Occupational preference tests are designed to bring out individual

preferences for certain categories of employment, they can be useful for career counseling (Ryan and Ployhart 2000)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study made use of cross-sectional survey. It involved surveying and fact finding with the aim of assessing the state of recruitment and selection practices, as it exist at present, particularly in the listed insurance firms.

3.2 Population

The research population comprised of 5 insurance companies listed in the Nairobi stock Exchange (NSE) website as at 1st April 2012. A census was carried out, it involved an attempt to collect data from every member of the population being studied rather than choosing a sample.

3.3 Data Collection

The study used primary data which was collected through an interview with the respondents of this study. Interviewees were guided using an interview guide consisting of two sections A, B and C. Section A was used to collect the respondents' biodata while section B was used to collect their contributions on the recruitment practices while Section C was used to gather information on selection practices.

The respondents of this study consisted of five head of departments of the NSE's listed insurance firms because they are the ones who are incharge of the recruitment and

selection practices and processes in the organizations and are therefore more conversant with the practices put in place.

3.4 Data Analysis

The data collected was edited for accuracy, uniformity, consistency and completeness and then arranged in a systematic manner in order to come up with relevant conclusions and recommendations about the phenomenon under study so as to establish dominant policies and practices. Thus the researcher was able to clearly establish recruitment and selection practices that exist in the NSE's listed insurance firms.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The study was to establish the recruitment and selection practices that are common in the five Insurance companies listed in Nairobi Stock Exchange list. . These were; Pan Africa Insurance Holdings Ltd, Kenya Re-Insurance, CFC Insurance, Jubilee Insurance and British American Insurance of Kenya (BRITAK).

Data was collected from the target respondents who were the five heads of department, charged with the responsibility of recruitment and selection and analyzed in line with the objective of the study. The data was collected using an interview guide with open ended questions, thus allowing for further probing during the interview. All the five heads of department were interviewed leading to a 100% response rate.

4.2 General Information about the respondents companies

This section sought to get the general information about the different line of products offered by the company the total number of staff employed by the company as well the experience of the respondents.

4.2.1 Classes of Insurance

The respondents were asked to name the various classes of insurances offered by their firms. This was to aid in gaining more understanding about the companies in the study.

The insurances that were under study cover various classes of insurance. One of the five is a reinsurer and reinsures all classes of insurances, ranging from life, composite and medical. Four of the companies offer life, while two cover medical and composite classes.

4.2.2 Number of Employees

The research sought to get information from the respondents on the total number of employees engaged within their companies. This information gathered for both the sales force and the fulltime employees.

It was revealed that the employee's numbers varied across the five organizations. One had 456 employees, the second had 645, the third had 533, the fourth, 645 and the last had 566. It is evident that, most of the insurance firms employ more than 500 employees.

4.2.3 Experience and Educational Qualification of the Respondents

The study sought to find out on the year of experience the interviewers have had in the industry. Educational levels were also to be established, this was to act as a guide in establishing whether the target respondents were able to tackle recruitment and selection practices related questions. As from the study, the respondents had been with their firms for long duration, three of the respondents had been their for a period of more than five years and two have been with their employers for more than three years. All the respondents were university graduates, most having post graduate degrees. This is the level of education expected for top level managers in an organization to enable them take up decisional responsibilities with regard to the recruitment and selection decisions of an

organization. This implied that they had enough experience and knowledge of the organization to enable them respond effectively to the questions regarding this study.

4.3 Recruitment Practices

This section aimed at addressing the various recruitment activities, practices and processes as they exist in the insurance firms under study. It endeavored to thoroughly seek information to aid in making conclusions about the various recruitment practices existing in the firms.

4.3.1 Recruitment Practices Adopted

The question aimed at finding out the recruitment practices that are commonly applied in the respondents' organizations and the dominance of these activities, resulting from the fact that there are very many processes and steps adopted by various insurance organizations in attracting candidates to the organization, after identifying the need to fill a vacancy, attracting candidates, advertising the post, receiving the application forms and then conducting interviews.

It was found out from the study that all the respondents apply both the internal and external sources of recruitment. When a vacancy arises, the initial step is to carry out a search within the company to identify the possible candidates before turning to external candidates. This is achieved through promotions, coaching, mentoring and posting the jobs on the company's bulletin boards and magazines. Skills data banks are also used by ensuring that the employees update the human resources department on any new

developments in their skills, this the respondents felt, boosts the employees loyalty to the company.

When no suitable internal candidate was identified, all the respondents resorted to using the external sources of recruitment, advertising was observed to be used predominantly by all the firms under study, the aim of advertising is to generate interest from potential candidates by attracting a sufficient number of candidates who possess the necessary skills, experience and qualifications to perform the role effectively. Advertising is done through local newspapers, roadside billboards and use of websites e.g Career Point and Brighter Monday. Closely followed by advertising is recruitment using agencies, used by three respondents' firms, when it has not been possible to find a suitably qualified or experienced candidate or for a particularly specialist or senior role, it becomes appropriate to engage recruitment agency to assist in filling the role. All the respondents also indicated that they use employee referrals and walk ins, employees inform their friends and families to apply, referrals was seen to be a very good source of employees and a source of increasing employees motivation.

Four out of all the respondents indicated to use headhunting when recruiting very senior managers. The selected individuals are identified and approached discretely and interviewed to get the best, this method was seen as a source of winning the employees with the expert knowledge that are rarely found in the market. Two respondents mentioned the use of job fairs, which involves organizing open forums to inform the prospective candidates of the opportunities within their organizations. The respondents always have a large pool of candidates to shortlist from this job fairs.

On being probed further on whether there had been any changes on the recruitment practices over time, two of the firms under study have adopted 'make or buy' policy decisions, which means that the organization prefers to recruit people at junior level or as trainees, and rely mainly on promotion from within and training programs to meet future needs. Two other respondents indicated that they have opted to recruit from outside the organization by bringing in fresh blood into the organization. All the respondents indicated that they are currently trying to mix the two choices together to varying degrees, depending on the situation of the firm and the type of candidates sought. All the respondents also indicated that with an anticipated growth of the firms in recruiting there has also been anticipated growth of the respondents to rely on their current team to meet their organizational hiring needs. Three of the respondents in the study are more likely to turn to agencies, three others will turn to sales people before hiring more permanent staff or giving contracts.

Recruiting budgets have also increased slightly two of the recruiters in the survey are seeking at least some increase in budget. Three others were operating with the same budget as last year. All the respondents revealed that they expected the budget to increase significantly. Since adding additional recruitment staff is not an option for most of the insurances, recruiting has brought about the need of training of the staff involved in the process and partnering with other organizations to help and leverage new, more efficient talent acquisition method. It was clearly observed from the study that the insurances companies are adopting new models in response to changing business scenarios. All the firms in this study are shifting from the traditional practices of recruitment to more

advanced and effective methods. Shifting towards outsourcing of the non-core services e.g cleaning and information technology services, this according to the respondents, is aimed at ensuring that the firms concentrate of their core businesses of innovating new products to counter competitors and also expansions to ensure maximum growth.

From the respondent's responses it is obvious that the traditional methods of recruitment are still being applied in organization e.g newspapers, modern forms are also being appreciated and adopted e.g internet. It also reveals that transfers, promotions and job rotation are the kind of recruitment and selection practices that give the best results for the organization.

4.3.2 Recruitment Process

This section was aimed at identifying the recruitment and selection processes adopted by the insurance firms under study, processes put in place to ensures success of any recruitment effort. The process acts as a benchmark to ensure that the organization gets where and what it wants.

All the Insurances firms under the study have three stages in which recruitment and selection practices is applied, defining requirement, attracting candidates and selecting the candidate. In defining requirement, number and category of people required are specified in the recruitment program, which is mostly derived from the human resource plan. Requirements for particular positions are set out in the form of role profiles and person specification. These provide the basic information required to draft advertisement, recruitment consultants and assess candidates. Attracting candidates involves identifying, evaluating and using the most appropriate sources of applicants. However, in cases where

difficulties in attracting and retaining candidates are being met or anticipated a preliminary study is carried out on the factors that are likely to attract or repel candidates e.g. the strengths and weaknesses of the organization as an employer. If the vacancy is to be filled internally, then the individuals are identified and informed about the rotations and promotions. If several candidates from within the firm qualify, then they are shortlisted and taken through the vetting process, to select the best.

Whereas three of the respondents indicated that theirs was a detailed and carefully planned process, two indicated that sometimes the processes are not given due attention e.g. job analysis and identification of the criticality of the vacancy.

4.4 Selection Practices

This section addressed the selection practices adopted by the respondents' firms and the selection processes. It sought to identify the predominantly used practices and processes as they exist

4.4.1 Selection Practices Adopted

After identifying the recruitment procedures and activities, the respondents were asked to identify the selection practices adopted after short listing the candidates to be selected.

The study revealed that all organizations predominantly apply interviewing, these include face-to-face interview, panel interview and telephone interviews. Telephone interviews are used mainly to reduce the number of candidates shortlisted by gauging their response to the questions related to the job at hand. Panel interviews according to the respondents ensure objectivity of the selection process, panels are commonly used. Three respondents

indicated to be using selection tests to mainly provide more valid and reliable evidence of intelligence, personality characteristics, abilities, aptitudes and attainments. Aptitude test is the class of tests that is widely administered. Tests are commonly used in cases where masses have been shortlisted and when selecting Graduate Management Trainees.

All the respondents indicated that they rarely used assessment centers, it was found out that all of them use it only when recruiting Graduate Management Trainees. Assessment centers were widely seen as the best practice to gauge the abilities of the individual all round e.g interpersonal skills and communication abilities. It was also chosen because of its validity and reliability in gauging candidates. It was deduced from this study, the main selection practices adopted by all respondents are interviews and aptitude tests. Organizations are yet to fully implement the use of other methods like assessment centers and use of medical tests.

The respondents were further asked on their views on satisfaction with the selection practices within their firms, this is because, it is always expected that by having a clear and concise selection practices and policies in place, a sound selection process is achieved, it is for this reason that human resource managers seek to ensure that practices that are adopted are coherent and consistent with their firms' business strategy. The human resource managers in these insurance firms agreed that the recruitment and process is satisfactory, three of them rated the process as excellent; one said its good and another one indicated that it is average. All the respondents attributed the satisfaction to the fact that the selection practices took into account the labour market demands. The context for recruiting people from the environment in which the firm is operating, the staff within the firm who can be promoted, trained, or deployed to meet the future needs

of the organization. Four of the respondents also attributed it to the fact that the processes are carried out in an open and transparent manner which ensures that the ultimate goals objectives of the recruitment and selection are achieved. One other attributed it to the support given by the management.

From the study, the selection practice that cut across all the five organizations is interviewing technique and aptitude test to recruit the management and the graduate trainees. One organization utilized referencing and medical examinations checks, whereas in the other four they were not used.

4.4.2 Selection Process

This section sought to seek the selection process that is adopted by the firms under study, proper screening of candidates takes place during the selection process. All the respondents indicated that their processes take the following steps; screening interviews, used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during this stage. This Interview are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Application blanks is the next step used, it involves filling application blanks, it's done by the individuals who cleared the preliminary interviews. The next stage is written tests, used to objectively assess the potential of the candidate, another stage is the employment interviews, which involves interaction between the interviewer and the potential candidate. Two respondents revealed that in their

organizations some steps like preliminary interviews and application blanks, they attributed this to lack of time and the urgency to fill positions.

One of the five respondents mentioned that the next step in his firm was medical examination, which was conducted to ensure fitness of the potential employee, this will eventually reduce chances of employee absenteeism. All the respondents finally gave appointment letters after doing a reference check about the selected candidate.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives a summary of the analysis, conclusions, recommendation, limitations and suggestions for further study.

5.1 Summary

The study aimed at establishing the recruitment and selection practices common in the five listed insurance firms; CFC insurance, Pan Africa Insurance Holdings Ltd, Kenya-Re Insurance, Jubilee Insurance and British American Insurance of Kenya. Data was collected from five head of the human resources department. An interview guide was used to collect data and content analysis was used to analyze the data. 100% response was achieved. The classes of insurance covered by the firms under study are; life, composite and medical. Most of the firms under study employees more than 500 staff. All the respondents have been with the company for more than three years and they are all graduates with post graduate diplomas.

The need to recruit in firms arises mainly due to staff turnover and growth within the company. In these insurance firms most of the candidates are recruited through either internal or external sources. When a vacancy arises, a search within the company is carried out to identify prospective candidates e.g use of skills data banks, rotations, transfers and promotions before turning to external sources by use of advertising.

Newspaper advertising is also commonly used, though internet advertising is quickly picking up. Recruitment agencies, employee referrals and walk-ins are also commonly used. Headhunting is another form of external recruitment, though its only used to recruit senior managers. Job fairs are also rarely used. Recruitment process adopted in this firms includes; defining requirement, attracting candidates and selecting the candidate.

Selection practices commonly used in the firms studied include interviews, tests and sometimes assessment centers. Technical and general questions are posed to candidates in the interview and during the interview period their candidates should be put at their ease so as they can give the information required. Psychometric tests are also applied techniques in most of the organizations. Assessment centers are rarely used and applicable only when recruiting graduate management trainees. One firm also used referencing and medical examination checks were used. The selection process involves conducting screening interviews, filling of application blanks, writing tests and carrying out employment interviews. After the interviews another firm uses medical examinations. All the firms finally gave appointment letters after doing reference checks.

5.2 Conclusions

The recruitment process at the five insurance firms to some extent is not done subjectively and therefore lot of bias hampers the future of the employees. The use of referrals could encourage tribalism and nepotism which may greatly effect the achievement of organizational goals and objectives. The internal candidates are also considered for recruitment before seeking external candidates.

The traditional forms of recruitment and selection e.g advertising, walk-in applications and interviewing are slowly being phased out and being replaced by technologically advanced modes e.g portal applications, teleconferencing interviews and talent search. Many companies are also taking advantage of the services provided by the recruitment agencies. This ensures that the experts deliver the much sought after caliber of individuals, while saving on company's time.

The recruitment and selection process is clearly defined in three stages; pre-recruitment, recruitment and post recruitment. The company's allocation of recruitment and selection budget is done once, but at times there is a need to adjust it depending on the needs at hand.

5.3 Recommendations

In view of the findings resource managers are recommended to learn how to use media tools to connect with passive candidates, utilize social media more and build a pipeline of referrals and they should be focusing on social media sites to build brand awareness as well as focusing more on niche sites rather than national job boards. The use of social media will ensure that the firms gets access to as many candidates as possible. E.g use of twitter, Skype and facebook. Graduate trainees should also be considered frequently when taking in new employees to ensure there is continuity in the firm without age gap and new technology gap being in use since these management trainees come with new ideas in the market at that time. Trainees should not only be considered at management level but even in junior position so that there is flow of new ideas not just from the top but also from the bottom.

The employees should be made aware of their anticipated career progression within the company. Departmental managers should be trained so that they can continuously provide guidance through mentoring, coaching and delegation to ensure that the employees are much prepared to take over more challenging responsibilities. Manpower requirement for each departments should be identified well in advance so as to help organize the recruiting and selection team in good time so as not to affect the smooth running of the organization. Time management is very essential it should not be ignored at any level of the process and the recruitment and selection procedure should not be lengthy and time consuming, for time is very important in everything that is done 'time wasted is never recovered'.

Management should also recognize talents and nurture them to grow in the insurance firms since talent management consist of talent identification, planning and development. The approach emphasizes on the ability of everyone to succeed and thereby achieve extraordinary result with ordinary people.If the man power required is high and the recruitment team of the human resource department alone can not satisfy it, the help from the placement agencies is necessary, though it goes with extra spending it should be encouraged since it brings in more qualified personnel in handling the job. Gender equity should also be taken into account in the various openings in their organization as this too is a key factor in the developing a vibrant and reliable work force. It is clear that certain jobs require a specific gender and so they should always consider such in the recruitment and selection process.

5.4 Limitations

As much as the feedback received was 100%, the data collection process faced few challenges; time was a major limitation, it was difficult to get appointments to see the head of the human resources departments, since most of the times they were held up in meetings. When available they had less time to respond to questions, but probing further, assisted in this.

It was also difficult to convince the respondents that the information given was basically for research purposes. They feared that the information given could reflect negatively on the performance of the company in future.

5.5 Suggestions for Further Study

Some of the areas of studies that could be carried out in future includes; identifying the challenges that managers face in implementing the recruitment and selection practices, the impact of proper recruitment and selection practices on the overall performance of an organization.

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Appendix I

Judith J Rotich

P.o Box 30376-00100

Nairobi

Dear Sir/Madam,

RE: PERMISSION TO COLLECT DATA

I am a final year student at the University of Nairobi undertaking a Master of Business Administration degree in Human Resource Management.

I would like to kindly request for permission to carry out research in your organization on the recruitment and selection practices in your firm. The data gathering process will involve interviewing the head of your human resources department using an interview guide.

Your acceptance will be appreciated.

Judith Rotich

Appendix II

Interview Guide

Section A: General information about the company

1. What classes of insurance are offered by your company
2. What is the number of your staff
3. How many years have you worked in the insurance industry, and what are your educational qualifications

Section B: Recruitment Practices

4. Which recruitment practices are used by your organization?
 - Transfers
 - Promotions
 - Job Rotation
 - Talent search
 - Media Advertising
 - College/ University
 - Walk in applicants
 - Employee referrals
 - Recruitment Agencies
 - Head hunting
5. Please describe the recruitment process adopted by your company

- Identify vacancy
- Prepare job description and person specification
- Advertising the vacancy
- Managing the response
- Short-listing
- Arrange interviews
- Conducting interview and decision making

Section C: Selection Practices

6. What selection practices are used by your firm
 - Oral Interview (one –on- one)
 - Oral Interview (panel)
 - Written interviews
 - Assessment Centers
 - Medical Examinations
 - Reference Checks

7. Please describe the selection process adopted by your company
 - Preliminary Interviews
 - Application blanks
 - Written Tests.
 - Employment Interviews
 - Medical examination
 - Appointment Letter