FACTORS INFLUENCING HUMAN RESOURCE PLANNING AMONG INSURANCE FIRMS IN KENYA

BY

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D61/74560/2014

A RESEARCH PROJECT REPORT PRESENTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2016

DECLARATION

This research project is my original work and has not been presented for academic purpose in any other University or institution of learning.

Signature…… Date……..…

Adele Linda Wangui Macharia

D61/74560/2014

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

Signature……. Date……

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DEDICATION

This piece of work is dedicated to my Mum Veronica, Dad Anthony, Brother Francis, Aunty Eunice, Fiancé Raphael and Daughter Zuri and whose love, patience and encouragement gave me the support and motivation.

ACKNOWLEDGEMENT

The process of writing this masters project has been a delightful learning experience in my academic life. The completion of my present study leads to a new beginning and a step forward in my endeavors.

First and foremost, I would like to thank the almighty God for the strength, health and provisions. The success of this project would not have been achieved without the human support and contribution I received during the study. Hence, I would like to express my sincere appreciation to all individuals who have contributed to this project.

I wish to acknowledge the contributions of my supervisor Professor Peter K'Obonyo, for his valuable time, support, positive analytical criticism and good advice that have enabled me go through the process successfully. I am truly grateful.

Lastly I acknowledge the entire faculty at the School of Business for their contributions, suggestions and the moral support they offered me in the journey to complete this course.

ABSTRACT

This study sought to determine the factors that influence human resource planning among insurance firms in Kenya. The target population was all the insurance companies in Kenya (49). The study adopted descriptive research design where the respondents were the chief executive officers and human resource managers. Two questionnaires were given to each of the insurance companies. Primary data was collected through questionnaires. Data obtained was analyzed using descriptive statistics. The outcomes of the study were presented in tables. There were a large percentage of male respondents who took part in the study compared to females, implying the two top positions in the insurance firms are dominated by men. The study results indicated that technological changes, organizational structure, attrition rate, availability of scarce and critical skills and government policy had a significant influence on human resource planning. It was concluded that most of the insurance companies have adopted human resource planning. The study recommended that insurance firms embrace the changing times and adopt state of the art technology in developing the human resource blue prints. Firms should also adopt human resource planning to help them design the most appropriate organizational structure, to curb the turnover while acquiring and maintaining a sustainable pool of employees.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The most prominent problems limiting the progress and the overall development in most countries of the third world are related to incapability in fitting the human element (Subaie, 2016). This has necessitated both the government and private sector organizations to come up with various measures to enhance the human workforce, such as the human resource planning (HRP). Thus, in the current turbulent environment facing organizations, proper human resource planning is looked upon as being crucial for the survival of firms. A firm may be equipped with all the required resources but without effective human resource it can accomplish very little of its objectives if any.

According to Jacobson (2010), the process of human resource planning has received considerable attention in the recent past. This is attributed to the fact that despite the existence of various human resource planning measures, the work force in organizations is still being faced with many challenges. This is linked majorly to the factors which influence the human resource planning (Singh and Kassa, 2016).

Taking into consideration technological changes, organizational structure, attrition rate, availability of scare and critical skills and government policy (Armstrong, (2014) have all affected the supply and demand of human resource planning among insurance firms in Kenya. This research will be guided by the following theories; human capital theory, expectancy theory and equity theory where human capital theory looks at how people contribute their abilities, skills and knowledge in an organization. As for expectancy theory a person's inspiration is high when the person knows what to do for them to be compensated. To sum up, equity theory bases its argument on people's opinions about how they are treated in comparison to others.

1.1.1 Human Resource Planning

The planning process encompasses what should be done, how it should be done and when it should be done in determining organizational goals and the means of achieving those goals of the organization (Mohamed, 2014).

Santos et al (2009), found that the purpose of HRP is to forecast organizational needs for its employees and taking into consideration the internal and external supply of labour to meet staffing needs by identifying the gap between what is needed and what is available. Nkechi (2013), argues that it is through strategic planning that top management is able to evaluate the milieu in which the organization operates.

HRP is a cyclic process involving many interrelated activities that must be altered and updated as situations require. HRP practices consist of strategies on employee flexibility, absence management, retention, recruitment, talent management and selections (Reilly, 2003).

It is vital to adopt human resource planning to avoid contracting wrong employees because it could turn out to be costly in the long term. The process of HRP ensures that an employees in an organization have the essential skills and competencies a firm needs for it to prosper (Ghazala and Habib, 2012). The process ought to be carefully evaluated to avoid having scarce employees which could lead to use of overtime, recalling employees that had previously been laid off and promoting employees to higher levels to enable the gaps to be meet, whereas having numerous personnel can lead to attrition and hiring freeze, early retirements and layoffs just to mention a few.

1.1.2 Factors Influencing Human Resource Planning

HRP is a process based on forecasting and drawing a relationship of current and future human resource requirements. In their study Samolejova et al (2015) found that human resource planning usually involves the recruitment strategies and motivation of employees, as well as the tools of control and management of absenteeism and turnover of employees, selection, training and retention.

Demand forecasting refers to the process of estimating the future statistics of labour required and the possible skills and competencies needed. Factors affecting demand forecasting include the following: - setting up a new regional organization, creating a new sales department, decentralizing a head office function to the regions, plans for new methods of working, additional outsourcing, increasing productivity and reducing employment costs. Supply forecasting estimates how many people are expected to be available from outside and within the organization. Factors influencing supply include:-existing number of people employed by

occupation, skill and potential; potential losses to existing resources, through attrition (employee turnover); potential changes to existing resources, through internal promotions; changes to the organization structure, new methods of working, effect of increases in productivity; sources of supply from within the organization – existing employees and the outputs of talent management or training programmes. (Armstrong, 2012).This research will focus on the following factors that affect demand and supply of human resource; attrition rate, technological changes, organizational structure, availability of scarce and critical skills and government policy.

Human resource development is vital in the determination of individual upcoming needs (Subaie, 2016).Organizations that have a shortage of employees may end suffering from any of the following all in a bid to ensure organizational targets are meet ; use of overtime, recalling employees who were laid off, use of part time workers, subcontracting, training and development staff to meet the resource gaps ,promoting employees from lower level to higher levels where there are gaps. Whereas firms that have surplus staff may lead to raising costs, a lack of continuity, and other negative impacts on organizations (Jacobson, 2010). In order to reduce their operational costs an organization may; attrition and hiring freeze , early retirement/ buy outs, layoffs, leave of absence without pay, demotions, transfers, creation of more work

1.1.3 Kenyan Insurance Industry

The concept of insurance was first introduced during the time of the British colonial rule when they used to insure their insurable interest through insurance brokers on behalf of foreign insurance companies based in Britain.

Until the middle of the 1970s, those involved in the selling of, and advising on, insurance were thought of as being either insurance agents or insurance brokers (Hodgin Ray, 1988). The Insurance industry in Kenya worked in a somewhat steady environment until late 1970s. Government regulation was minimal and competition fairly low.

In Kenya, there were 5,188 registered insurance organizations as at the end of 2013(AKI, 2013) contributing a 3.5% share to the Gross Domestic Product (GDP). Of these, only 49 insurance companies as at the end of 2014 that had been registered. 25 companies dealt with business that is non-life insurance, 13 handled life insurance business while the remaing 11 were combined having both life and non-life (AKI, 2014).

1.2 Research Problem

Human resource planning is an essential component and determinant of an organizations performance in addition to other factors. Human resources make up the key resource in many organizations, particularly those in the service industry (Armstrong, 2002) and the insurance industry is no exception. The productivity and quality levels among the employees has been all but low and negative with corresponding cases of low efforts, creativity and innovation (Kaman, 2012). Some of the challenges faced by the insurance sector in Kenya includes; mergers and acquisitions, high attrition rate, absenteeism and increased operational costs. Technological changes, organizational structure, attrition rate, availability of scare and critical skills and government policy (Armstrong, (2014) are but some of the factors just to name a few, that influence HRP among insurance firms in Kenya.

The Kenyan insurance industry has put in various measures to avoid having a scenario of overstaffed or understaffed employees. Some of the measures entail; Introduction of HRIS, freezing employment and hiring more of contract staff and having the right mix of candidates, that it employees that are skilled and experienced at the same time.

Several studies, from developed countries and developing countries have established various factors that are key to human resource planning. Werner, *et al* (2012) identified some determinants of human resource planning which comprised of technological and organizational factors. Dom *et al*., (2012) on the other hand explored several factors affecting the Malaysian construction industry whose findings were economic changes were prevalent in factors infuencing HRP. Bergh, *et al* (2013) conducted a study on the human resource planning in Belgian production companies and established that employee preferences, overtime regulation and cyclicality of personnel rosters were the major determinants.

Chakravarthy and Prasad (2015) investigated the Role of Information Technology in Human Resource Management and established that human resource information system has various benefits but the foremost are cost reduction and less time consumption. Subaie, (2016) conducted a study on the factors affecting workforce planning in Saudi Universities. The study found that clarity of objectives, organizational structure, technical improvement, the financial situation and the policies of development of human resources altogether influenced planning for the work force.

Though some studies tried to find out factors affecting human resource planning in organizations, very few have been undertaken in Kenya. Further, there is a shortage of studies on human resource planning carried out focusing on the insurance sector. This study aims at fulfilling these research gaps while answering the research question; what are the factors influencing human resource planning among insurance firms in Kenya?

1.3 Research Objective

To determine the factors that influence human resource planning among insurance firms in Kenya.

1.4 Value of the Study

The findings of the study will be important in providing understanding into the various human resource planning strategies required to effectively perform in the insurance sector in the country. In particular, this study proposes to fill the gap in the body of knowledge in the determinants of human resource planning. This information will be useful to various stakeholders and potential investors who aim at improving the value of their share capitals. The study will form a good base upon which further research in the insurance sector will be based since it will help in forming empirical study and act as a source of secondary material.

The study will empower the management of the firms to escalate the factors undermining human resource planning, hence re-evaluating their strategies vis-a-vis this factors. The human resource manager will also incorporate the findings of this study in the strategic planning of their firms.

The study will help guide government policy pertaining to human resource and regulation for insurance firms in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing theoretical frameworks and empirical literature on human resource planning and closes a summary literature reviewed and an overview of the knowledge gap.

2.2 Theoretical Foundation

This study will be guided by three theories. Namely Human Capital Theory which provides framework on organizational learning strategies. Expectancy Theory of Motivation which provides framework on employee behavior whereas Equity Theory gives the study a framework that can be used to evaluate HRM practices and policies.

2.2.1 Human Capital Theory

The argument in the human capital theory is that people and their combined abilities, skills and experiences, together with their ability to utilize these in the interests of the employing organization, are now recognized as making a noteworthy contribution to organizational accomplishments and also establishing a significant source of competitive advantage (Armstrong, 2006). According to the theory, Becker (1994) output of staff is increased through teaching the employees beneficial skills and knowledge. A major strength of HCT is that it assists policymakers and researchers weigh the relationships between education and training as inputs and economic and social benefits as outputs. However, the limitation of HCT is that it assumes education raises productivity in the workplace, thus resulting in higher wages for individuals, but it also provides slight insight into the processes which education and training are transformed into higher wage.

In summary, according to Human Capital Theory investing in human capital will lead to more economic outputs however the validity of the theory is at times hard to prove and contradictory. The preposition that the theory has is that those in management should long to improve human capital in their organizations though this may cause increase in costs. It could be done through training and motivation; this will therefore impact positively towards the process of human planning.

2.2.2 Expectancy Theory of Motivation

Expectancy theory is benched on the proposition that people change their behavior in the organization based on expected gratification of valued goals they have set. The theory explains a lot of the phenomenon relating to staff exertions, performance of work, motivation of employee that are monitored in organizations.

The theory holds that workers have private goals that they would like to achieve hence working in organizations (Robbins *et al* 2013). Achievement of these individual goals can be satisfied through prizes and work out put. The relationship between organizational rewards or work outcomes and personal goals therefore, is key to organizational rewards fulfil an employee's individual goal.

However, Minor (2006), argues that expectancy theory is complex and involves several variables therefore making practical applicability of the theory a little uncertain. Managers can therefore build an environment that enhances staff motivation levels through understanding the factors that encourage and discourage individual workers.

2.2.3 Equity Theory of Motivation

Equity theory describes and measures a staff's interpersonal fulfilment. Equity theory holds that peoples actions and motivations are steered by fairness and that discrepancies in this fairness in the place of work will spur them to try and redress it. The theory is concerned with staff perceptions of a company's internal and external behavior and how these perceptions drive or modify their own attitudes and behavior. Employees who perceive inequity will seek to cut it, either by distorting inputs and/or outcomes in their own minds better known as "cognitive distortion", directly shifting inputs and/or outcomes, or exiting the organization (Kaur, *et al* 2014). Equity theory therefore, is based on the principle that since there are no absolute criteria for fairness, an organization's employees normally evaluate fairness by making comparisons with others in alike situations (Beardwell and Claydon, 2007). Hence the theory suggests that managers should seek to find a balance between the inputs that a worker gives, and the outputs received. This in turn will rally employee performance significantly.

2.3 Factors Influencing Human Resource Planning

2.3.1 Technological Changes

According to Encher, Nielson and Vallone (2002) Human Resources is an important part that firms have not skipped, new technologies have a major impact on the practices and processes in this field. HRP & HRM technology can be defined as technology that is used to lure, hire, retain, and maintain a workforce, support administration of HR, and boost human resource management and planning (Bulmash, 2007). No doubt so far that technology has made it easier and faster to collect, organize, and deliver information and communicate with staff. Access to HR services is now being provided through technology and online application thus shifting the practice of human resource management (Richard, Johnson & Gueutak, 2011). Recent research indicates firms that fully adopt sophisticated HR technology tools outdo those that do not. Technology has impacted HR in the function of recruitment; by enabling the recruiter to be better organized (Selvan, 2015).

Technology enables practioners of human resource to successfully plan and coach new hires effectively. The ability to get company information and training programs from faraway locations removes the need for trainers to work directly with new hires on all training. According to Thamarai Selvan (2015) assessment of an employee performance can be done by use of computers.

2.3.2 Organizational Structure

Organizations are uniform, structured and coordinated effort for achievement of economic/financial objectives for profit seeking firms and social for non-profit organizations. Structure composes of an integral part of any organization; it acts as a basis for orchestrating organizational activities. Therefore, organizations understand the significance of structure in carrying out business activities and its nexus to strategy. The human resource manager ensures that they have the right personnel based on the structure of the firm. This will take into contemplation any future growth plans and expansions of the firm. HR practices do not exist in a vacuum; hence, understanding the context within which the role of HR in corporate decision making is affected contributes to improved management of personnel. Such understanding is key

as organizational borders are unclear due to an increasing movement towards a global economy where management entails handling organizations and people in geographic positions different from one's own.

2.3.3 Attrition Rate

Attrition can to a large extent be disruptive and costly if not managed well. Work personnel leave employment due to various reasons; resignation, termination, retirement, remuneration, work assignments benefits, promotions just to mention a few. Employees who perform better have an upper hand on external employment opportunities as compared to the average performing employees (Trevor, 2001). Adoption of HRP policies will ensure that the attrition rate of the organization is manageable.

2.3.4 Availability of Scarce and Critical Skills

Scarce skills are careers which have a shortage of skilled and qualified personnel due to unavailability and scarcity of the trained personnel Framework for Identifying and Monitoring Scarce and Critical Skills (2005). Managers address scarce skills through training people with registered credentials on the national qualifications framework (NQF) such as degrees, professional certificates, diplomas or technical certificates, while critical skills can be acquired through registered part-qualifications or nonregistered short courses which can consist of individual modules within a qualification.

Critical skills are the specific abilities that one requires within an occupation, skills examples entail, teamwork, cognitive, communication, technology, customer handling and general management.

2.3.5 Government Policy

A broad array of government regulations affects the labour supply and therefore HRP (Mathias et.al 2015). HRP requires organizing the different players of the government, the private, the education and training, the professional and occupational sectors of a country's economy. Legislation by a country's government greatly impacts all HR activities. The legislation many at

times dictates the duration that a business must hold on to personnel archives and other employee data, what and how the data is to be stored.

For instance, company managers operate within the restrictions of law and safeguard the privacy of employee medical information.HR specialists should be updated on the legislation and educate various supervisors within the organization on their responsibilities (Revised Employment Act, 2012).

2.4 Summary of Literature and Research Gap

People are vital to organizations as they offer perspectives, values and attributes to organizational life; and when managed effectively, these human traits can be of considerable benefits to the organization. Human resources planning is a route aimed at guiding actions related to the human resources management (Mursi 2003).Therefore, human resource planning is considered as an important topic of administration that focused on the contemporary management theories because of their vibrant effect on organizations in general. However, most of the studies conducted have focused on the actual workforce planning with there being a shortage in the studies that take on consecration factors affecting human resource planning. It's against this backdrop that this study is conducted; it will aim to fill these research gaps by investigating the factors that influence human resource planning at the insurance industry in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented the method used in carrying out the research. It touched on the research design and methodology, while defining the population of the study, sampling design, data collection procedure and tools, data analysis and presentation of the techniques.

3.2 Research Design

The study adopted descriptive research design. According to Burns and Grove (2011) the design provided the framework that holds the research project together. Descriptive research design aims at establishing the current phenomena, exactly the way it is as the researcher has no control over the variables (Fatuma, 2014). Particularly it minimizes interference and ensures no biasness hence more appropriate for the study. This proposed research design has been established to be ideal when data are collected to describe persons, organizations, settings or phenomena (Creswell, 1994).

3.3 Population

The population of the study consisted of 49 operating insurance companies that had been registered as at December, 2015. This is the population that will be targeted as per appendix II (AKI, 2015). The researcher focused on the insurance head offices of the companies that are located within Nairobi County.

3.4 Data Collection

This study used primary data which was obtained using a structured questionnaire which entailed of closed-ended questions. The respondents of the study were the top management of the companies; namely the Chief Executive Officer and the Human Resource Departmental Head or their equivalents. The researcher preferred this population since they are directly involved in the firms' operations and hence most conversant with the study topic. Two questionnaires were handed to each insurance company. The questionnaire was structured to have two sections, whereby section one will collect demographic information of the respondent and section two will address the perceived factors influencing human resource planning. To rate the statements about the factors the respondents will use a five point Likert scale. The researcher adapted drop and

pick later method to administer the questionnaire since the respondents consisted of personnel based within Nairobi. In order to encourage feedback and increase the feedback rate the researcher followed up the questionnaires though making conducting personal visits, phone calls, and sending e-mails.

3.5 Pilot Study

The questionnaires were pilot tested on some selected subjects and the results obtained were used to improve it by ensuring the data obtained was sufficient to the subjects. According to Connelly (2008), existing literature recommended that a reconnaissance study sample should be at least 10% of the sample estimated from the parent study. The study used 10 % (10) respondents for the pilot study, they were randomly selected. During this reconnaissance the questionnaire was further amended before the actual data for the study was collected to check the validity and reliability of the instrument.

3.5.1 Reliability of the Research Instrument

According to Creswell, 1994, reliability refers to the tendency towards consistency found in repeated measurements. Cronbach's Alpha was used to test the reliability of the instruments in this study. Coefficient of 0.6 to 0.7 is the normally accepted rule of the thumb that shows acceptable consistency and 0.8 or higher indicates good consistency. A high value of alpha (>0.9) may suggest redundancies and indicate that the test length should be condensed (Tavekol and Dennick, 2011). Condensation was attained through rephrasing the questions with low alpha after pilot study. This ensured the instrument captured all the required data.

3.5.2 Validity of the Research Instrument

The researcher conducted a pilot study in order to realize validity. Content validity was used to determine validity of the instrument. Therefore, content validity of the instrument was determined by experts in research from University of Nairobi Department of School of Business who looked at the measuring technique and coverage of specific factors covered by the study.

3.6 Data Analysis

Data analysis refers to extraction of meaningful information from mass of data whose purpose was to obtain meaning from the data collected. The filled in questionnaires were checked for completeness. The researcher used statistical package for social sciences (SPSS) to interpret the quantitative data from the close ended questions and analysis was done through use of descriptive statistics which included percentages, frequencies, arithmetic mean and standard deviation. The analyzed data was represented in tables and figures.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter focuses on the data analysis, interpretation and presentation of the findings of the study. The study aimed to determine the factors that influence human resource planning among insurance firms in Kenya. Data was collected exclusively from the questionnaires. The researcher used descriptive analysis to present the results.

4.2 Questionnaire Return Rate

Of the 88 distributed questionnaires, 60 (68%) were completed and returned, while the other 28 were never returned.

4.3 Socio-demographic Characteristics of Insurance Firms Respondents

This section sought to determine the socio-demographic characteristics of the respondents which is important in determining the reliability of the information provided.

4.3.1 Gender of the Respondents

The study sought to establish the gender diversity of the Insurance firms CEOs and HRM respondents. The results were as indicated in Table 4.1

Table 4.1: Gender of the Respondents

Occupation	Frequency	Percentage
Male	33	**55%**
Female	27	**45%**
Total		**100%**

The results obtained showed that 33 (55%) were male while 27 (45%) were female, thus showing a high diversity of the gender. Rekha & Gaonkar (2010) have noted that women in most developing countries have a low socio-economic status than that of their male counterparts thus their participation was hampered.

4.3.2 Working Duration of Staff at the Insurance Firm

The respondents were required to indicate the period for which they had worked for the insurance company. The findings are presented in Table 4.2.

Table 4.2: Working Duration at the Insurance Firm

Working Duration at the Insurance Firm	Frequency	Percentage
11 – 15 years	18	30%
2 – 5 years	17	28%
6 – 10 years	14	23%
16 – 20 years	11	18%
Total		**100%**

Majority of the respondents had worked for duration of 11-15 years with a frequency of 18(30%), 17 (28%) of them for duration of 2-5 years, 14 (23%) for 6-10 years while only 11 (18%) for 16-20 years. The respondents had thus worked for a significant duration, this indicates that most respondents (30%) had enough experience, knowledge and skills to execute initiatives put in place by the organization. Findings by McDaniel, Schmidt and Hunter (1988) support this, saying that their results indicate that for all levels of job experience and for both low- and high-complexity jobs, the correlation between job experience and job performance is positive.

4.3.3 Number of Years the Insurance Company Has Been Operating

The respondents were required to indicate the period the insurance company had been in existence. The findings are presented in Table 4.3

Table 4.3: Operating Period of the Insurance Firm

Operating years of the Insurance Firm	Frequency	Percentage
31 to 40 Years	47	78%
Over 50 Years	13	22%
Total		**100%**

Most of the firms had been operating for the duration of 31-40 years with a frequency of 47 (78%), while only 13 (22%) for over 50 years.

4.3.4 Business Category

The study sought to establish the business classification of the Insurance firms. The results were as represented in Table 4.4

Table 4.4: Business Category

Business Category	Frequency	Percentage
General Business	38	63%
Composite	12	20%
Life	10	17%
Total		**100%**

The response rate was highest for general business with a frequency of 38(63%) whereas composite insurers were 12(20%) and lastly life with 10(17%).

4.3.5 Number of Employees

The respondents were required to indicate the staff numbers working in the insurance company. The results are presented in Table 4.5

Table 4.5: Number of Employees

No. of Employees	Frequency	Percentage
101 to 150	47	78%
Over 150	13	22%
Total		**100%**

Majority of the respondents work for insurance companies that had 101 to 150 employees with a frequency of 47(78%) and the rest had over 150 employees 13(22%).

4.4 Factors Influencing Human Resource Planning

4.4.1 Technological Changes

This section seeks to establish the extent to which technological changes influence human resource planning among insurance firms. The findings are as shown in Table 4.6.

The findings in table 4.6 show that the selection of new employees such as. advertising jobs online, online application and interviews, online selection had a mean of 4, recruitment techniques such as advertising jobs online, online interviews, online selection had a mean of 3.78, human resource development comprising of online seminars, online training and virtual learning had a mean of 3.72, succession planning consisting of models for forecasting (e-models) had a mean 4.07. On communication e.g e-mails, internet and virtual notice boards had a mean 4.07, job evaluation comprising of job description database, job specification database, online job evaluation procedure had a mean of 4.08. This meant that technological changes had a significant effect on HRP to a very large extent.

Table 4.6: Technological Changes

Statement	Very large extent	Large extent	Moderate extent	Small extent	Very small extent	Mean	Std. Dev
Selection of new employees e.g. advertising jobs online, online application and interviews, online selection	24	21	7	7	1	4.00	1.07
Recruitment e.g. advertising jobs online, online interviews, online selection	20	19	10	10	1	3.78	1.14
Human resource development e.g. online seminars, online training, virtual learning	15	20	18	7	-	3.72	0.98
Succession planning e.g. models for forecasting (e-models)	21	24	15	-	-	4.07	1.18
Communications e.g. e-mails, Internet, Virtual notice boards	23	20	17	-	-	4.08	1.29
Job evaluation e.g. job description database, job specification database, online job evaluation procedure	15	13	16	12	4	3.38	1.25
Performance Appraisal e.g. online appraisal reports, video	13	18	14	10	5	3.40	1.24
Overall	**131**	**135**	**97**	**46**	**11**		

4.4.2 Organizational Structure

This section seeks to establish the extent to which organizational structure influence human resource planning among insurance firms. The findings are as presented in Table 4.7

The findings presented in table 2.7 indicated human resource involvement influences human resource planning in making work-related decisions to further improve the organizational structure with a mean of 3.88. Further, majority of the respondents agreed that proper and effective organizational structure influence human resource planning with a mean of 3.9. Various other initiatives were also been established to impact on the extent to which lack of a well-maintained and rigorously managed organizational structures affect human resource planning in the insurance firm 4.08, Absence of designed and documented service delivery models which are supposed to inform the insurance firms organizational structure affected human resource planning with a mean of 3.48 and that proper and effective organizational structure influences human resource planning in your insurance firm with a mean of 3.98. Further, on whether organizational structure of your insurance firm contributes to conflict between short term and long term human resource needs with a mean of 3.48 and finally. The right composition of the insurance firms' structure influence reporting, recording as well as decision making process had a mean of 3.65. This meant that organizational structure affected HRP (69%) to a large extent.

Table 4.7: Organizational Structure

Statement	Very large extent	Large extent	Moderate extent	Small extent	Very small extent	Mean	Std. Dev
Insurance firms' human resource involvement in making work-related decisions to further improve the organizational structure	15	23	22	-	-	3.88	0.78
Proper and effective organizational structure influence human resource planning in your insurance firm	18	22	20	-	-	3.97	0.80
The extent to which lack of a well-maintained and rigorously managed organizational structures affect human resource planning in the insurance firm	21	23	16	-	-	4.08	0.79
Absence of designed and documented service delivery models which are supposed to inform the insurance firms organizational structure affected human resource planning	12	20	20	7	1	3.48	1.10
Proper and effective organizational structure influences human resource planning in your insurance firm	20	19	21	-	-	3.98	1.29
Organizational structure of your insurance firm contributes to conflict between short term and long term human resource needs	13	17	18	10	2	3.48	1.25
The right composition of the insurance firms' structure influence reporting, recording as well as decision making process	18	17	13	10	2	3.65	1.24
Overall	**117**	**141**	**130**	**27**	**5**		

4.4.3 Attrition Rate

This section sought to establish the extent to which attrition rate affects human resource planning among the insurance companies. The findings are as presented in Table 4.8

As shown in table 4.8, HRP has contributed to employee's job security and job satisfaction to a large extent (mean of 3.76) remuneration is at par with other insurance companies with a mean of 3.68. Further, majority of the respondents agreed to a large extent that the office has potential for career growth and skill development (mean of 3.95). The insurance companies had sufficient roles for staff to avoid job monotony with a mean of 3.78. There good are good incentives for staff in the company with a mean of 3.85. This meant that HRP succeeded in managing the attrition rate of employees (64%) and attrition rate had been impacted by HRP to a large extent.

Table 4.8: Attrition Rate

Statement	Very large extent	Large extent	Moderate extent	Small extent	Very small extent	**Mean**	**Std. Dev**
Job security and job satisfaction	25	38	23	12	-	3.76	1.03
Remuneration is at par with other insurance companies	25	33	27	12	1	3.68	1.09
The office has potential for career growth & skill development	26	44	25	3	-	3.95	0.76
There are sufficient roles for staff to avoid job monotony.	26	36	26	9	1	3.78	0.97
There are good incentives for staff in the company	28	34	27	9	-	3.85	1.01
Overall	**130**	**185**	**128**	**45**	**2**		

4.4.4 Availability of Scarce and Critical Resources

This section seeks to establish the extent to which availability of scarce and critical resources affects human resource planning in the insurance companies. The results are as presented in Table 4.9

The results in table 4.9, show that insurance firms have a minimum requirement on academic and other qualifications (mean of 3.79), which include the number of years worked previously (mean of 3.71), educational background (mean of 3.69). The availability of scarce and critical resources was also found to have helped the firms consider the skills of the potential employees, with a mean of 3.73.

Table 4.9: Availability of Scarce and Critical resources

Statement	Very large extent	Large extent	Moderate extent	Small extent	Very small extent	**Mean**	**Std. Dev**
The insurance firm has a minimum requirement on academic qualification	28	36	20	13	1	3.79	1.13
The insurance company has a requirement on the number of years worked previously	24	36	26	9	3	3.71	1.16
The insurance company considers the educational background	25	31	29	13	-	3.69	1.05
The firm considers the skills of the potential employees	23	36	28	11	-	3.73	0.97
Overall	**100**	**139**	**103**	**46**	**4**		

4.4.5 Government Policy

This section sought to establish the extent to which government policy affects human resource planning in the insurance company. The findings are as presented in Table 5.0

The findings presented in table 5.0, indicate that the insurance firms have a minimum requirement on academic qualifications with a mean 3.70, human resource operations are guided by employment act (mean of 3.61) while HRP in the firm focuses on non-discrimination and offers equal opportunity to everyone (able and disabled, all races, religions) (mean of 3.42). This implies that government policy has enhanced HRP to a large extent (65%).

Table 5.0: Government Policy

Statement	Very large extent	Large extent	Moderate extent	Small extent	Very small extent	**Mean**	**Std. Dev**
The insurance firm has a minimum requirement on academic qualification	22	37	27	12	-	3.70	0.95
Human resource operations are guided by employment act	19	35	31	13	-	3.61	0.97
HRP in the firm focuses on non-discrimination and offers equal opportunity to everyone (able and disabled, all races, religions)	21	28	25	19	5	3.42	1.21
Overall	**62**	**100**	**83**	**44**	**5**		

4.5 Discussion of the Findings

The study sought to determine the factors that influence human resource planning among insurance firms. The results obtained showed that that HRP plays a significant role in the day to day running of insurance firms with all factors generating a mean of above 3.304. This concurred with argument by Graham (1998) and Bennett (1998) a review of the organizations existing plans and mission determines the number and quality of human resources required to achieve the set objectives. In addition 23 (51%) of the respondents were male while 22 (49%) were female, thus showing a high diversity of the gender. According to Rekha & Gaonkar (2010) women in most developing countries have a low socio-economic status than that of their male counterparts thus their participation was hampered.

The study found technological factors play a significant role in aiding of HRP with a mean of 3.78 and have changed the way jobs are advertised and applied for/ how staff communicate, trainings and e-learning opportunities among other benefits. This is similar to a study done by Yeung et al. (1994) who reported that more than half of the companies which they interviewed had used the human resource information systems to integrate their databases, and their information system provided better information access for managers and employees. In another study titled "Impact of Technology Advancement on Human Resource Performance" Kamal and Kumar (2013) found that after conducting a survey of 18 HR Managers from various private corporations operating in Lahore, Pakistan. The results showed that technology, HRIS to be specific, was positively used as a tool to achieve greater administrative efficiency by adding value in the HR department.

The study revealed that human resource planning among firms in the insurance industry has resulted in designing of organizational structures (69%) that ensured there is no role conflict and redundancies thus saving on labour costs. It has helped to evaluate the current staffing needs and their growth. Effective and efficient HRP also helps develops an organization chart that identifies the various positions needed, create detailed job descriptions for each position and rank them. It helps identify existing employees who aren't being used effectively and considers other work they can do or what training they need to improve their productivity. This is supported by a study conducted by Campbell and Craig (2005), who argued that failure to choose an effective structure has its consequences on an organization as it will not only affect health of the

organization but will also affect employees loyalty, motivation at work and job satisfaction, thus organization when deciding for designing structure needs to take care of all aspects that relates to people and working of organization.

The findings also revealed that attrition rate has an important role to play on HRP. That is, if effective human resources planning are done, it ensures that a firm hires, trains and manages workers effectively thus reducing turnover. This is in line with Trevor (2001) who argues that employees who perform better and are intelligent enough have more external employment opportunities available compared to average or poor performance employees and thus they are more likely to leave, hence HRP should come in to curb this exits. Suitable HRP helps HR managers identify job candidates who are most likely to succeed if they are brought on board.

In relation to the availability of scarce and critical resources (mean of 3.73), HRP ensures that employees are given an opportunity to grow career wise. It is done by systematically forecasting the future demand for supply of employees in terms of finding, developing and keeping a qualified workforce for the improvement of the organizational performance. HRP develops plans on training and development that influences the insurance firms' human resource planning by arming employees with the necessary abilities to perform well at their present and future tasks. Training offers opportunities for employees to share many experiences and develop an understanding of their day to day roles.

Finally, government policies significantly affect HRP (65%) in the insurance firms. The Kenyan revised employment act of 2012 is the most significant government policy that affects human resource planning. Employment law changes must be incorporated in insurance firms' HR policy and implemented on the ground by supervisors and managers. Therefore, HR professionals must stay abreast of legislation and train managers on their responsibilities (Revised Employment Act, 2012).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter consists of the summary of findings, research question answers, the conclusion and research recommendations.

5.1 Summary

The study found out that human resource planning among insurance firms in Kenya has enabled the industry to determine long run goals; determine strengths, weaknesses, opportunities and threats.

Technological factors play a significant role in aiding of HRP and have changed the way jobs are advertised and applied for/ how staff communicate, trainings and e-learning opportunities among other benefits.

Human resource planning among firms in the insurance industry has resulted in designing of organizational structures that ensured that there is no role conflict and redundancies thus saving on labour costs.

The study found that HRP has an important role to play with regard to attrition rate. That is if effective human resources planning is done, it ensures that a firm hires, trains and manages workers effectively to reduce turnover. Proper HRP helps recruitment managers find potential candidates who end up being brought on board to the company. The planning has however been hampered by the high turnover of employees, brought about by the competition among firms and the emerging sector of insurance banking, therefore, being seen as a challenging task for managers.

HRP ensures that employees are given an opportunity to grow career wise in relation to availability of scarce and critical resources. It is done by systematically forecasting the future demand for supply of employees in terms of finding, developing and keeping a qualified workforce for the improvement of the organizational performance. HRP equips employees with the skills to undertake their present and future tasks through offering training and development programs.

Government policies significantly affect HRP in the insurance firms. The Kenyan revised employment act of 2012 is the most significant government policy. Supervisors and managers should ensure that any changes on employment laws are incorporated in the insurance firms HR policy and are implemented accordingly.

This study found that all the aforementioned factors therefore affect HRP quite significantly, however, at different levels and fronts.

5.2 Conclusion

Human resource planning is vital to any organization since it connects the business objectives of the insurance company to the human resources function. Management should therefore understand the human resource plans can be affected by internal and external change, consequently forecasting is essential for effective planning.

5.3 Recommendation

Based on the findings, the study makes various recommendations:

The study recommends that insurance firms should embrace the changing times and embrace technology in the daily running of most if not all of their functions. Firms in and outside the industry should also adopt HRP to help them design the most appropriate organizational structure, curb the turnover that has been seen, acquire and maintain a sustainable pool of employees with the requisite skills and develop a blueprint that will help them adopt easily to the ever changing government policies.

Human resource planning is important to the Insurance industry especially for addressing employee shortages and surpluses, advocating for human resource financing, highlighting competency and skills gaps, improving employee retention each and encouraging proactive human resource management.

5.4 Recommendations for Further Research

Future research could address the following topics:

1. Determinants of effective HRP.

2. Influence of HRP in other industries (Banks, Government or NGOs).
3. Challenges affecting HRP implementation among Insurance firms.

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APPENDICES

Appendix 1: Questionnaire

Section A: Demographic Characteristics

1. Please indicate your Gender

   a) Male ( )
   b) Female ( )

2. How many years have you worked in the company?

   a) Less than one year ( )
   b) 2 – 5 years ( )
   c) 6 – 10 years ( )
   d) 11 – 15 years ( )
   e) 16 – 20 years ( )
   f) More than 20 years ( )

3. Please indicate the number of years your insurance company has been operating

   a) Less Than 10 Years ( )
   b) 11 to 30 Years ( )
   c) 31 to 40 Years ( )
   d) 41 to 50 Years ( )
   e) Over 50 Years ( )

4. Please indicate the nature/category of the Company.

   a) General Business only ( )

   b) Life Business only ( )

   c) Medical Business only ( )

   d) Composite life and general ( )

5. Please indicate the number of employees in your company. (Please tick one)

   a) 1 to 50 ( )

   b) 51 to 100 ( )

   c) 101 to 150 ( )

   d) Over 150 ( )

SECTION B: FACTORS INFLUENCING HUMAN RESOURCE PLANNING

6. Technological Changes

This section seeks to establish the extent to which technological changes influences human planning at the insurance company. Please indicate to rate the extent to which the following influence human resource planning using a scale of 1 to 5 where 1 is very small extent, 2 is small extent, 3 is moderate extent, 4 is large extent and 5 is to a very large extent.

Statement	**1**	**2**	**3**	**4**	**5**
Selection of new employees e.g. advertising jobs online, online application and interviews, online selection					
Recruitment e.g. advertising jobs online, online interviews, online selection					
Human resource development e.g. online seminars, online training, virtual learning					
Succession planning e.g. models for forecasting (e-models)					
Communications e.g. e-mails, Internet, Virtual notice boards					
Job evaluation e.g. job description database, job specification database, online job evaluation procedure					
Performance Appraisal e.g. online appraisal reports, video					

7. Organizational Structure

Statement	**1**	**2**	**3**	**4**	**5**
Insurance firms' human resource involvement in making work-related decisions to further improve the organizational structure					
Proper and effective organizational structure influence human resource planning in your insurance firm					
The extent to which lack of a well-maintained and rigorously managed organizational structures affect human resource planning in the insurance firm					
Absence of designed and documented service delivery models which are supposed to inform the insurance firms organizational structure affected human resource planning					
Proper and effective organizational structure influences human resource planning in your insurance firm					
Organizational structure of your insurance firm contributes to conflict between short term and long term human resource needs					
The right composition of the insurance firms' structure influence reporting, recording as well as decision making process					

8. Attrition Rate

Statement	**1**	**2**	**3**	**4**	**5**
Job security & job satisfaction					
Remuneration is at par with other insurance companies					
The office has potential for career growth & skill development					
There are sufficient roles for staff to avoid job monotony.					
There are good incentives for staff in the company					

9. **Availability of Scarce and Critical Skills**

Statement	**1**	**2**	**3**	**4**	**5**
The insurance firm has a minimum requirement on academic qualification					
The insurance company has a requirement on the number of years worked previously					
The insurance company considers the educational background					
The firm considers the skills of the potential employees					

10. Government Policy

Statement	**1**	**2**	**3**	**4**	**5**
Employment is guided by government policies ad regulation					
Human resource operations are guided by employment act					
HRP in the firm focuses on non-discrimination and offers equal opportunity to everyone (able and disabled, all races, religions)					

11. Which other factors influence human resource planning at your organization?

……

……

……

Thank you for your time

Appendix II: List of licensed Insurance Companies in Kenya as at December 2015

1. AAR Insurance Kenya
2. Africa Merchant Assurance Company - AMACO
3. AIG Kenya Insurance Company
4. APA Insurance - Part of Apollo Investments Company
5. Apollo Life Assurance
6. British-American Insurance Company Kenya Limited
7. Cannon Assurance Company Limited
8. Capex Life Assurance Company
9. CIC General Insurance
10. CIC Life Assurance
11. Concord Insurance Company Limited
12. Continental Reinsurance
13. Corporate Insurance Company
14. Directline Assurance Company
15. East Africa Reinsurance Company
16. Fidelity Shield Insurance Company
17. First Assurance Kenya Limited
18. GA Insurance Company
19. Geminia Insurance Company
20. Heritage Insurance Company
21. ICEA LION General Insurance Company
22. ICEA LION Life Assurance Company
23. Intra Africa Assurance Company
24. Invesco Assurance Company
25. Jubilee Insurance Company Limited
26. Kenindia Assurance Company
27. Kenya Orient Insurance
28. Kenya Reinsurance Corporation
29. Liberty Life Assurance Kenya Limited

30. Madison Insurance Company Kenya
31. Mayfair Insurance Company
32. Metropolitan Life Insurance Kenya
33. Monarch Insurance Company
34. Occidental Insurance Company
35. Old Mutual Life Assurance Company
36. Pacis Insurance Company
37. Pan Africa Life Assurance
38. Phoenix of East Africa Assurance Company
39. Pioneer Assurance Company
40. Resolution Insurance Company
41. Saham Insurance Company
42. Sanlam Insurance Company Limited
43. Shield Assurance Company Limited
44. Takaful Insurance of Africa
45. Tausi Assurance Company
46. Trident Insurance Company
47. UAP Insurance Company
48. UAP Life Assurance Company
49. Xplico Insurance Company

Source: IRA, 2015: The insurance Industry Report 2015