

The Influence Of Staff Recruitment And Selection Process On Performance Of State Corporations In Kenya

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Abstract: Performance measurement in public institutions has gained momentum with a view to curb inefficiency and wastage of resources. This study sought to establish the influence of staff recruitment and selection process on performance of State Corporations in Kenya. A total of 102 State Corporations out of the total 200 corporations took part in the study. The main findings were that staff recruitment and selection process has a positive influence on performance of State Corporations in Kenya ($r = -0.452, p < 0.05$). This means that as staff recruitment and selection process improves, the performance contract composite score reduces. Since a lower performance contract composite score is preferred, it shows that an improvement in staff recruitment and selection process improves corporate performance. Among the constructs, staff selection has the strongest relationship ($r = -0.415, p < 0.05$) followed by job advertisement ($r = -0.386, p < 0.05$) and job analysis ($r = -0.3666, p < 0.05$) respectively. Multiple regressions show that recruitment and selection process explains 20.4% of the variance in performance of State Corporations. This is considered a good fit model that exists ($F = 25.31, p < 0.05$). Among the constructs, job advertisement had the greatest contribution on the variance in the dependent variable with a β coefficient of -0.313. This is followed by staff selection with a β coefficient of -0.189 and job analysis with a β coefficient of -0.179 respectively. The negative coefficients show that as the variable staff recruitment and selection process improves so is composite corporate performance score.

Keywords: State Corporation, Recruitment, Selection, Performance.

I. INTRODUCTION

A. BACKGROUND

Globally, State Corporations have been established in almost all countries of the world to support Governments efforts in service delivery. In 1965, the Government published the Sessional Paper No. 10 on African Socialism and its Application to Planning in Kenya. This paper laid the foundation for the establishment of State Corporations in the country (Republic of Kenya, 1965). Since then, the number of State Corporations grew up to 200 in 2014. State Corporations in Kenya are established under State Corporation Act Cap 446 of 1st November 1986. In a bid to promote efficiency and

effectiveness of the public sector, the Government of Kenya has initiated several reforms since independence. These include Structural Adjustments Programme (SAP) introduced in 1986 (Rono, 2002). The Civil Service Reform Programme (CSRP) was introduced in 1993 (Sawe, 1997). In 2003-2008, Results-Based Management (RBM) was initiated (Kobia & Mohammed, 2006).

B. PERFORMANCE CONTRACTING IN KENYA

The Kenyan Government in 2004 introduced performance contracting rooted in RBM for all public institutions (Obong'o, 2009). Performance contract is a negotiated contract between the Government as the owner of all public institutions and the

management of these institutions (Ochieng, 2010). It spells out the annual intentions of the two parties, responsibilities as well as milestones. This is evaluated annually for each public institution. One of the main limitations of performance contracting is that the annual evaluation results only provides the performance grading score but do not indicate the reasons for good or poor performance (Kobia & Mohammed, 2006). Hence, the best practices are not documented or disseminated. This study sought to establish why some State Corporations in Kenya perform better than others in the annual performance contract evaluation. The study focused on staff recruitment and selection which was pointed by current literature as a probable explanatory variable (Waiganjo, Mukulu & Kahiri, 2012).

C. SPECIFIC OBJECTIVE

The specific objective was to establish the influence of staff recruitment and selection process on the performance of State Corporations in Kenya.

D. RESEARCH HYPOTHESIS

To determine the influence of the independent variable of the dependent variable, the study undertook to test the following hypothesis.

Ho1: There is no significant influence of staff recruitment and selection process on performance of State Corporations in Kenya.

E. CONCEPTUAL FRAMEWORK

Conceptualization and explanation of performance of State Corporation in Kenya was viewed in terms of job analysis, job advertisement and staff selection process

II. LITERATURE REVIEW

A. RESOURCE BASED VIEW THEORY

The RBV theory states that a firm's performance is influenced by resources available (Madhani, 2010). Brown (2007) has classified these resources in two categories namely physical resources and human capital. Irungu and Marwa, (2015), have argued that tangible and intangible resources form the basis of internationalization in Kenyan medium firms. Newbert (2007) states that it is not the static resources that form the basis of competitive advantage, rather it is organization capabilities, valuable, non-imitable and substitutable resources. This view is emphasized by Foss and Knudsen (1993) when they state that while resources are essential, it is more important to ensure efficient use of the same. According to Barney (1991), for these resources to promote sustainable competitive advantage, they need to satisfy the value, rarity, imitability and non-substitutability (VRIN) criteria. This will ensure protection and insulation from competitors (Brown, 2007). Wade and Hulland (2004) define resources as assets and capabilities that enable a firm to capture the market. Gaya and Struwig (2016) are of the

opinion that understanding firms' competitive advantage would be possible if the resource based view (RBV) was merged with the activity based view (ABV) to form activity and resource based view (ARBV). They state that what really matters are the set of activities that a firm engages to meet the customer needs. Kabue and Kilika (2016) are of the opinion that since resources in most cases are common, firms can only achieve competitive advantage through adoption of core competencies such as organization culture and values. Mutunga, Minja and Gachanja (2014) established that amongst the resources of a firm, organizational structure had the greatest contribution in enabling attainment of sustainable competitive advantage.

A key strength of this theory is provision of a framework for sustainable competitive advantage and recognition of organization internal resources (Jurevicius, 2013). Critics have however argued that the theory is tautological (Priem & Butler, 2001). This is because it highlights the importance of resource to be valuable. It has been argued that a resource that is not valuable is useless and hence not a resource. The second argument is that the theory pays no attention to the product market (Priem & Butler 2001). Since the focus is on resources that are utilized to make a product, it is erroneous to ignore the final product generated from the input resources. Another criticism is that it is difficult to find a resource that meets the VRIN criteria thus shedding doubts on the practicality of this theory. Further, the rarity concept is obsolete since a resource that is valuable, non-imitable and non-substitutable is already rare (Hoopes, Malses & Walker, 2003). Another criticism is that while availability of these resources is necessary, it is not sufficient for improvement of firms' performance as these must be used effectively (Priem & Butler 2001).

B. THE BALANCED SCORECARD THEORY

Kaplan (2010) highlights the conceptual foundation of the balanced scorecard. In his paper, there is emphasis that this approach was formulated to ensure that all aspects of the organization are assessed. The balanced score card has four perspectives namely customer, learning and growth, internal business process and financial perspective. These perspectives allow the measurement of tangible and intangible assets. Muiruri and Kilika (2015) concluded that BSC for performance measurement is relevant to the public sector in Kenya even though it has not been well understood. These findings are similar to those of Marete (2015) study where she established that application of balanced scorecard in these institutions had a positive impact on performance. According to Kairu et al (2013), non-financial measures are as important as financial measures but when the two are combined, they produce better results. Gitonga and Nyambegera (2015) found that implementation of the customer perspective was hindered by lack of appropriate internal systems and procedures. Financial perspective was constrained by low budget allocation. Learning and growth was limited by low prioritization of this perspective as well as succession planning while business perspective was limited by lack of supportive environment for innovation. Chimwani and Nyamwange (2013) found that the financial measure was the most commonly used in small and medium enterprises.

Internal business process, customer as well as learning and growth were least applied.

C. PERFORMANCE MEASUREMENT IN PUBLIC INSTITUTIONS

Public institutions have been under increasing scrutiny to demonstrate impact as well as increased efficiency and effectiveness (André, 2010). However, while there is global consensus on performance measurement for Public Institutions, the process of measurement has encountered some challenges. Firstly, the indices used in performance measurement for public institutions are heavily borrowed from the private sector and hence do not reflect public sector environment (Walker, 2008). This position is reinforced by Anjula (2009) in his argument that public sector is different from private sector and has unique distinctive capabilities such as infrastructure, state regulated resources and huge labour force. Another concern is that more focus has been on measurement of processes and not outcomes indicators. Aldin, Rahim and Athmay (2008) state that, results are more important than process compliance. This is supported by Evans & Bellamy (1995)

Berg, Grift and Witteloostuijn (2011) measured performance using the economic position of a firm. Gestel, Voets and Verhoest (2012) have used product and process performance. In some instances, units appropriate for measurement of formal processes and outcomes have been used to measure informal process and outcomes (Fritzen, 2007). Similarly, Theil and Leeuw (2002) have argued that performance assessment often leads managers' to focus on parameters that would ultimately be measured. Further, Karen, Jiju and Susan (2009), state that performance measurement has not improved performance since it is more external driven initiative. In Kenya performance measurement of public sector institutions is done using the balanced score card (BSC). This approach lays emphasis on a wide range of measures including financial and non-financial parameters. Kirkman, Lowe and Young (1999) have recommended this approach in performance measurement. Some key areas of assessment include finance stewardship, service delivery, non-financial issues, operations, dynamic/ qualitative issues and corruption eradication (Republic of Kenya, 2013). The use of BSC in measurement of performance of public institutions is widely recognized even though adoption rate is low (Northcott & Taulapapa, 2012).

D. STAFF RECRUITMENT AND SELECTION PRACTICES

Saifalislam, Osman and Alqudah (2014) state that human resource capital is one of the most essential factor of production that influences organization performance. This is supported by Ofobruku and Iheabunike (2013) who are of the opinion that recruitment and selection method influences organization performance. Similarly, a study by Omolo, Oginda and Oso (2012) established that the performance of small and medium enterprises can be influenced up to 72.40% through recruitment and selection practices. This is supported by Kepha, Mukulu and Waititu (2014) study which established

a correlation of 0.374 between recruitment and selection and employee performance. On the contrary, Muraga (2015) study on parastatals in Kenya concluded that there is no significant relationship between staff recruitment and corporate performance. Hence there are contradictory views on the influence of staff recruitment and selection and performance of public institutions.

III. METHODOLOGY

This is a cross-sectional descriptive study where data was collected at one point in time. The study is quantitative and qualitative and targeted both primary and secondary data in order to triangulate information. The target population for this study was all State Corporations in Kenya. The accessible or survey populations are the 200 State Corporations that were evaluated during the financial years 2014/2015 comprising the sampling frame. A representative sample of 132 State Corporations was selected randomly for the study. Two questionnaires were developed to facilitate data collection. These were self-administered. One questionnaire was to be filled by the staff in-charge of human resource management and the other one by the officer in-charge of performance contract. Self-administered questionnaires have previously been used successfully to collect data from State Corporations as reported by Koech & Namusonge (2012) and Kago (2014). The study further reviewed secondary data including internet sources, journals, magazines, newspapers, government documents and other literature. The questionnaires developed for the study were pretested before adoption and achieved a cronbach's alpha of 0.767 on reliability. To address validity, a team of 3 experts reviewed the questionnaire before and after the pretest as recommended by Mugenda and Mugenda, (2003). Descriptive statistics was used to analyze the characteristics of State Corporations and study data. Correlation was used to analyze the strength of relationship between the predictor and independent variable. Multiple regression was used to analyze the influence of independent variables on the dependent variables.

IV. FINDINGS

A. RESPONSE RATE

The response rate was 102 State Corporations representing 77% of the sampled State Corporations. Mugenda (2003) and Kothari (2012) have stated that a response rate of 70% and above is adequate. This is further supported by Babbie and Mouton (2002)

B. DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Most of the questionnaires 69 (67.7%) were filled by the human resource manager and the officer responsible for performance contract. In 25 (24.5%) cases, the officer in-charge of human resources filled both questionnaires while in 8 (7.8%) cases, the officer responsible for performance

contract filled both questionnaires. Majority of the State Corporations 69 (67.6%) were Non-commercial. Commercial corporations comprised 18(17.6%) while public universities and tertiary institution were 10(9.8%) and 5(4.9%) respectively. Majority 86 (%) of the State Corporations are located in Nairobi. Most State Corporations have their headquarters in Nairobi. The State Corporations had varying staff establishment with a mean of 470 staff members (minimum 16 and maximum 11,186) and a standard deviation of 1239.782. The mean number of men was 316(SD=982) and for women 155 (SD=322).. The high standard deviation for staff means that there was a wide range in staff establishment amongst different corporations. The State Corporations had been in existence for a mean period of 24.63 years (minimum 3 and maximum 106) with a standard deviation of 22.041. This implies a high variability in the years that the State Corporations have been in existence.

C. DIAGNOSTIC TEST FOR STUDY VARIABLES

a. RELIABILITY

Reliability test was done using the cronbach's alpha. Staff recruitment achieved an alpha value of 0.729 while performance of State Corporation achieved an alpha value of 0.9680 This was considered an indicator for high reliability as it exceeds the 0.7 threshold stated by Fraenkel and Wallen (2006).

b. VALIDITY

Factor analysis was applied in testing validity of the data and specifically the Kaiser-Meyer-Olkin (KMO) and Bartlett's test of sphericity. The results of the KMO test show a value of 0.756. Similarly, Bartlett's test of sphericity shows that the approximate Chi-Square was significant for all the variables. The two tests confirm construct validity of the data as argued by Dayan (2011) who has stated that the values for the Kaiser-Meyer-Olkin (KMO) test should be ≥ 0.5 while the Bartlett's test of sphericity should be significant.

c. MULTICORRELINEALITY

Variance inflation factor (VIF) for the predictor variable was 1.122 ruling out multicollineality problem. Bryman (2012) states that multicollineality becomes a problem if the VIF exceeds 10.

d. NORMALITY

The predictor variable had a skewness of -0.088 and kurtosis 0.714. The dependent variable had a skewness of -0.816 and kurtosis 0.333. Since none of the values exceed +1 or -1, this therefore confirms the normality of the data as argued by Aluja, Blanca and Garcia, (2005).

e. AUTOCORRELATION

Durbin Watson statistic was computed to determine if the predictor variable was autocorrelated with other predictor

variables. According to Gujarati (2003) coefficients ranging from 1.5 to 2.5 signify absence of autocorrelation. The value obtained was 1.994 indicating absence of autocorrelation amongst the variables.

f. LINEALITY

Linearity was measured using the Pearson correlation coefficient. This showed a negative association between the predictor variable and the dependent variable ($r = -0.452$, $p < 0.01$ confirming linearity of the data.

D. DESCRIPTIVE ANALYSIS RESULTS

Job analysis involves identification of the requirements for a specific job prior to recruitment. This is essential in guiding job advertisement as well as interviewing and selection of the right candidate. Most organizations 69(76.7%) did a job analysis for 81% - 100% positions prior to recruitment and selection process. There were very few organizations 3(3.3%) that did not do job analysis prior to recruitment. 8(8.9%) did job analysis for 1%-20% of all positions before recruitment and selection process. Majority of the corporation's 46 (51.1%) indicated that they conducted job analysis to conform to policy requirement. A significant number 22(22.2%) stated that job analysis was done to define the qualities of potential candidates. 2(2.2%) said that they did not do job analysis because recruitment process had not been put in place. 22(24.4%) corporations did not respond to this question. This observation underscores the importance of policy framework to ensure job analysis is implemented. Further, information was obtained on aspects of the job that were emphasized during job analysis. Most corporations 58 (56.9%) emphasized qualifications. A substantial number of Corporations 54(52.9%) emphasized experience while 35 (34.3%) emphasized competencies. There was low emphasis on terms of service 1(1%) respondents, statutory requirements 4(3.9%) and salary 4(3.9%) respondents respectively.

In order to determine job advertisement, respondents were asked to state on a likert scale the frequency of advertising vacant jobs in their corporation. Results showed that job advertisement was done all the time in 40(44.4%) corporations. There were 19(21.1%) corporations that advertised most of the time while 17(18.9%) advertised on few occasions and 11(12.2%) advertised half of the time. There were very few organizations 3(3.3%) that did not advertise jobs while 17(18.9%) advertised on few occasions. The results demonstrate a high commitment towards advertisement by approximately half of the State Corporations. Approximately half 49(54.4%) corporations said that they advertised because they have a policy to give equal opportunity to all people. A total of 15(16.7%) corporations stated the reason for not advertising all the time was that they had internal staff to fill some of the vacant positions. Few organizations 3(3.3%) stated that only senior positions were advertised while 2(2.2%) corporations said that it is costly to advertise for positions. 21(23.3%) corporations did not respond to this question.

On staff selection, 35(34.3%) corporations involved Board and Management. There were 29(28.4%) corporations

that involved Management only while 12(11.8%) corporations involved the Board only. There was 1(1%) corporation that used consultants only in staff selection while 1(1%) corporation used management and consultant. A further question was posed on how the corporation settled on the composition of the interview panel. Composition of the interview panel was mainly done according to policy 56(62.2%) corporations. Further 25(27.8%) corporations stated that this was done to minimize bias in staff selection. 9(10%) corporations did not respond to this question.

The respondents were also asked to state the key considerations while offering a job to a candidate. Most corporations 79(77.5%) considered integrity while selecting a staff for a job. Other key considerations were attitude 73(71.6%) and salary 76(74.5%) respectively. There were 50 (49%) corporations that considered overall interview score. Disability, gender and regional balancing were least considered by 8(7.8%), 20(19.6%) and 20(19.6%) corporations respectively. When the respondents were asked to state why they took the above considerations into account, most of them 35 (38.9%) stated they wanted to recruit a staff who would provide maximum output. A substantial number of respondents 28(31.1%) mentioned that this was done according to policy while few respondents 8(8.9%) mentioned the need to ensure disadvantaged persons were included. There were 19(21.1%) corporations that did not respond to this question. Finally, the study sought to obtain opinion data on the influence of recruitment and selection process on corporate performance. In almost all corporations 101(99%), there was a popular opinion that recruitment and selection process influence corporate performance.

E. CORRELATION ANALYSIS RESULTS

The Pearson correlation coefficient was used to determine if there was any association between staff selection and recruitment process with performance of State Corporation. There was negative correlation ($r = -0.452, p < 0.01$) significant at 99% confidence level as shown in table 1. The inverse relationship between the independent and dependent variable is a reflection of performance contract rating where smaller scores are more desirable as compared with higher scores.

Variables	Type	Coefficients	Performance
Performance	Dependent	Pearson Correlation	1
		Sig. (2-tailed)	.000
		N	101
Staff recruitment and selection process	Predictor	Pearson Correlation	-.452**
		Sig. (2-tailed)	.000
		N	101
Job Analysis	Construct	Pearson Correlation	-.366**
		Sig. (2-tailed)	.000
		N	102
Job advertisement	Construct	Pearson Correlation	-.386**
		Sig. (2-tailed)	.000
		N	102

Staff selection Construct	Pearson Correlation	-.415**
	Sig. (2-tailed)	.000
	N	102

** Correlation is significant at the 0.01 level (2-tailed).

Table 1: Correlation on staff recruitment and selection with corporate performance

The coefficients for the constructs of the predictor variable are, $r = -0.366, p < 0.05$ for job analysis, $r = -0.386, p < 0.05$ for job advertisement and $r = -0.415, p < 0.05$ for staff selection. The negative sign means that the variables have an inverse relationship. This reflects that as the constructs increases the dependent variable decreases characteristic of performance contract evaluation criteria where lower scores are more desirable. The implication is that any improvement on staff recruitment and selection process has a positive improvement on performance of State Corporation. The results are similar to those of Kepha, Mukulu and Waititu (2014) study on research institutes in Kenya which established a correlation of 0.374, $p < 0.01$ between recruitment and selection and employee performance. The findings are also supported by a study by Saifalislam, Osman and Alqudah (2014) that established a strong correlation ($r = 0.726$) between recruitment and selection with organization performance. Similarly, all the three constructs of staff recruitment and selection are related to performance of State Corporations. Staff selection has the strongest relationship ($r = -0.415, P < 0.05$). This is followed by job advertisement ($r = -0.386, p < 0.05$) and job analysis ($r = -0.366, p < 0.05$).

F. REGRESSION ANALYSIS RESULTS

The specific objective of this study was to establish the influence of staff recruitment and selection process on the performance of State Corporations in Kenya. The hypothesis was that:

H01: There is no significant influence of staff recruitment and selection process on performance of State Corporations in Kenya.

The model $Y = \beta_0 + \beta_1 X_1 + e$ was applied in order to test this hypothesis. Table 2 shows that the ability of staff recruitment and selection to explain the variance performance of State Corporation is explained by the constant ($\beta_0 = 0.181, p < 0.05$) and coefficient of staff recruitment and selection process ($\beta_1 = -0.3666, p < 0.05$).

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.452	.204	.196	.84588	1.991

ANOVA						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1 Regression	18.139	1	18.139	25.351	.000	
Residual	70.836	99	.716			
Total	88.975	100				

Coefficients						
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.		
1 (Constant)	.181		.085	2.133	.035	

Staff recruitment and selection process	-.366	.073	-.452	-5.035	.000
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Table 2: Regression of staff recruitment and selection with corporate performance

Thus the causal relationship for the two variables is depicted as $P = 0.181 - 0.3666SRSP + e$. Where P = Performance of State Corporation, SRSP = Staff recruitment and selection and e = error term. The prediction power of this model is significant since both the constant and staff recruitment and recruitment process have $p < 0.05$. Based on these results, the null hypothesis is rejected and alternative hypothesis accepted that, there is a statistically significant influence of staff recruitment and selection process on performance of State Corporations in Kenya. In the model, staff recruitment and selection process explains about 20.4% of the variance in performance of State Corporations. The model is a good fit as shown by analysis of variance (ANOVA) since the F value equals 25.351 and $p < 0.05$. When individual constructs were considered, job advertisement had the greatest contribution on the variance in the dependent variable with a coefficient of -0.313. This is followed by staff selection with a coefficient of -0.189 and job analysis with a coefficient of -0.179 respectively. These results are similar to those of Kepha, Mukulu and Waititu (2014), Omolo, Oginda and Oso (2012), Saifalislam, Osman and Alqudah (2014) and those of Ofobruku and Iheabunike (2013). However, the results contradict those of Muraga (2015) who established no significant relationship between recruitment and corporate performance. The difference may arise from the fact that Muraga study used different constructs from this study in measurement of variables.

G. SUMMARY OF FINDINGS

This study sought to establish the influence of staff recruitment and selection process on performance of State Corporations in Kenya. The findings were that staff recruitment and selection process has a positive influence on performance of State Corporations in Kenya. The correlation results show staff recruitment and selection had an inverse relationship with performance of State Corporation composite score ($r = -0.452$, $p < 0.05$). This means that as staff recruitment and selection increases, the performance contract composite score reduces. Since a lower performance contract composite score is preferred, it shows that improvements in staff recruitment and selection process improve corporate performance. Among the constructs, staff selection has the strongest relationship ($r = -0.415$, $p < 0.05$). This is followed by job advertisement ($r = -0.386$, $p < 0.05$) and job analysis ($r = -0.3666$, $p < 0.05$) respectively.

Multiple regressions show that recruitment and selection process explains 20.4% of the variance in performance of State Corporations. This is considered a good fit model that exists ($F = 25.31$, $p < 0.05$). Among the constructs, job advertisement had the greatest contribution to the variance in the dependent variable with a β coefficient of -0.313. This is followed by staff selection with a β coefficient of -0.189 and job analysis with a β coefficient of -0.179 respectively. The negative coefficients show that as the variable staff

recruitment and selection improves so is corporate performance score. The results are in agreement with the RBV theory on human resource as a basis of competitive advantage.

V. CONCLUSION

The specific objective of this study was to establish the influence of staff recruitment and selection practices on performance of State Corporations in Kenya. The study concludes that staff recruitment and selection process has a positive influence on the performance of State Corporations in Kenya. Among the constructs, job advertisement had the greatest contribution to the variance in the dependent variable followed by staff selection and job analysis respectively.

VI. RECOMMENDATION

A. RECOMMENDATION TO THE MANAGEMENT

State Corporations should conduct staff recruitment and selection professionally as this has a positive impact on performance. In doing so, priority should be accorded to job advertisement, staff selection and job analysis in that order to maximize the gains.

B. POLICY RECOMMENDATIONS

This study established that policies have a great role to play in ensuring that staff recruitment and selection is done properly. It is essential that the State Corporation Advisory Committee puts emphasis on this issue to ensure that all State Corporations have the necessary policies supporting staff recruitment and selection. The second recommendation is that, since the study covered State Corporations, the results may not be generalized for County Government and Ministries. For one to understand performance in these public sector institutions, a similar study is recommended.

C. CONTRIBUTION TO THEORY

This study has made a contribution to existing theories on performance management. These have mainly stated that staff recruitment and selection has a positive influence of organization performance. The study confirms this position and goes beyond to identify the strength of the different constructs of staff recruitment and selection practices. From the results, job advertisement had the highest contribution on the variance in the dependent variable. This was followed by staff selection and job analysis respectively. This information is essential in guiding managers on where to focus resources with a view to achieve the highest value.

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