

The effective recruitment and selection practices of organizations in the financial sector operating in the Slovak republic

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Abstract: The recruitment and selection practices is important for new and established businesses alike. It is the best way to achieve success in the business world. The paper provides a theoretical-analytical view of the issue of recruitment and selection of employees as one important practices of human resource management. Part of the article are the results of research, which deal with the following key topics: what strategies HR managers use to recruit for two types of positions: managerial/professional and non-management positions; how often HR managers use several practices to evaluate candidates in their selection process; which of recruitment strategies are for organizations in the financial sector highly effective or moderately effective, what factors that present the largest barriers to effectively recruiting and selecting candidates.

Keywords: recruitment and selection practices, human resources management, recruitment and selection strategies.

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1. Introduction

Recruitment and selection practices are the fulcrum on which all human resources management functions operate, as without the right staff, chosen using the right methods, none of the other functions will operate successfully. Therefore, it is crucial that human resources professionals, frontline, middle and senior managers, and human resources consultants continuously analyse and refine their recruitment and selection systems and competencies to ensure their effectiveness in providing organisations with the best employees in terms of their qualifications, competencies and work behaviours.

2. Literature review

Recruitment and selection within an organisation is an integral part of that organisation’s overall human resource management and planning process. As such, it is related closely to other human resource management processes, for instance, job design, human resource development, performance appraisal and management, reward systems, career and succession planning, promotions and transfers. Two key concepts underlie modern human resource management practice and are reflected in all activities concerned with the attraction, maintenance and separation of an organisation’s employees. They are: a) employees as human resources, human capital or organisational assets, and b) human resource management as a long-term, integrative and accountable strategic process. The first concept highlights the productive contribution of employees, both actual and potential, while the second focuses on the approach of human resource management practitioners to optimise this contribution for organisational benefit (Compton, Morissey, Nankervis 2014). Recruitment is the process of identifying and attracting potential candidates from within and outside an organization to begin evaluating them for future employment. Once candidates are identified, an organization can begin the selection process. This includes collecting, measuring, and evaluating information about candidates’ qualifications for specified positions. Organizations use these processes to increase the likelihood of hiring individuals who possess the right skills and abilities to be successful at their jobs.

Diagram 1 illustrates the ideal relationships between organisational and human resource management strategies, plans and functions, and highlights the centrality of recruitment and selection in the overall human resource management framework.

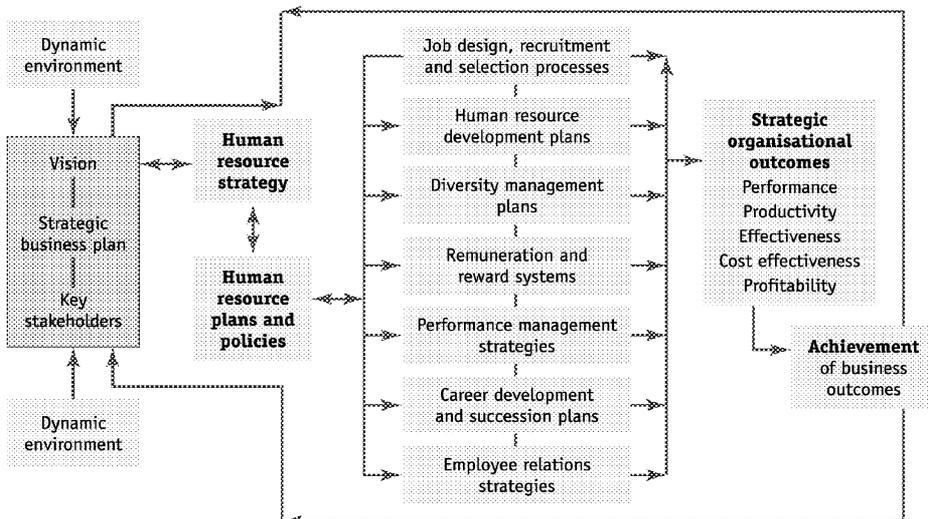


Diagram 1 Recruitment as a strategic HRM tool

The effective recruitment and selection of employees is a fundamental human resources management activity, one that if managed well can have a significant impact on organisational performance as well as lead to a more positive organisational image (Pilbeam, Corbridge 2006, In: Evans et al. 2007).

Ineffective recruitment has a number of cost implications for employers: low morale which can affect employee performance; lost business opportunities, as well as higher levels of labour turnover. Recruitment and selection also has an important role to play in ensuring worker performance and positive organisational outcomes. It is often claimed that selection of workers occurs not just to replace departing employees or add to workforce but rather aims to put in place workers who can perform at a high level and demonstrate commitment (Ballantyne, 2009).

Getting recruitment and selection processes and techniques right the first time is crucial and is the product of: 1) knowing what you want and where to get it (human resource planning); 2) being able to specify the required skills, attitudes, interpersonal skills (job design) to perform the job; 3) providing appropriate challenges, development, rewards and opportunities (human resource development, remuneration systems, career and succession plans) to satisfy and motivate qualified applicants (Compton, Morrissey, Nankervis 2014).

Recruitment and selection is characterised finally by potential difficulties and it is necessary to keep abreast of developments in research in the field. Research from the CIPD (2009, In: Compton, Morrissey, Nankervis 2014) for example, concluded that organisations should increasingly be inclusive in their employment offering as younger generations have grown up with the notion of flexible working, while older people have an interest in flexible working as an alternative to retirement. This is just one example of how current research can inform practice and also shows the critical importance of the social context in which recruitment and selection takes place. To Ongori (2010), recruitment and selection practices are the key factors to the entry point of human resources to any organization which also tends to determine the success and sustainability.

As Mullins, Gill (2010, p 485) notes: 'If the HRM function is to remain effective, there must be consistently good levels of teamwork, plus ongoing co-operation and consultation between line managers and the HR manager.' This is most definitely the case in recruitment and selection as specialist HR managers (or even external consultants) can be an important repository of up-to-date knowledge and skills, for example on the important legal dimensions of this area. Recruitment and selection is often presented as a planned rational activity, comprising certain sequentially-linked phases within a process of *employee resourcing*, which itself may be located within a wider HR management strategy. Bratton and Gold (2012, p. 239) differentiate the two terms while establishing a clear link between them in the following way: 'Recruitment is the process of generating a pool of capable people to apply for employment to an organisation. Selection is the process by which managers and others use specific instruments to choose from a pool of applicants a person or persons more likely to succeed in the job, given management goals and legal requirements.' In setting out a similar distinction in which recruitment activities provide a pool of people eligible for selection. Foot and Hook (2005, p 63) suggest that: 'although the two functions are closely connected, each requires a separate range of skills and expertise, and may in practice be fulfilled by different staff members. The recruitment activity, but not normally the selection decision, may be outsourced to an agency. It makes sense, therefore, to treat each activity separately.'

Recruitment and selection forms a core part of the central activities underlying human resource management: namely, the acquisition, development and reward of workers. It frequently forms an important part of the work of human resource managers - or designated specialists within work organizations. However, and importantly, recruitment and selection decisions are often for good reason taken by non-specialists, by the line managers. There is, therefore, an important sense in which it is the responsibility of all managers, and where human resource departments exist, it may be that HR managers play more of a supporting advisory role to those people who will supervise or in other ways work with the new employee. Recruitment and selection also has an important role to play in ensuring workers performance and positive organizational outcomes. It is often claimed that selection of workers occurs not just to replace departing employees or add to a workforce but rather aims to put in place workers who can perform at a high level and demonstrate commitment (Dessler 2000, In: Ntiamoah et al. 2014). Recruitment and selection is a topical area. While it has always had the capacity to form a key part of the process of managing and leading people as a routine part of organizational life, it is suggested here that recruitment and selection has become ever more important as organizations increasingly regard their workforce as a source of competitive advantage (Ntiamoah et al., p. 4, 2014).

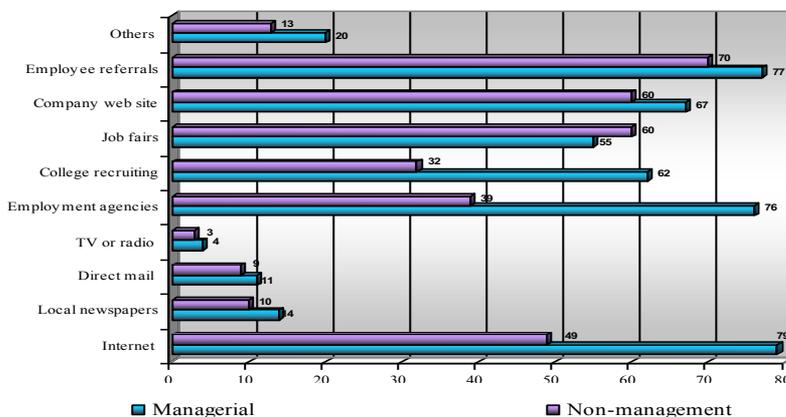
3. Data and Methodology

The object of the survey is the issue of recruitment and selection as a important practices of human resource management. Primary data collection was done through a standardized questionnaire which was distributed electronically to human resources managers of organizations in the financial sector operating in the Slovak Republic. Total 200 questionnaires were distributed and their return represents 39,50 %. We can say that research sample consists of a total of 79 HR managers working in an organizations in the financial sector operating in the Slovak Republic. We have examined the following key topics:

- Organizations fill work positions with with external candidates more often than internal candidates?
- What strategies HR managers use to recruit for two types of positions: managerial/professional and non-management positions?
- How often HR managers use several practices to evaluate candidates in their selection process?
- Which of recruitment strategies are for organizations in the financial sector highly effective or moderately effective?
- Factors that present the largest barriers to effectively recruiting and selecting candidates.

4. Results and discussion

Organizations fill work positions with external candidates more often than internal candidates. Although internal candidates typically stay in positions and are more successful than external candidates, organizations fill positions with external candidates, on average, 21 percent more often than internal candidates. 35 percent of positions are filled with internal candidates, with an approximate success rate (people who stay in the positions and are successful) of 68 percent. 65 percent of positions are filled with external candidates, with an approximate success rate of 72 percent. Organizations tailor their recruitment strategies to the specific positions they are seeking to fill. These strategies might differ depending on the level of the position. Survey respondents were asked what strategies they use to recruit for two types of positions: managerial/professional and non management positions. Graph 1 provides the percentage of organizations using each strategy. The internet is the most popular advertising medium to recruit for managerial positions. The internet allows organizations to reach a large number of candidates easily and efficiently. Also frequently use are for managerial position employment agencies, company web site and employee referrals. Least popular recruitment strategies are Tv or radio, direct mail and local newspaper in both positions.



Graph 1 Percentage of organizations using various recruitment strategies

Organizations use a variety of practices to select potential employees. The survey asked respondents to estimate how often they use several practices to evaluate candidates in their selection process. We can say, that nearly all

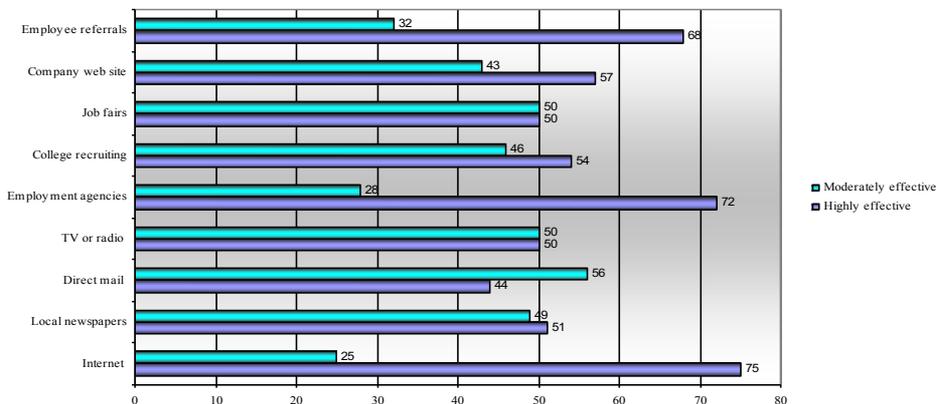
organizations use curriculum vitae and applications as part of their selection process. The next part of the article point out on the percentage of those organizations currently using each practice:

- Applications - forms requesting standard information (education or work experience): use extensively (90 percent), use sometimes (10 percent) and do not use (2 percent);
- Curriculum vitae: use extensively (89 percent), use sometimes (11 percent) and do not use (2 percent);
- Reference checks: use extensively (74 percent), use sometimes (24 percent) and do not use (4 percent);
- Biographical data: forms requesting information about family, hobbies, attitudes: use extensively (19 percent), use sometimes (10 percent) and do not use (79 percent);
- Training and experience evaluation - providing a checklist of specific skills or experiences: use extensively (15 percent), use sometimes (48 percent and do not use (49 percent);
- Ability tests: clerical, mechanical, physical, technical: use extensively (11 percent), use sometimes (79 percent) and do not use (20 percent);
- Knowledge tests - tests that measure job-specific knowledge: use extensively (7 percent), use sometimes (78 percent) and do not use (23 percent);
- Performance test - writing a computer program under structured testing conditions: use extensively (7 percent), use sometimes (67 percent) and do not use (39 percent);
- Assessment centre - role plays and simulations: use extensively (25 percent), use sometimes (45 percent) and do not use (32 percent);
- Behavior- based interviews: asking candidates to describe specific examples of their skills: use extensively (65 percent), use sometimes (49 percent) and do not use (2 percent);
- Situational interviews - asking candidates to respond to hypothetical situations: use extensively (32 percent), use sometimes (49 percent) and do not use (28 percent).

Behavior - based interviews are widely used in selection systems. Almost all the organizations surveyed (65 percent) use behavior - based interviews to some extent as part of their selection process. In these structured interviews candidates are asked to describe specific behavioral examples of their skills. Recruitment strategies will vary from time to time. In periods of growth, alternative sources of contract staff or long-term staff may be sought. Selection strategies will also differ, consistent with corporate developments (Compton, Morrissey, Nankervis 2014).

The survey results point to the fact that organizations believe they offer candidates a strong company reputation (89 percent), high-quality benefits (78 percent) and learning opportunities (65 percent). Organizations must offer a variety of options to attract potential employees and to retain their current talent.

Graph 2 describes which of the above recruitment strategies (graph 1) are for organizations highly effective or moderately effective.



Graph 2 Highly or moderately effective recruitment strategies

Respondent organizations were asked if they expect to use the various selection practices less, about the same, or more over the next three years. Table 1 indicates the top practices that organizations expect to use more extensively in the near future.

Although most of the surveyed organizations currently use behavior-based interviews to some extent, nearly half plan to use them more frequently in the next three years. This type of structured interview can be applied to most positions and used to validly predict future behavior in dimensions (or competencies) critical to success on the job. In addition, behavior-based interviews can have a positive effect on candidates' attitudes toward an organization; candidates are more attracted to a company. New technology allows organizations to screen literally thousands of resumes in a fraction of the time it takes to screen them manually. Organizations can now receive, store, and review candidates' resumes via the computer. Human resources departments are able to maintain large resume databases and identify qualified candidates for specified positions with minimal time and effort. Using standardized measures of skills, abilities, or knowledge can significantly reduce the candidate pool by eliminating those who fail to meet the minimum qualifications for the job.

SELECTION PRACTICES	Organizations that will use practices more
Behavior - based interviews - asking candidates to describe specific examples of their skills	52 %
Knowledge tests - tests that measure job-specific knowledge	51 %
Resume screening - computerized	49 %
Performance tests - for example, writing a computer program under structured testing conditions	49 %
Ability tests - mental, clerical, mechanical, physical or technical	42 %
Assessments - role plays and simulations	40 %
Personality inventories	38 %
Training and experience evaluations - providing a checklist of specific skills and/or experiences	37 %

Table 1 Percentage of organizations expecting to use the selection practices more in the next three years

Respondents were asked to choose factors that present the largest barriers to effectively recruiting and selecting candidates for employment. Referred to are those factors that respondents identified most often (the percentage is over 50). There are the following barriers: fewer qualified applicants available, difficulty in finding and identifying applicants, other organizations competing for the same applicants and selection process is slow or cumbersome (more table 2).

BARRIERS	Response
Fewer qualified applicants available	72 %
Difficulty in finding and identifying applicants	65 %
Other organizations competing for the same applicants	52 %
Selection process is slow or cumbersome	50 %

Table 2 Top four barriers to effective recruitment and selection of candidates

Organizations with effective selection systems appear better able to identify and hire employees with the right skills and motivations to succeed in available positions as well as in the organization. When employees are successful in their jobs, the organization benefits through increased employee productivity and higher-quality products and

services. In addition, when the “right” employees are hired initially, they are more likely to be satisfied and remain with the company. Thus, by using a good selection system to hire qualified employees, organizations can reduce turnover, increase employee retention, and ultimately increase critical business outcomes.

5. Conclusions

From a human resource management perspective, recruitment and selection reflect broader staffing strategies, and represent the first stage of the management of human resources (employees) towards organisational goals. They can be considered as the most difficult and yet the most crucial of all human resource management strategies. Acquiring the best applicants can be a huge bonus to organisations, but hiring less than the best can result in enormous disruption, reduced productivity, interpersonal difficulties and interruptions to teamwork, customer service problems, and long-term costs. The more effectively organizations recruit and select candidates, the more likely they are to hire and retain satisfied employees. In addition, the effectiveness of an organization’s selection system can influence bottom-line business outcomes, such as productivity and financial performance. Hence, investing in the development of a comprehensive and valid selection system is money well spent. HR professionals acknowledge that candidates look for many qualities in an organization when pursuing employment. To successfully attract candidates, organizations must provide not only a competitive salary, but also an environment and culture in which candidates will feel comfortable and can flourish.

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