



## THE IMPACT OF RECRUITMENT AND SELECTION CRITERIA ON ORGANIZATIONAL PERFORMANCE

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### ABSTRACT:

*This study investigates the impact of recruitment and selection criteria on performance using Fidelity Bank Plc, Lagos Nigeria as focal point. The analyses of 130 valid responses obtained through a questionnaire that was administered to randomly selected respondents revealed that recruitment and selection criteria have significant effect on organization's performance ( $X^2 = 35.723$ ;  $df = 3$ ;  $p < 0.05$ ). The more objective the recruitment and selection criteria, the better the organization's performance ( $X^2 = 20.007$ ;  $df = 4$ ;  $p < 0.05$ ).*

**KEY WORDS:** Recruitment, Organization, Selection, Human Resource, Performance.

### INTRODUCTION

One of the most significant developments in the field of organizations in recent times is the increasing importance given to human resource. 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. As revealed in Djabatey (2012) this scenario lends credence to the increasing attention being paid to the people aspect of organizational wealth. This is so because the development of people, their competencies, and the process development of the total organization are the fulcrum of human resource management (Mullins, 1999; Djabatey, 2012). Akin to this development is the contention in National University of Ireland (2006) that the continued growth of the enterprise depends on its ability to recruit and select high quality personnel at all levels. While recruitment is the process of identifying and attracting potential candidates from within and outside an organization to begin evaluating them for future employment, selection begins when the right calibre of candidates are identified (Walker, 2009). However, most recruitment and selection processes have elements of subjective judgement inherent in them. But treating job applicants in a professional and positive manner is more likely to leave them, whether they are successful or not, with a positive view of the organization and how it has dealt with the applicants (National University of Ireland, 2006).

Experience also shows that a successful appointment can produce results which impact favourably on the wider aspects of organizational life while a poor one can have damaging effects far outside the organization in which it is made. However, the recruitment and selection of employees also provides an opportunity for the organization to present itself in a favourable light (National University of Ireland, 2006). Available literature has argued that the success of the enterprise is directly linked to the performance of those who work for that business. By the same token, under-

achievement can be a result of workplace failures. Because hiring the wrong people or failing to anticipate fluctuations in hiring needs can be costly, it is important that conscious efforts are put into human resource planning (Biles & Holmberg, 1980; Djabatey, 2012). It has also been argued that in order for the enterprise to build and sustain the competitive advantage, proper staffing is critical (Djabatey, 2012). Thus, recruitment and selection have become imperative in organizations because individuals need to be attracted on a timely basis, in sufficient numbers and with appropriate qualifications. Therefore, this study sets to examine the effect of recruitment and selection criteria on performance using Fidelity Bank Plc as population of interest. In order to achieve this objective, we then hypothesized that:

- i. Recruitment and selection criteria have significant effect on organization's performance
- ii. The more objective the recruitment and selection criteria, the better the organization's performance.

## **THEORETICAL FRAMEWORK**

This study rests on Human Capital Theory, Resource Based View Theory and Equity Theory. Human Capital theory as proposed Adam Smith (1723-1790) in Teixeira (2002) has the central idea that people are fixed capitals just like machine because they have skills and useful abilities that has genuine cost and yields profits. The premise in the human capital theory, according to Armstrong (2006) is that people and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and also constituting a significant source of competitive advantage. Resource Based View (RBV) of Barney (1991) suggests that sustainable competitive advantage is attainable when firms have a human resource pool which cannot be imitated or substituted by rivals. According to the Resource-Based view, firms should constantly evaluate their workforce to ensure that they have the right people with the right skills in the right places to ensure sustained competitive advantage (Barney, 2001) and when this is not the case, firms should make-up for the shortfall by employing appropriate recruitment and selection criteria. The theory maintained that the major part of any firm's strength or weakness stem from the calibre of the people employed and the quality of their working relationships. To this end, Boxall (1998) revealed that firms which recruit and retain exceptional individuals have the capability of generating human capital advantage. According to Sparrow et al., (2002), technology and capital can be acquired by most firms any time, for a price, but it is not easy to acquire a ready pool of highly qualified and motivated employees. Thus, in order to be differentiated, the companies need to be very careful with the recruitment and selection process. Equity Theory as proposed by Adams (1963), underlines the principle of fairness. According to the principles of the Equity Theory, the best recruitment and selection criteria in the organization is that which portrays the firm as Equal Opportunity Employer

Finding competent workers is an important organizational challenge (McEvoy, 1984; Deshpande & Golhar, 1994; Atkinson & Storey, 1994), with the difficulty centring on recruiting and selecting employees with the correct qualifications to help achieve goals (Priyanath, 2006). As further argued in Priyanath (2006) this problem is compounded by the lack of systematic method for recruiting and selecting employees. A systematic recruitment process according to Gamage (2014) involves indentifying vacancies, job analysis, job description, person specification and advertising. As against informal process for recruiting and selecting employees, a systematic selection process involves the recruiting process, gathering information about qualified applicants, evaluating the qualification of each applicant and making decisions about employment (Gamage, 2014).

## **LITERATURE REVIEW**

Recruitment and selection are vital functions of human resource management for any type of business organization. These are terms that refer to the process of attracting and choosing candidates for employment. The quality of the human resource the firm has heavily depends on the effectiveness of these two functions (Gamage, 2014). Recruiting and selecting the wrong candidates who are not capable come with a huge negative cost which businesses cannot afford. Thus, the overall aim of recruitment and selection within the organization is to obtain the number and quality of employees that is required to satisfy the strategic objectives of the organization, at minimal cost (Ofori & Aryeetey, 2011).

As explained by Opatha (2010) recruitment is the process of finding and attracting suitably qualified people to apply for job vacancies in the organization. It is a set of activities an organization uses to attract job candidates who have the needed abilities and attitudes. Recruitment is the process of generating a pool of qualified applicants for organizational job vacancies. For Ofori and Aryeetey (2011) recruitment is the process of generating a pool of competent individuals to apply for employment within an organization. Evidence has shown that larger corporations are more likely than smaller organizations in implementing sophisticated recruitment processes (Bacon & Hoque, 2005) with majority of smaller organizations relying on referrals and advertising as their recruitment practices of choice (Barber, Wesson, Roberso & Taylor, 1999).

The general purpose of recruitment according to Gamage (2014) is to provide the organization with a pool of potentially qualified job candidates. The quality of human resource in an organization highly depends on the quality of applicants attracted because organization is going to select employees from those who were attracted. In the same vein, Henry and Temtime (2009) construed recruitment as the entry point of manpower into an organization and the path an organization must follow from there on in order to make sure that they have attracted the right individuals for their culture and vibes so that the overall strategic goals are achieved .



On the other hand, selection is the process of making the choice of the most suitable applicant from the pool of applicants recruited to fill the relevant job vacancy (Opatha, 2010). Selection is the process by which specific instruments are engaged to choose from the pool of individuals most suitable for the job available (Ofori & Aryeetey, 2011). Selection involves the use of one or more methods to assess applicant's suitability in order to make the correct selection decision and can be alternatively seen as a process of rejection as it rejects a number of applicants and select only a few applicants to fill the vacancy. Thus, selection function may be a negative function rather than a positive function (Gamage, 2014).

According to Gamage (2014) the objectives of selection function are to get the right person to the right job, establish and maintain a good image as a good employer, and maintain the selection process as cost effective as possible. Selection is an extremely important aspect to consider for businesses due to a number of reasons. Often the performance of businesses relates directly to the people working within it, meaning the right people need to be hired to ensure organizational success (Henry & Temtime, 2009). It is also an expensive process to hire someone new into the organization. So it is not something organizations want to put time and money into just to find they have hired somebody who is not suitable. It is vital that organizations get the process right the first time round, because resources are scarce enough as it is. Selecting the right applicant can be a difficult task, but at the end of the day, the organization's reputation is held by the people it employs (Henry & Temtime, 2009).

### **RECRUITMENT, SELECTION CRITERIA AND ORGANIZATIONAL PERFORMANCE**

Recruitment and selection form a major part of an organization's overall resourcing strategies, which identifies and secures people needed for an organization to survive and succeed in the short to medium-term (Elwood & James, 1996). In fact, the basic purpose of recruitment is to create a pool of suitably qualified candidates to enable the selection of the best candidates for the organization, by attracting more and more employees to apply in the organization whereas the basic purpose of selection process is to choose the right candidate to fill the various positions in the organization (Gamage, 2014).

Available evidence indicates that there is a positive and significant relationship between recruitment and selection and the performance of an enterprise (Gamage, 2014). Sang (2005) for example discovered a positive association between recruitment and selection and business performance. Such were also of positive results between recruitment and selection and performance as seen in Ichniowski and Shaw (1999), Katou and Budhwar (2006) and Wright et al. (2005). Other studies such as Syed and Jama (2012) have equally shown that implementing an effective recruitment and selection process is positively related to organizational performance.

With specific reference to recruitment and selection criteria and organizational performance, Montana and Charnov (2000) maintained that recruitment and selection



include sourcing candidates by advertising or other methods, screening potential candidates using tests and interviews, selecting candidates based on the results of the tests or interviews, and on-boarding to ensure that the candidates are able to fulfill their new roles effectively.

According to Huselid (1995) it is recruitment procedures that provide a large pool of qualified applicants, paired with a reliable and valid selection regimen that will have a substantial influence over the quality and type of skills new employees possess. The implication of this line of thought is that an organization's human resource policies and practices represent important forces for shaping employee behaviour and attitudes.

For Gamage(2014) the selection practices will determine who is hired. If properly designed, it will identify competent candidates and accurately match them to the job. The use of the proper selection device will increase the probability that the right person is chosen to fill a slot. When the best people are selected for the job, productivity increases. Little wonder that literature such as Terpstra and Rozell (1993) reported of a positive association between the extensiveness of recruiting, selection test validation and the use of formal selection procedures and firm profits. Similarly, Rauf (2007) discovered that sophisticated recruitment and selection procedures are positively related to performance in organizations.

Writing on some of the challenges facing recruitment and selection criteria in organizations, István (2010) observed that there are a plenty of techniques used in recruitment and hiring today among which are some methods not accepted by experts universally, or not recommended for the hiring process. As argued by István (2010), selection methods can be evaluated in several ways. One possible approach is to compare hiring techniques on the basis of their validity, impartiality, scope of usage, and cost.

In all, Sinha and Thaly (2013) noted that there is a variety of recruitment approaches (e.g. employee referral, campus recruitment, advertising, recruitment agencies/consultants, job sites/portals, company websites, social media etc.); and most organizations will use a combination of two or more of these as part of a recruitment process or to deliver their overall recruitment strategy. However, which recruiting channels should be used depends on the job position, on the company's employer brand, on the resources the company has on its recruiting team, on how much recruiting budget the company has, etc. One can use them all and find out which suits the best. Every recruiting channel offers different benefits and limitations and works better for certain situations and companies. The key is collecting real-time recruitment metrics on these recruiting channels to figure out what works best for the company in different situations. The recruiting experience of each company is different and the best way to figure out what works best is to analyze metrics based on the past recruiting efforts, not the efforts of everybody else. Once the company has its recruiting metrics solution in place, it is time to start using the recruiting channels that the company thinks will work for it (Sinha & Thaly, 2013).

## METHODOLOGY

This study adopted survey research design and structured questionnaire was used to collect data. The research population covered the six (6) main business divisions of Fidelity Bank Plc in Lagos State. The respondents covered top, middle and lower positions workers in marketing and operation sections of the bank. The six (6) business divisions in Lagos State are 3756 full time employees at Fidelity Bank Plc. It is instructive to note that out of the 3,756 fulltime employees at Fidelity Bank Plc, 1,315 (35%) of Fidelity Bank contract employees are engaged in Lagos State while the remainder are engaged in rest of the country. Random sampling technique was used to select every element of the population in the business divisions. A total of sixteen (16) full staff and six (6) contract staff were selected using correspondent serial number selected from the table of random numbers. A total of one hundred and thirty two (132) copies of questionnaires were administered out of which one hundred and thirty (130) copies were validly filled and returned. Data was analysed using descriptive and inferential statistics. Chi-square was used to test the relatedness of the hypothesis.

## RESULTS

The results from the analysis indicated a strong agreement (100%) that the bank has a policy which guides the recruitment activities. Out of the one hundred and thirty respondents, 72.3% agreed that the bank recruits immediately positions are declared vacant. However, 53.1% of the participants reported that the bank staff are not always aware of the existing vacancies in the bank. That is, information relating to existing vacancies is not brought to the grapevine by the management. This information gap, according to the result, occurs as a result of non-involvement of employees in making decisions regarding recruitment of staff as reported by 69.2% of the participants. Regarding the question of whether recruitment and selection criteria have significant effect on organization's performance, 46.2% were of the view that recruitment and selection criteria affect the organization's performance. The result further showed that 56.9% reported that the bank encourages the influence of external factors during the selection process. It was also found according to the view of 62.3% of the respondents that the bank does not acknowledge all application letters as a sign of seriousness on its part. Responding to the question whether objective recruitment and selection criteria affects the bank's performance, 48.4% reported that the more objective the recruitment and selection criteria, the better the organization's performance. Furthermore, 69.2% of the participants disagreed that only candidates with relevant skills are considered during the selection process in the bank. This is an indication that in addition to relevant skills, other factors are also considered during the selection process of the bank. On the question of transparency in the short-listing of job candidates, 62.3% reported that the recruitment and selection process is transparent in relation to short-listing of job candidates in the bank. The result on the test of hypotheses showed that recruitment and selection criteria have significant effect on organization's performance ( $\chi^2 = 35.723$ ;  $df = 3$ ;  $p < 0.05$ ). The more objective the

recruitment and selection criteria, the better the organization's performance( $X^2= 20.007$ ;  $df = 4$ ;  $p < 0.05$ )

## DISCUSSION

The findings of this study is in tandem with existing information in the literature that recruitment and selection criteria have significant effect on organization's performance. Huselid(1995)observed that recruitment and selection criteria have significant organizational performance effect due to the provision of large pool of qualified applicants: paired with are liable and valid selection as a substantial influence over the quality and type of skills new employees possess. Similarly , Gamage(2014) noted that the recruitment and selection practices will determine who is hired, shapes employee behaviour and attitude. If properly designed, it will identify competent candidates and accurately match them to the job. The use of the proper selection device will increase the probability that the right person is chosen to fill a slot. When the best people are selected for the job, productivity increases. According to Rauf (2007) Terpstra and Rozell (1993) there is a positive association between the extensiveness of recruiting, selection test validation and the use of formal selection procedures, organisations performance and firm profits. Rauf (2007) further concurred that sophisticated recruitment and selection procedures are positively related to performance in organizations. Accordingly, Okoh (2005), not just that organizational selection practices determine who is hired, the use of the proper selection criteria will increase the probability that the right person will be chosen. When the best people are selected for the job, productivity increases (Osemeke, 2012)

## CONCLUSIONS

Recruitment and selection in any organization is a serious business as the success of any organization or efficiency in service delivery depends on the quality of its workforce who was recruited into the organization through recruitment and selection exercises (Ezeali and Esiagu, 2010). Bohlander, Snell & Sherman (2001) reported that it is important for managers to understand the objectives, policies and practices used for selection. More importantly, those responsible for making selection decisions should have adequate information upon which to base their decisions. As Robbins (2005) observed, organization's human resource policies and practices represent important forces for shaping employee behaviour and attitudes. In view of the findings, the study suggests that in designing an instituting recruitment and selection criteria quality should not be compromised. This is more so as the right type of labour is hard to come by. Furthermore, given that organizational environment is ever changing, the bank's management is implored to constantly evaluate the bank's selection methods on the basis of their validity, impartiality, scope of usage, and cost.

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