

COURSE: PRINCIPLES OF HUMAN RESOURCE MANAGEMENT

LECTURE 5: RECRUITEMENT

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Lecture learning outcomes:

At the end of the lecture you will be able to:

- i. Understand the concept of recruitment.**
- ii. Know the various internal and external sources of recruitment.**
- iii. Explore merits and demerits of internal and external sources**

SCOPE OF RECRUITMENT

Recruitment is a process of identifying, screening, shortlisting and hiring potential resource for filling up the vacant positions in an organization. It is a core function of Human Resource Management. Recruitment is the process of choosing the right person for the right position and at the right time. Recruitment also refers to the process of attracting, selecting, and appointing potential candidates to meet the organization's resource requirements.

More so, it is the process of searching for prospective employees and stimulating them to apply for jobs in an organisation. It deals with:

- a) Identification of existing sources of applicants and developing them.
- b) Creation/identification of new sources of applicants.
- c) Stimulating the candidates to apply for jobs in the organisation.
- d) Striking a balance between internal and external source

According to Edwin B. Flippo: Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.

Recruitment needs are of three types

- a) Planned as per the needs arising from changes in organization and retirement policy.
- b) Anticipated-Anticipated needs are those movements in personnel, which an organization can predict by studying trends in internal and external environment.
- c) Unexpected-Resignation, deaths, accidents, illness give rise to unexpected needs.

Sources of recruitment

Recruiting employees is costly making a mistake in this process can affect the organization. Organization can consider to either recruit internally or externally.

1. **Internal Recruitment**

This is done by promoting employees from within an organization to fill upcoming positions. Organizations can post job vacancies on the boards, websites and emails to employees to see and those interested can apply. This can also be done through promotion, transfer and in certain cases demotion. When a higher post is given to a deserving employee, it motivates all other employees of the organization to work hard. Internal recruitment can be done as follows:

- a. **Transfers:** Transfer involves shifting of persons from present jobs to other similar jobs. These do not involve any change in rank, responsibility, or prestige. The numbers of persons do not increase with transfers.
- b. **Promotions:** Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more pay. The higher positions falling vacant may be filled up from within the organization. A promotion does not increase the number of persons in the organization. A person going to get a higher position will vacate his present position. Promotion will motivate employees to improve their performance so that they can also get promotion.
- c. **Present Employees:** The present employees of concern are informed about likely vacant positions. The employees recommend their relations or persons intimately known to them. Management is relieved of looking out prospective candidates. The persons recommended by the employees may be generally suitable for the jobs because they know the requirements of various positions. The existing employees take full responsibility of those recommended by them and also ensure of their proper behaviour and performance.

Advantages of internal recruitment

1. Existing employees will not need orientation
2. Are familiar with the organizational culture, processes and activities
3. Improves morale because when an employee from inside the organization is given the higher post, it helps in increasing the morale of all employees.
4. No Error in Selection because when an employee is selected from inside, there is a least possibility of errors in selection since every company maintains complete record of its employees and can judge them in a better manner.
5. It promotes loyalty among the employees as they feel secured on account of chances of advancement. The chances of hasty decisions are completely eliminated as the existing employees are well tried and can be relied upon.
6. The existing employees are fully aware of the operating procedures and policies of the organization. The existing employees require little training and it brings economy in training costs.
7. It encourages self-development among the employees as they can look forward to occupy higher posts.

Disadvantages of Internal Sources:

- a) It discourages capable persons from outside to join the concern.
- b) It is possible that the requisite number of persons possessing qualifications for the vacant posts may not be available in the organization.
- c) For posts requiring innovations and creative thinking, this method of recruitment cannot be followed.
- d) If only seniority is the criterion for promotion, then the person filling the vacant post may not be capable.

2. External Recruitment

Other firms will use headhunters or hiring consultants to seek, screen and deliver employees for a fee. All organizations have to use external sources for recruitment to higher positions when existing employees are not suitable. More persons are needed when expansions are undertaken.

External Sources of recruitment

This is where the organizations employees from outside

- a) Advertisement: It is a method of recruitment frequently used for skilled workers, clerical and higher staff. These advertisements attract a pool of applicants.
- b) Employment Exchanges: Today there are many employee agencies that organizations can use to get candidates for employment
- c) Schools, Colleges and Universities gives direct recruitment from educational institutions for certain jobs (i.e. placement) which require technical or professional qualification. Organizations can keep in contact with educational institutions to help them in getting suitable candidates.
- d) Recommendation of Existing Employees
- e) Factory Gates where workers present themselves at the factory gate in search of employment.
- f) Casual Callers are personnel who casually come to the company for employment may also be considered for the vacant post.
- g) Central Application File is a file where past applicants who were not selected earlier may be maintained. In order to keep the file alive, applications in the files must be checked at periodical intervals.
- h) Labour Unions can recommend candidates either as a goodwill gesture or as a courtesy towards the union.
- i) Former Employees: In case employees have been laid off or have left the factory at their own, they may be taken back if they are interested in joining the concern (provided their record is good).

Other Sources:

- a) These include special lectures delivered by recruiter in different institutions, though apparently these lectures do not pertain to recruitment directly.
- b) Video films are sent to employees addressing various concerns such as the history and development of the company. These video films tell the story of company to various audiences, thus creating interest in them.
- c) Firms may organize trade shows- These may attract many prospective employees. The advertisements for these trade shows may target a special class of work force (say married ladies) who worked prior to their marriage.

Advantages of External Recruitment

External recruitment has significant advantages. Contrasting to internal recruits, the organization is able get prospects often with completely new ideas. This employee has not been exposed or overexposed to the organization culture, therefore often yields new ideas. The prospect brings material information or approaches from the former institution, this can be borrowed and implemented in the organization as a best practice. Internal recruitment has the problem of managing diversity and managing equal employment opportunity. On the other hand , external recruitment allows for rebalancing in this realm if needed. External recruitment often leads to team stability, as teams may not be affected when hiring externally.

- a) **Availability of Suitable Persons:** When suitable talent, training and skill are not available internally, external recruitment sources provide a large pool of prospects as per the required level of skill, training, and education.
- b) **Brings New Ideas:** External sources provide a large pool of prospects; these prospects have new ideas from experience in other organizations or training. The selection of persons from external sources benefits the organization as they are able to suggest new things and methods. This facilitates organizational learning and helps organization maintain a competitive position.
- c) **Economical:** Employees from external sources already trained and experienced and do not require much training for the jobs. This saves the employees from training time and costs.
- d) The required abilities such as will, skill, talent, knowledge etc., are available from external sources.
- e) The candidates are new in the organization hence are not exposed to negative organizational culture or preconceived notions or reservations.
- f) Selection from employees from external sources saves the organization the costs of promoting internal employees and awarding them higher salaries and benefits. External employees will be placed in the minimum pay scale.
- g) The existing employees benefit from broadened personality and experience.
- h) The entry of qualitative persons from outside will be in the long-run interest of the organization.

Demerits of External Sources:

- a) Demoralization: External recruitment often denies current employees the chance for promotions and benefits, this may demoralize them. They may feel less valued and recognized as these positions have gone to others. These employees may even leave the enterprise.
- b) Lack of Co-operation: The current employees may not support or co-operate with the new employees because they feel that these new employees have denied them a chance at that position especially when persons for higher positions are recruited from outside.
- c) Expensive: External recruitment involves costly advertisements in the media, written tests and conducting interviews. These costs do not guarantee that a suitable candidate will be found.
- d) Problem of maladjustment: New entrants may not temperamentally adjust with the new positions. In such cases either the persons may leave themselves or management may have to replace them. These things have adverse effect on the working of the organization.

Centralized recruitment

This is where HR department at the head office performs all recruitment functions and decisions. Centralized form of recruitment is commonly seen in government organizations.

Benefits of the centralized form of recruitment are:

- 1) Less administration costs.
- 2) Better utilization of professionals.
- 3) Consistency and uniformity in recruitment.
- 4) Interchangeability of staff.
- 5) Reduces favoritism.
- 6) Every department sends requisitions for recruitment to their central office.

Decentralized recruitment

This is popular in conglomerates operating in different and diverse business areas. This is highly effective where businesses are diverse and geographically spread business areas and offices. Each department has its own unique needs and should frame the recruitment policies and procedures accordingly. Each department carries out its own recruitment. Depending on the management philosophy and needs of particular organization it may be used to recruit lower level staffs as well as top level executives .

Merits of Centralized and Decentralized Recruitment

Recruitment policy differs from enterprise to enterprise. In case of central recruitment, personnel department at the central office performs the functions of recruitment while in a decentralized system; recruitment is undertaken at unit level or zonal level. Both the systems of recruitment have their merits and demerits.

Merits of Centralized Recruitment:

- a) The cost of recruitment per candidate is low because of large number of persons recruited.
- b) It has the benefit of centralized promotion and transfer procedure.
- c) The services of specialists can be made available for recruitment.
- d) It brings uniformity in selection.
- e) Since there is uniformity, it becomes easy to transfer persons from one plant to another.
- f) The line managers of various plants (or zones) can concentrate on their work, as they are relieved of recruitment.
- g) It ensures effective and suitable placement of candidates.

Merits of decentralized Recruitment:

- i. The units are well aware of the needs of jobs and also of social and cultural background of available candidates.
- ii. There may be certain areas where suitable candidates are available. In decentralized system of recruitment, the thrust will be to go to those places where desired persons are being available.
- iii. The recruitment can be done as and when needed. The delays in recruitment under centralized system can be avoided under this method.
- iv. The units will have full information about recruitment processes and feedback from the employment market which helps in planning recruitment function effectively.
- v. The units will be free to use any method to stimulate prospective candidates to apply for the job.
- vi. The units can exercise better control over persons who are recruited by them as compared to those who recruited by central agency.

Advantages of Decentralization

- Decentralization enables top management to concentrate on long term vision and direction of the firm since authority and decision making is distributed hence they are left only the important decisions to make.
- Decentralization enables branches and sections to be independent operationally hence they are able to develop. Certain Undertakings such as franchising, diversification and hiring of employees do not need constant intervention of the top management hence are better decentralized. This is especially beneficial for huge organizations with branches spread in different geographic locations and over a large number of employees.
- Decentralization brings different ideas together from other employees and the local managers who as a result get motivated into taking the position of performing the activities comfortably. Grooming future leaders is also much easier in such an atmosphere.
- Decentralization offers a chance for every talented employee to make a contribution in decision making and as a result the firm advances through their well informed decisions. The firm therefore is at a better platform of excellence contributed by choices made by these different employees.

- Increased transparency which is evident in decentralization leads to making lesser mistakes and errors. Decentralization also reduces incidences where someone is punished because of mistakes of someone else or goes unpunished for a mistake they committed, in addition it appoints success and failure of the firm to every employee instead of one person.
- By bringing together different ideas from knowledgeable people, decentralization consequently makes interconnections or interactions across all locations and levels possible hence leading to open innovation.
- Decentralization grants an opportunity of detecting any incoming hindrances to success or the current issues affecting the performance of the organization. In addition, it makes spotting of the weaknesses possible and in time hence corrections are made effectively.
- A decentralized setup works best for the substandard teams where they acquire knowledge and skills that contribute to advancing of an organization. Therefore, it is generally important for the organization to work best under the influence of the newly acquired knowledge from the strategies involved in bringing about success.
- Due to the ability of coping with abrupt changes for example degradation of the value of currency in the local business environment, a decentralized authority will make a decision which subsequently renders rapid response to such changes.

Disadvantages of Decentralization

- Inclusion of different decisions from the employees starting with the one at the highest rank to the one at the lower rank interferes with the organizational goal. This means that there will be no unified decisions aiming towards a specified objective on the account that some ideas are valid and others are not.
- Decentralization portrays undesirable characteristic of unhealthy competition which holds between local managers which as a result leads to lack of coordination and cooperation. In turn, this develops a decline in the associations that were prominent before which becomes hard to resolve.
- A new organization cannot pick so fast in a decentralized setup since the necessities and talents needed for picking it up in the market does not form a strong foundation for reliance. Therefore, it is not beneficial to locally yield to any decision, contribution or idea coming from the employees without evaluating their value.
- Those in authority in a decentralized setup tend to find it hard in running and managing an organization due to the problem they encounter when handling a team which is not only independent but also which is not conscious of the organizational standards and policies. In case of emergencies that require adoption of organization-wide standards, the diffusion of authority and independent opinions and actions pose a major hindrance.
- Decentralization produces a large number of generalists and a small number of specialists. As a result, however, this inconveniences the organization through the cost incurred when seeking consultation from an external specialist.
- Decentralization holds back the power of assessing and evaluating of performances in different levels of an organization and further makes it problematic in allocation of work. Poor Work allocation and performance evaluation therefore lead to generation of lesser

revenue or no profits at all. It is difficult to measure the performance of cost centers and the associated employees as they do not generate profits.

Centralization and decentralization have their merits and demerits which effectively compromises with an organization which is forward looking and thinks ahead with hope and vision. However, in decentralization the business units should be examined efficiently and in addition thorough assess upon the lower level in order to control the level of authority allotted to them. It is recommendable for both centralization and decentralization to balance in terms of controlling and running of an organization by avoiding their extremes. Approved techniques need to be applied in order to reap plausible success. Centralization is suitable and can work best for large firms rather than the local firms. A local firm before opting for a centralized setup, it should consider the demerits and problems it can bring forth. A firm should also consider on the factors which are worthwhile. Large firms use centralized recruitment systems to streamline their hiring process and to reduce the associated costs. While such systems have benefits for large organizations, the advantages for a small business are less clear, and distinct disadvantages do arise from using a centralized process. Before using a centralized recruitment system for your small business, consider the significant disadvantages it can create.

a) Costs

In a large corporation, a centralized recruitment process can be more cost effective than a decentralized system. In a small business, however, the opposite is true. This is because a centralized approach requires a dedicated HR staff that works exclusively on recruitment. This can be costly to set up, and small businesses are unlikely to perform enough recruiting to justify these set-up costs.

b) Inflexibility

A centralized recruitment system works well if the company's recruitment needs are simple and do not change often. A firm with frequent changes in recruitment renders a centralized system inflexible. Performers of centralized recruitment process usually do not work with the people who are hired and this can cause problems such as misunderstanding personality of the other employee or a problem in the working styles if the HR department employs workers who do not interact with the other workers or their supervisors.

c) Manager alienation

This is centralization of the process of employing new workers in a business. It reduces the burden of the managers in performing the whole hiring process and as a result they can be able to reach out to other activities and assignments of the business. Apart from it being an advantage, managers have a different perception where they experience withdrawal or decline in authority, superiority and cannot perform their roles by themselves. The outcome is then conflicts among the staff, managers and the HR department as they feel that its not the manager who hired them, therefore he has little authority over them.

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