Does Recruitment and Selection Process Impacts Organizational Performance? A case of Telecom Sector of Pakistan

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Abstract— Relationship between human resource management and organizational performance has grown very much over past decades. Generally, there is a universal consent about human resource management having a direct and positive relationship with organizational performance. Yet, few studies have addressed how direct relationship occurs. More specifically, recruitment and selection process is often either wholly absent as a topic or is regarded as being of relatively marginal importance.

The current study aims to investigate the impact of Recruitment and Selection process on Perceived Organizational Performance (POP) and Perceived market Performance (PMP) in the telecom sector of Pakistan. Data was collected from 155 employees working in five telecom sector companies of Pakistan i.e Mobilelink, Telenor, Zong, Warid and Ufone. To analyze data, the statistical tools Descriptive Statistics, Cronbach Alpha, and Regression were used. Results demonstrated that recruitment and selection process was positively related with perceived organizational performance and perceived market performance. This implies that organizations using recruitment and selection process in a well manner on a wider scale undoubtedly creates higher performance. Based on significant research findings, theoretical and practical implications were also discussed. This study adds to the extant literature by giving empirical insight into the relationship between recruitment and selection process and perceived organizational performance.

Keywords: Selection and Recruitment process, Perceived Organizational Performance (POP), Perceived market Performance (PMP), telecom sector

1 Introduction

The business and professional communities concern and acknowledgement of the importance of Human Resource Management (HRM) practices have achieved a lot of concentration when they eventually realized the fact that it is the people who make organizations successful not the buildings.

Success of any organization increasingly depends on people their knowledge, skills and abilities of an organization’s employees, Boohene (2011). If an organization develops appropriate variety of HR policies and processes and implement them in a better way, then HR will make a considerable influence on firm performance, Boohene (2011).

Relationship between human resource management and organizational performance has grown very much over past decades. Generally, there is a universal consent about human resource management having a direct and positive relationship with organizational performance. Yet, few studies have addressed how direct relationship occurs. Some studies just calculate to what extent human resource management and organizational performance relate in order to discover a direct relationship. Different research studies attempt to explain relation by measuring different levels of performance, (Mustapha 2013).

The main aim of recruiting and selection process is to acquire at the best cost, the quantity and quality of workforce to meet up the requirements of human resource. The method of selection/recruitment can be classified in to four phases: (a) advertisement
practices (b) obtaining applications (c) original verification of applications and (d) final collection conclusions, Chapmanti(2003). In Pakistan’s context, previous researchers (Ahmed & Shahzad,2011; Masood .2010; Shahzad, Bashir & Ramay,2008) studied the effect of HR practices on perceived organizational performance and focused on only three human resource practices (compensation practices, performance evaluation and promotion practice). This study takes recruitment and selection process and see how this HR practice impact organizational performance. Today’s business environment in Pakistan requires HR to play its effective role. Fair recruitment process and retaining the talented employees has become biggest challenge for the telecom sector of Pakistan. A study done in telecom sector of Pakistan revealed that the hr practices carried out in effective way can increase the employee’s retention (Haider, 2015). Another study which investigated the issues and problems faced by telecom sector of Pakistan in recruitment. The results of the study revealed that prejudice has its higher affect and considered as a major issue in employee recruitment in Pakistan whereas the moderately faced issues are culture, Interview, environment as well as reference (Malik, 2012).

2 LITERATURE REVIEW

A base on which any business stands is human resource management. In current complex scenario and the competitive world, it has become extremely difficult to choose ideal candidate for the working of the organization. Guthrie (2004) Organizational performance refers to what extent an organization achieves its corporate objectives. There are several signs for measuring organizational performance they're dependent on the objectives of the organization. For some organizations performance measuring methods are: creativity, profitability, high rate of production, effectiveness, quality, etc. (Chukwu, 2012).

Sing (2004) has investigated the HR practices effect on perceived organization performance in the private sector of India. The HR practices included Recruitment and selection whereas organizational performance was measured with perceived organizational performance and perceived market performance. The study clearly indicated that the recruitment and selection has positive relation with perceived organizational and market performance.

Organizational performance is divided into two sections a. Perceived Organizational performance, b. Perceived Market performance. Following the previous work done in the same context of research (Singh, 2004; Delaney, 1996) the present study also used these two variables to measure the perceived firm performance. The first is ‘Perceived Organizational performance’ and 2nd as ‘Perceived Market performance’. These both factors provide a broad review of perceptions of organizational performance.

1. Organizational performance: The organizational performance variable included such aspects as item quality, client satisfaction, new product growth, ability to attract workers, ability to maintain workers, and relations between administration and employees.

2. Market performance: The marketplace performance variable included aspects like marketing of items or solutions, growth in revenue, profitability and market share.

Researcher Kauhanen(2006) found out that businesses obtain superior performance if they use the non-financial performance indicators. However, Ittner (2003) study results showed that businesses making more usage of non-financial measurement of performance have higher satisfaction and earnings. Joseph (2009) opined that the variables of perceived organizational performance are market share, quality of items or services. To measure usefulness of the company thus involves management’s better dependence on non-financial procedures (e.g. market share, customer care, successful use of R&D, performance and quality etc) in a highly uncertain situation. HRM techniques when better implemented influence the marketplace efficiency of the business (Singh, 2004).

The HR system has directly impact on staff skills and inspiration and the structure and work design. These facets affect staff behavior, which results in improved running performance. That pushes gains and development, which result in industry value (Wright, 2004). HRM practices have the potential to enhance and keep organizational performance (Schroeder, 2003).

Joseph(2009) state that there are substantial associations between HRM practices and performance of the organization; that the proper
positioning of HRM is also fosters company performance. Katou (2008) investigated HRM practices effects on organizational performance in production sector of Greece. The outcome suggested that HRM techniques are linked with company strategies may affect organizational performance through HRM outcomes. Bogdanova(2008) explained that HRM techniques take to develop and allocate individual money in perfect ways to be able to achieve long-term goals; they provide the better conditions and other benefits that will enhance employees’ performance and job satisfaction.

Based on the aforementioned discussion, the following hypotheses are proposed:

H1: Well planned recruitment and selection process has positive relationship with perceived organizational performance

H2: Well planned recruitment and selection process has positive relationship with perceived market performance.

3 RESEARCH METHODS

The present study is a quantitative research which seeks to investigate and analyze the impact of recruitment and selection process on organization performance. The data was collected through the questionnaire distributed to the employees, conveniently available and willing to fill the questionnaire from different departments’ namely marketing, Hr and Administrative staff of the telecom companies. The sample for the study is 155 respondents.

Measures:
The study includes one independent variable Recruitment and Selection process. To measure recruitment and selection practices, ten items scale was adopted from (Masood, 2010). The respondents ranked on five point likert scale ranging from 1= Strongly Disagree, 2=Disagree, 3=Undecided, 4= Agree, 5=Strongly Agree.
To measure the Perceived Organizational Performance six item scale and Perceived Market Performance four items scale adopted from (Singh, 2000).

Cronbach’s Alphas
Table 1 depicts the cronbach alpha’s value for all the variables understudy.

<table>
<thead>
<tr>
<th>Variables in model</th>
<th>Alphas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Organization performance (6 items)</td>
<td>0.785</td>
</tr>
<tr>
<td>Perceived Market Performance (4 items)</td>
<td>0.776</td>
</tr>
<tr>
<td>Recruitment and Selection Process (15 items)</td>
<td>0.916</td>
</tr>
</tbody>
</table>

All values are above 0.7 thus indicating internal consistency of the measures.

Descriptive Statistics
Table 2 shows the descriptive statistics.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Organization performance (6 items)</td>
<td>3.89</td>
<td>.60</td>
</tr>
<tr>
<td>Perceived Market Performance (4 items)</td>
<td>4.00</td>
<td>.71</td>
</tr>
<tr>
<td>Recruitment and Selection Process (15 items)</td>
<td>4.09</td>
<td>.63</td>
</tr>
</tbody>
</table>

N = 155
The above table shows the mean values of the variables ranging from (3.9 to 4.0 on a five point likert scale). All the means are fairly high.

Correlation
Correlation was run to check the initial results.
Table 3: Correlation

<table>
<thead>
<tr>
<th>Variables</th>
<th>1 PO P</th>
<th>2 PM P</th>
<th>3 R&amp;S P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Organization performance</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Market Performance</td>
<td>.584 **</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Recruitment and Selection Process</td>
<td>.500 *</td>
<td>.600 *</td>
<td>1</td>
</tr>
</tbody>
</table>

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

Regression Analysis

OLS regression was run to see the impact of recruitment and selection processes on Perceived Organizational Performance (POP) as shown in table.

Table 4: Regression Analysis

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>t- Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.932</td>
<td>6.958</td>
<td>0.00</td>
</tr>
<tr>
<td>POP</td>
<td>.479</td>
<td>7.132</td>
<td>0.00</td>
</tr>
<tr>
<td>R</td>
<td>.500 **</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. R²</td>
<td>.245</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F value</td>
<td>50.870</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in above table, regression coefficient (β) of Recruitment and selection process (RSP) is 0.479 and its significant value is 0.00 which shows that Recruitment and selection process have positive and significant impact on Perceived Organizational Performance. Further it implies that 1 unit change in compensation practices causes 47.9% change in the Perceived Organizational Performance. R value of 0.500, shows a good level of prediction. R square is 0.250 which implies that our independent variable Recruitment and Selection process explains 25% of the variability of our dependent variable Perceived Organizational Performance. The value of adjusted R square for compensation practices is 0.245 which shows that independent variable i.e. Recruitment and selection process has 24.5% influence on dependent variable i.e. employee performance. In the Table, it is signified that level of significance is 0.000 which is less than 0.05 which shows that model is significantly a good fit.

Regression Analysis

OLS regression was run to see the impact of recruitment and selection processes on Perceived Market Performance (PMP) as shown in table.

Table 5 : Regression Analysis

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>t- Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.223</td>
<td>4.030</td>
<td>0.00</td>
</tr>
<tr>
<td>PMP</td>
<td>.680</td>
<td>9.271</td>
<td>0.00</td>
</tr>
<tr>
<td>R</td>
<td>.600 **</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.360</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. R²</td>
<td>.356</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F value</td>
<td>85.951</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in above table, regression coefficient (β) of Recruitment and selection process (RSP) is 0.680 and its significant value is 0.00 which shows that Recruitment and selection process have positive and significant impact on Perceived Market Performance. It means that 1 unit change in compensation practices causes 68% change in the Perceived Market Performance. R is known as the measure of quality of the prediction of the dependent variable. A value of R
shows a good level of prediction. R square is 0.360 which shows that the independent variables explain 36% of the variability of our dependent variable. The value of adjusted R square for recruitment and selection process is 0.356 which shows that independent variable i.e. recruitment and selection process has 35% influence on dependent variable i.e. Market performance. In the Table, it is signified that level of significance is 0.000 which is less than 0.05 which shows that model is significantly a good fit.

4 DISCUSSION

The study contributes to understanding of impact of recruitment and selection process on perceived organizational performance in Pakistan. The results of the study presented empirical base for the existence of a positive and statistically significant influence of recruitment and selection process on perceived organizational and market performance in telecom sector of Pakistan.

The first research hypothesis was about relationship between recruitment and selection process and perceived organizational performance. Well defined Recruitment and selection process, based on fair selection, and done with the opinions of the experts have direct and significant relation with perceived organizational performance. The recruitment and selection process involved the fair and standardized test to measure candidate competencies has significant correlation with employee performance and Perceived Organizational Performance. Results are in line with the findings of (Khan 2010, Holzer 1987; Sels et al. 2003; Datta 2003; Singh 2004; Katou 2008; Arthur 1994; Huselid & Becker 1995; MacDuffie 1995; Huselid & Becker 1996; Youndt et al. 1996; Ichniowski, Shaw & Prennunshi 1997; Appelbaum et al. 2000). Various researchers (Budhwar, 2010; Katou, 2008; Teseema 2006) supported the argument of Tseng et al. (2009) that to select right candidate who possess the skills required for doing job in order to achieve organizational performance is the result of well planned recruitment and selection process.

The second research hypothesis was about relationship of recruitment and selection with perceived market performance and results indicated positive and significant relationship between them. The study results are supported by previous researches (Arthur 1994; Huselid & Becker 1995; MacDuffie 1995; Huselid & Becker 1996; Youndt et al. 1996; Ichniowski, Shaw & Prennunshi 1997; Appelbaum et al. 2000).

Recruitment and selection of the greatest methods gain universal acceptance and paves means for high performance of the organization. Recruiting provides larger significance to be attached to fit between individual and culture of the company. The results show that the well planned recruitment process and usage of selection tools appropriately and knowledge based tests, along with relevant training if needed leads to higher organizational performance.

5 CONCLUSION

This study investigated the effects of recruitment and selection process on perceived organizational performance as well as perceived market performance in Telecom Sector of a developing economy, Pakistan. This study empirically validated the results of previous studies with respect to this
connection. The study emphasize the importance of recruitment and selection practices to achieve and maintain higher performance in transforming business environment as well as to integrate HRM with the strategy of the organization which could directly support the achievement of company goals. In order to achieve competitive advantage in the form of competent workforce the organizations should make investment in recruitment and selection process and strategic approach should be pursued to HRM. Those organizations tend to perform high who have a fair systematic approach towards recruitment and selection process, employees participate in decision making and where the adequate trainings are being given to the employees. These high performer organizations attract local and foreign investors who further invest and play their role in substantial growth in the economic sector in Pakistan.

6 Bibliography


