CHAPTER 1

INTRODUCTION

"All the activities of any enterprise are initiated and determined by the persons who make up that institution. Plants, offices, computers, automated equipment, and all else that a modern firm uses are unproductive except for human effort and determination... of all the tasks of management; managing the human component is the central and most important task, because all else depends on how well it is done." Rensis Likert

It was Peters and Waterman (1982) who reminded us that it is people who make the difference and contribute towards excellent (successful) companies. It is internationally recognized and acknowledged that the recruitment of people into an organization is of paramount importance as all other activities depend very much on the kind of persons that are recruited.

PURPOSE & SIGNIFICANCE OF THE STUDY

Realizing the importance of this function the writer felt it necessary to undertake this study on recruitment and selection procedures in the private sector and benchmark with 'successful' organizations. Such a study would also add to the limited literature available on this subject. The project report will also be useful for those who wish to familiarize themselves with this particular area of human resource management. In so far as strategic HR management is concerned this
is also one area that many organizations should be paying more attention as well as ensuring that managers who are responsible for the function are properly trained.

Recruitment and selection are two very crucial activities performed by an organization mainly by the HR function. In order to be focussed in this study I have defined the two procedures as follows: Recruitment – as the process of attracting persons for vacant positions in an organization and Selection – as the techniques/methods of choosing the suitable persons from the available candidates. These two activities have no doubt over the years seen drastic changes. More so with companies aiming for a competitive edge in the business world. Competency based selection as well as recruitment by on-line methods is cases in point that have emerged. Yet another change is the role of HR function in these activities. Traditionally recruitment and selection were entirely handled by the HR Department. In today’s world it is increasingly becoming a line function with minimum support from HR Department. The reason being the department having the vacancy or needing the manpower should take 'ownership' of its requirements.

In the final analysis the objective of recruitment is to equip the organization with the necessary human resources of the right skills on a continuing basis to meet current as well as future needs. Hence the study aims to ascertain the recruitment and selection procedures used in the private sector and how they 'benchmark' with practices in successful companies. The study
looked at how the companies managed the two important activities i.e. recruiting and selecting from beginning to end.

Employers are now fully realizing that people not technology or profits are the key to organizational success, motivation, and profitability. They now realize that customer turnover is directly related to employee turnover. They also understand that competing for market share begins with competing for quality employees and winning (Ahlrichs, 2000). In order to achieve faster product development excellent service delivery, real customer intimacy, and targeted profitability goals these employers first achieved their hiring and retention goals. By doing so they have become Employers of Choice (EOC).

The major difference between an EOC and other companies lies in what it does to attract and retain employees. The difference also enhances an EOC’s bottom line profitability. EOC’s are also through their planned strategies aiming to reduce labor turnover the result of which enables companies to increase morale, releases dollars for better long-term use, and contributes to a workplace where employees are happier. Successful organizations of today and tomorrow are charting a new course based on understanding their own organizations and learning from other organizations (Ahlrichs, 2000).

What then are the characteristics of an Employer of Choice? While there is no single “best” management style or culture for all organizations to emulate, there are certain high performance management practices that are effective and applicable across all industries (Pfeffer, 1998).
The foundation strategies, when combined with appropriate measurable tactics framed as objectives, enable an organization to attract and retain the quality and quantity of employees it needs to achieve organizational growth and profit goals (Fitz-Enz, 1997).

According to Jac Fitz-Enz, the founder-president of Saratoga Institute in the United States, EOC’s in all industries and all sizes have put in place their own version of six interlocking strategies and they are: -

- Add improved, recruiting, and retention to the strategic plan of the organization
- Build and communicate a top-employer reputation
- Hire well, or not at all
- Treat employees as if they were customers
- Retain and develop current employees for tomorrow’s needs
- Build support processes to ensure ongoing success of the foundation strategies

**SCOPE OF THE STUDY**

This study attempts to critically look at the current recruitment and selection practices in the private sector companies in Malaysia. It involves looking at the various activities in this area, problems encountered and suggestions for improvements. It also looks at the future directions the companies need to take to achieve a competitive advantage.
LIMITATIONS OF THE STUDY

The limitations of this study can be identified as the following: -

The survey forms sent to companies in different industries was not similar in terms of numbers. The largest number was sent to manufacturing companies followed by sales and marketing.

The survey forms were in some cases completed by junior personnel who were not knowledgeable to complete the forms objectively. They therefore provided answers based purely on their limited working experience.

Some of the critical questions in the survey form were not answered. They were in fact left out completely.

It took a longer time for the forms to be returned than envisaged. In some cases the forms were returned after one month of dispatch.

Basically the study looked at the profile of the companies and what these companies did in terms of their recruitment and selection procedures. There was one section for recipients to highlight problems faced in the areas of recruitment and selection, and also what improvements they would like to see in the future.

ORGANISATION OF THE STUDY

The organization of this research paper is in five parts as described below:

1) This chapter looks at the nature and significance of recruitment and selection to companies in general. It also highlights the critical issues in this area that
companies need to recognize as well as to ensure that they are carried out professionally.

2) Chapter 2 is a review of the related literature in the area of recruitment and selection. It also looks at some of the practices in successful companies.

3) Chapter 3 describes the research methodology adopted for this study. A survey questionnaire was designed to obtain relevant information and tested on five companies and then distributed to 300 companies in the private sector.

4) Chapter 4 discusses the findings of the study. A general profile of the respondent companies is highlighted. Specific results are shown for various activities in the recruitment and selection processes. Problems and areas of concern expressed by the companies are also highlighted.

5) Chapter 5 contains a summary of the research findings. Based on the results and experience of the writer a number of recommendations have been made.