The Significance of Recruitment and Selection on Organizational Performance: The Case of Private owned Organizations in Erbil, North of Iraq

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Abstract:
Recruitment and selection, general seen as a human resource management function, plays a great role in impacting critically on the performance of an organization in terms of achieving its ultimate goal (Costello, 2006). The purpose of this study is to have an understanding of employee recruitment and selection practices and also the organization performance in some private sectors companies in Erbil (North of Iraq). The selected companies that were used to represent the other companies include; two telecommunication companies; Korek and Asiacell Telekom and Darin Group Company. The aim of this research study was to measures the level of effectiveness and efficiency of the recruitment and selection process and organizational performance. This is because the research wants to investigate if the recruitment and selection process is adequate to increase organizational performance of the private sector in Erbil in best possible manner without waste of valuable time and effort. The study also reviews literature on recruitment and selection and equally organizational performance. A total of 363 employees shared their opinions in questionnaires; the data obtained from the survey was analyzed with the use of SPSS (Statistical Package for the Social Sciences).

Keywords: Recruitment, Selection, Organization Performance, Private Sector

Introduction:
Before creating an organization, operate the organization, and to maintain the organization in order to achieve the purpose for the organization was setup, labor is a key factor. This is a key factor because all operations in the organization shall be performed by laborers. These laborers could only be found in the labor market. When an organization have been setup, the role of the human resource (HR) department is most significant to get the right people suitable for the right tasks to be well performed.

As the right people in the right place can plays a significant positive role in the organization by making the organization to maximize the purpose for which it was created, wrong people in wrong positions can deliver a less than perfect performance within the organization. It becomes essentially important for the HR department to get the right people in the right places.

Nowadays, one of the most positive significance of developments in all organizations is the increase in importance given to the Human Resource
The Private Sector as part of the National Economy of Erbil:

The National Economy constitutes part of the private sector which is not under the supervision of the state control and stimulates the economy of every government and also dealing with financial challenges. In Erbil, the private owned organizations stimulate North of Iraq’s economy and deals with financial challenges in the region. Even the government, North of Iraq Federation of Chambers of Commerce and Industry Arab Chamber for Commerce and Industry, believe that the private sector plays a major and important role in developing, reviving and diversifying the North of Iraq’s economy.

The main role of the private sector in revitalizing Erbil’s (North of Iraq) economy is an important issue and has always been a priority of the North of Iraq’s Government. The government has provided incentives for local and foreign companies and created major job and investment opportunities in all sectors. Economic activities in advanced countries show that the private sector could play a major role in improving industry, agriculture, tourism and other sectors, and could become a cornerstone of a strong economy. In order to achieve that, the private sector needs the support and oversight of the government by having laws and regulations that encourage labor and investment, whether for major and strategic projects, or for small and medium enterprises (SME) (Klaus&Varvakis2016).

Examining the North of Iraq Government’s policy of supporting the private sector, it was seen that there has been major improvements in economic indicators between the years 2004 and 2013. For instance, one year after the fall of the regime of Saddam Hussein in 2003, the unemployment rate was 10.4 percent, and it had declined to 5.2 percent in 2013. This is so because the private sector had provided thousands of jobs in the region. In 2006, about 20,000 jobs were created in the private sector, but in 2012 the number had increased to 340,000 jobs (Lee 2016). Per capita income had increased from $500 in 2003 to $5,000 in 2012. In 2007, the total investment in the North of Iraq was 4 billion dollars. Today, that number stands at 47 billion dollars, with many investments in industry, housing and tourism sectors. Only the local private sector market has 669 investment projects, worth 37 billion US dollars. This is an indication that the private sector trusts the government and its supportive policy in further boosting the role of the private sector in the Erbil Region.

The role of the private sector is significant that is why one of the aims of the government’s plan to overcome the current challenges in Erbil is to further support the private sector in order to grow the sector’s activities effectively and efficiently, generate further income and attract more job seekers instead of the public sector. The government will use all its efforts to meet this objective.

Gross Domestic Product (GDP) and other Indicators:

The table below shows GDP and other indicators of Erbil, North of Iraq.

Table 1: Indicators of Economic Development in Erbil, North of Iraq.

| NO. | INDICATOR               | AMOUNT ($ BILLION) | YEAR   |
|-----|-------------------------|--------------------|--------|
| 1   | GDP                     | 26.5               | 2012   |
| 2   | Per Capita Income       | 7,000              | 2012   |
| 3   | Government Budget       | 17.5               | 2015   |
| 4   | Total Investment        | 42 Billion dollars  | 2006-2014 |
| 5   | Inflation               | 3 %                | 2013   |
| 6   | Unemployment            | 10 %               | 2013   |
| 7   | Growth Target           | 8 %                | 2015-2016 |
Source: Kurdistan Region Facts and Figures, 2016
Despite a 10% of unemployment rate in the region, the economy is growing. The table below shows the GDP growth rate.

Table 2: GDP Growth Rate of Erbil, North of Iraq.

| INDICATOR | GROWTH RATE ($ BILLION) | YEAR |
|-----------|-------------------------|------|
| GDP       | 18 Billion dollars      | 2008 |
| GDP       | 24 Billion dollars      | 2010 |
| GDP       | 26.5 Billion dollars    | 2012 |

Source: Kurdistan Region Facts and Figures, 2016
The table above shows the GDP of Erbil; North of Iraq has grown from 2008 to 2012.

Literature Review of Recruitment and Selection

Job vacancies must always be in every organization and the human resource (HR) department got the duty to get the right people to work in the right positions. While recruitment is the process that encourages many people to apply for a job anywhere, the selection process rejects candidates that are not suitable for the positions advertised (Sunday et al no date). The HR does this in a recruitment and selection process where employees get on the job. Many people doing research on this topic have also written a lot about this subject. Some these people and their works would be examined in this part of the study.

In his book *Human resource strategies*, Odiorne, (1984) opined that the quality of recruitment practices put in place by an organization is a function of the quantity of application that the organization will receive. Furthermore, he added that the relative effectiveness of the next human resources phase which is the selection process is essentially dependent upon the quality of applicants that are attracted.

To add, Smith and Robertson (1993), agreed with the above statement as they stated that the more effectively and efficiently the recruitment phase is implemented and carried out, the easier and accurate the selection process will be in making decisions on which applicants are selected. Odiorne (1984) added that the result of effective and efficient employee recruitment and selection are the reduction on labour turnover, good employee morale and improved organization performance.

Jackson et al (2009) argued that the approaches of HR in any business organizations are developed to meet corporate goals and materialization of effective strategic planning. The nature of recruitment and selection for organizations like the public and private organizations in Erbil is pursuing HR approach is influenced by the state of the labour market and the strength of the labour market.

The essence is to understand whether such policies are applied appropriately in private owned organizations in the world and Erbil in particular in the way they have been designed. In particular, Hough and Oswald (2000) noted the use of The Occupational Information Network (O*NET) as a database that contains information about both work behaviors and worker attributes, including information on personality variables, cognitive variables, behavioral and situational variables (Petersen et al 1999). This modern approach to job analysis has many useful attributes to organizations in general and private organizations in Erbil where this research is carried out but clearly cannot find a way of predicting the future requirements of jobs with any degree of certainty knowing that process of recruitment and selection has great significance in the private owned organizations.

In private owned organizations in Erbil, it is really hard for an applicant to be selected and be recruited without having basic skills as suggested by Dessler, (2005).

Muchinsky et al (2002) in their book *Psychology applied to work: An introduction to organizational and industrial psychology* argued that employers on the other hand seem reluctant to employ people who have had no experience whatsoever regardless of the nature of the skill the person brings to the organization. This is because the in-service training of new the new people is seen as a time-consuming process, whereas work needs to be done while the organization is turned into a school of architects and quantity surveyors.

Erasmus, et al, (2005), stated that recruitment is an expensive process that includes costs such as:

- Recruiters salaries
- Management and professional time spent on preparing job descriptions, job specifications, designing and placing of advertisements, and liaison activities
- Costs of advertisements
- Recruitment overheads and other administrative expenses
- Costs of overtime or subcontracting whilst the post remains unfilled
Costs of recruiting unsuitable candidates for the forthcoming selection process. It is important that the recruitment process should be perfectly evaluated. It is easy to evaluate the cost of effectiveness of the public sector and private sector recruiters in terms of whether the recruitment target was reached. Actually, recruitment in the private sectors in Erbil is also expensive because its significance to the organizations. That is why only the brightest applicants with the available required skills are considered, selected, and recruited.

Methods of Recruitment and Selection:

The recruitment and selection of employees into the organization is done through many methods. These methods are analyzed below.

1. Human resources planning:

Human resource planning is a method used by the HR department to recruit and select workers for the organization. In this method, the strategies of the organization are linked to the human resource planning to choose the right people to the jobs. This method can be analyzed with the use the figure below which shows organizational strategies linked to human resources planning.

![Figure 1: Organizational Strategies Linked to Human Resources Planning](source)

**Source:** DeCanzo & Robbins, 2005.

From the figure above, it constitute of: Mission, Objectives, Strategy, Structure and People. A person represents matching skills, knowledge, and abilities to required jobs.

Linking organizational strategies to human resource planning, DeCanzo & Robbins (2005) stated that human resource managers must be engaged during the strategic planning process and in employment planning to ensure that appropriate staff are available to meet the laid down requirements. The purpose of this planning effort is to determine what Human Resource Management (HRM) requirements exist for current and future supplies and demands for employees. For instance, if a HR department has set as one of its goals to expand its service delivery capabilities of the private organizations in Erbil over a period and supporting the people. In planning to recruit and select talented employees, the HR department needs to seriously consider the following five aspects:

- Assessing the human resources available
- Determine the labour market
- Recruiting methods preferred by candidates
- Providing realistic information to the candidates
- Number of interview required per successful placement

Erasmus (2005) stated that when HR department assesses the human resources available, it will be able to determine the cost of recruiting and selecting new employees. This is because making plans to recruit new people is relatively expensive. These include cost such as:

- Salaries
- Management and professional
- Costs of advertisements
- Recruitment overheads
- Costs of overtime for the current workers while the post remains vacant

Also, to determine the labour market Erasmus (2005) stated that, both the HR department and those applying for the job must have a good deal at stake in the employment process. Most job applicants prefer to make job search by reading newspapers and clicking on companies’ websites. Companies should endeavor or try advertising jobs on newspapers and on their websites. There is no need for the HR department to hide any information from the applicants when advertising jobs. The department should provide both positive and negative information to the applicants. This will play an important role in joining the applicants’ vocational and job-related needs with the ability of the organization trying to satisfy the applicants. Planning to recruit and select new employees, the HR department should decide the number of interview required per successful placement during the recruitment and selection process.

2. Job analysis:

Job analysis is an important method of employee recruitment and selection process. The process of job analysis and job descriptions leads to
compensation system design in the organization. Job analysis in the context of compensation system design has two important factors:

1. To identify the important characteristics of each job so that the evaluation can be carried out.
2. To identify, define and weight the compensable factors. That is all those characteristics of jobs that provide a basis judging value.

These factors have a connected to the specific job evaluation plan like decision making, problem solving, and accountability in the organization.

The significance of job analysis in the recruitment and selection process can be seen in the following three outcomes:

A. Job description is a written statement of what the recruited and selected employees will be doing, how it will be done, under what conditions, and why it should be done.
B. Job specifications state the minimum acceptable qualifications that the applicants must have to perform the job effectively and efficiently.
C. Job evaluations: Job evaluation makes an assessment of those jobs in the organization that have similar demands regarding skills, knowledge and abilities and place those jobs in the same compensation group.

The basic methods by which the HR department can determine elements of job, knowledge, skills, and abilities for tasks to be performed efficiently and effectively (DeCenzo & Robbins, 2005).

**Sources of Recruitment:**

There are mainly two types of sources of recruitment namely, internal sources and external sources. These sources can be found portrayed in a full-cycle recruiting system. This system is what the HR department uses to effectively carry out management of the recruitment and selection process from beginning to end. This cycle begins with searching for applicants who are qualified and suitable for the job.

**Figure 2: Internal and External Sources of Recruitment**

*Source: Sources of Recruitment (Prashant, 2009).*

The HR department in charge of recruitment and selection of employees can only succeed in getting the right people through only two sources, internal source and external source as shown in the figure above. Not only new employees are needed to work in the organizations. Current employees are also needed to be promoted, transferred or demoted. The full-cycle above shows that the HR department gets employees from two main sources that is internal sources and external sources.
Internal sources of recruitment:

Basically, there are five internal sources of recruitment. These include:

- Promotion
- Demotion
- Transfer
- Job Posting
- Job Bidding

The human resource manager embarks on internal recruitment when the organization sees that some current employees need to be promoted, demoted, transferred, and be posted. Also, the organization may want to some of its current employees to compete with other applicants for some positions and the organization will organize job bidding. Armstrong (2006), proposed that when vacancies exist in the organization, first consideration should be given to employees (internal candidates) who are already working in the organization.

External sources of recruitment:

This means that the organization attracts applicants from without the organization to send application for posts within the organization. External sources of recruitment include:

- Advertisement
- E-Recruitment
- Employee Referals
- Labour Offices
- Employment Agencies
- Education and training Establishment

When job vacancies exist in the organization and the organization needs only entirely employees, the human resource department will advertise those positions for applicants outside the organization to apply. Advertising the job positions will create awareness, attract attention, maintain interest, and stimulate action (Armstrong (2006).

E-recruitment implies that organization uses its public internet site to recruit applicants. E-recruitment comprises of attracting candidates, screening applications, selecting candidates, and offering or rejecting candidates. In his estimate, Cappelli (2001) stated that E-recruitment process will cause an organization about one-twentieth (1/20) to make online employment.

In the organization, current employee can refer or recommend someone outside the organization to be hired by the human resource manager. When this is done and the referred or recommended employee is hired and proves competent, the current employee who made the recommendation is rewarded or given incentives by the HR manager. This source reduces the time used in the full recruitment and selection process and it also increase effectiveness and efficiency and output in the organization.

Employment agencies can be very fast and efficient in hiring candidates for the organization. These agencies act as brokers or middlemen between the applicant and the organization. Usually, these agencies play this role for a fee collected from the organization and from the applicant. To make sure the applicant is qualified for the job positions, the employment agencies get in touch with the human resource departments of organizations to know their conditions and terms of employment. In return, the human resource departments give these agencies precise definitions of the positions to be filled (Sims, 2002). These agencies then prepare the applicants for those positions and the organizations expect to receive the brightest employees.

Just like employment agencies, labour offices are unions available in the organizations. This union is a labour pool which supplies workers to the organizations. At times, the union can determine which applicant should be employed by the organization. Organizations with this union are likely to face little problems in deciding who to be employed and in which position.

Managers and human resource managers of organizations may visit educational institutions such as universities and colleges to attract bright students especially during the final years of their study to apply for vacant positions. This method of recruitment is also referred to as campus recruitment and is one of the cheapest methods of the recruitment and selection process.

Importance and Challenges of Recruitment and Selection:

Phillips (1998) stated that recruitment and selection is the main duty of the human resource manager of every organization. Recruitment is a process which involves selection and the process is the first step towards getting the skilled and the unskilled labour needed for the organization and this create a competitive strength for the organization and the recruitment strategic advantage for the government and private organization.

As a result, it is of great significance to have clear-cut recruitment policy in the organization that will lead to the recruitment of the brightest candidates.
for the selection of the qualified people in the right position (Petts 1997).

Dessler (2000) studied on recruitment and selection and presents a list of the purpose and importance of recruitment and selection. This can be seen below:

- Recruitment and selection increase the success rate of selection process by decreasing number of visibly under qualified or overqualified job applicants.
- Recruitment and selection increase the pool of job candidates at minimum cost.
- Recruitment and selection create a talent pool of candidates to enable the selection of best candidates for the organization.
- Recruitment and selection attract and encourage more candidates to apply in the organization.
- Recruitment and selection link the employers with the employees.
- Recruitment and selection determine present and future requirements of the organization in accordance with its personnel planning and job analysis activities.
- Recruitment and selection help reduce the probability that job applicants once recruited and selected will leave the organization only after a short period of time.

Any performed task is associated with challenges. Recruitment and selection process is a task performed by the human resource department of every organization. This department faces challenge of planning.

Performance:
Performance is an aspect of every organization. After the recruitment process has got many people for the available vacancies and selection has employed the right people, the organization expects nothing but tasks accomplishment from the newly employed. The organization has its set goals and to meet the demand of its consumers who expect the best and high quality service from the organization. This can only be achieved when employees do their work effectively and efficiently leading to organizational performance.

In their study on Managing performance: performance management in action, Armstrong & Baron (2004), defined organizational performance as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.

Performance in every government or private organization determines whether the organization is making success or not. This implies that performance has a positive or negative significance on the life of the organization. For this reason, performance should be well managed. The purpose of managing performance is to achieve the best results from the organization in the short term and in the long term of the organization.

Theories of Performance Management:
Three theories of performance management have been postulated by Buchner (2007) in his ‘Performance management theory’. These theories include: Social cognitive theory, goal theory, and control theory.

Social cognitive:
Buchner (2007) based this theory on his central concept of self-efficacy. This implies that the opinion people hold that they can or cannot do have a great significance on their performance. To develop and strengthen positive self-belief in employees is an important performance management objective.

Goal theory:
The goal theory of performance management was postulated by (Latham & Locke 2006). In his theory, he drew special attention to four performance mechanisms that connect goals to performance results. These four mechanisms include:

1. When the organizational goals become more challenging, the more employees will draw on their full stock of skills
2. Goals encourage effort
3. Goals engage people to bring their knowledge and skills to increase their chances of great success.
4. The fourth mechanism is that goals direct attention to priorities.

In addition to the mechanisms, goals inform employees to achieve particular levels of performance so that employees will be able to direct and assess their actions.

Control theory:
The center of interest of this theory is feedback as a means of shaping behavior. When people get
feedback on their behavior, they recognize the disparity between what they are actually doing and what they are expected to do and make effort to correctly deal with them. In the performance management process, feedback is identified as the pivotal part.

Relationship between Recruitment and Selection and Organizational Performance:
Recruitment and selection, and performance are important aspects of both the government and the private organization. Recruitment and selection bring competent employees to the organization that will perform their tasks effectively and efficiently to meet organizational goals. When organizational goals are met it means the organization has performed well through its competent employees. Competent employees will enhance a successful functioning of the organization and this will make significant contribution to the values and aims of the organization (Sisson 1994). If the recruitment and selection system of an organization is very effective, satisfied people will be hired and retained in the organization. In this case, bottom-line business outcomes such as finance performance and productivity will be influenced in the organization.

Conclusion and Recommendation:
From the aforementioned, recruitment and selection, and Organization Performance are mainly related to the capabilities of prospective candidates based on the reward and demands inherent in the jobs. However, it shows that big companies devote considerable resources and energy to make sure they have a high quality selection system and to have the rightful employees. It is quite convincing to see that Recruitment and Selection process and Organizational Performances of every company are very important practices for human resource management, which in order words are very crucial in affecting the success and development of the organization. The organizational recruitment practices for every company is based on its own procedure and methods of the quality of new recruits, and the effectiveness of the selection phase depends on the calibre of attracted candidates. Results from the study present the recruitment and selection, and Organization Performance of employees greatly determines the performance of an organization and this becomes so vital if the organizations aim for greater goals. This also determines the level of effectiveness and efficiency of the company.

Recommendations:
Recruitment and selection, likewise Organizational Performance plays a vital role to all institutions. There is a great challenge in human resource planning and development thus making its policy quite difficult. This recommendation however helps to make this policy more efficient and effective. Some of the key things to suggest is; to maintain equality for all applicants, avoid nepotism, tribalism and favoritism when recruiting or selecting employees, selected applicants should be well informed about the policies of the job so as to enhance development. Recommendations for Further Research
In regards to the fact that recruitment and selection is a complex practice for most companies, a number of issues were raised from the literature review to identify and lay emphasis on the concept of staff recruitment and selection. In this case, further research can be implemented in a wide scope by increasing the sample size.

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