

The Role of Employee Recruitment and Selection on the Organization Performance, the Case of Wegagen Bank

Tehitna Melkamu, St. Mary's University

Abstract

The study attempted to examine the role of recruitment and selection on the organizational performance at the head office of Wegagen Bank. It tried to identify major problem areas and suggested suitable solutions and recommendations in improving the recruitment and selection practices. The study employed descriptive research method by using primary and secondary sources of data to attain the given objective. The primary data was collected directly from the employees of the organization by using interview and questionnaire. Secondary sources were books, research finding recorded documents, and annual reports of the organization. Simple random sampling technique was employed to sample 68 employees of the organization from a target population of 213. Finally, the collected data were analyzed and interpreted using statistical techniques such as tabulation, percentages and charts. The findings revealed that the organization uses several practices to recruit and select. Newspaper is used as a vacancy announcement, and interview as a selection practice. The recruitment and selection practice of the company were evaluated by the respondents. Based on the given responses, most respondents stated that the number of applications affect the employee selection process. Regarding the selection criteria, the organization uses formal education. Therefore, it is concluded that recruitment and selection highly contribute to the performance of the organization.

Keywords: Role of Employee Recruitment and Selection, Organization Performance, Wegagen Bank

1. Introduction

1.1. Background of the Study

In organizations of today's world, human resource planning is the beginning point of choosing whether calling new applicants to the organization is required or not.

Recruitment and selection are exceptionally imperative duties in organizations. Recruitment is the establishment for selection process. The individuals who work in organizations come with different capabilities and show distinctive characteristics. They, moreover, have different identity, state of mind, desire, and fitness. Selecting them to be utilized in an organization, subsequently, must be done efficiently and arrange to urge the leading workers who will perform productively and viably.

Recruiting and selecting the at most t qualified representatives is the foremost and key determinant of the organizational capacity to build and accomplish its objective. Therefore, we can characterize recruitment as the way of creating a pool of candidates for specific work.

The recruitment and selection process for the initial assessment of staff is concerned with distinguishing and pulling in and selecting the correct individual to meet desires of the organization of human resources. It is important process for the implementation of organizational performance; the results of the recruitment and selection of appropriate employee help the organization in achieving its goals. Better recruitment and selection strategies result in improved organizational outcomes. As an organization is more effective in recruitment and selection, it is more likely to hire and retains the right employees to the organization. In addition, the effectiveness of an organization's selection system can influence bottom-line business outcomes, such as productivity and financial performance. Hence, investing in the development of a comprehensive and valid selection system is money well spent.

Human resources play a major role in the success of an organization. Managing human resource is the primary key issue to the organizational success. Therefore, there is a need to ensure effective human resource management to achieve this goal. The assumption underpinning the practice of human resource management is that people are key resources and organizational performance largely depends on them (Armstrong, 2006 p; 20).

While human resources have always been crucial to the success of any organization, they have assumed an increasingly greater importance that is being recognized inside and outside work organization. There is a clear positive link between human resource management practices and organizational performance (Armstrong, 2006 p; 20).

Ethiopia is one of the most under banked countries in the world with one bank branch serving over 82,000 people. At present, the number of governmental and private commercial banks has reached 18 (National Bank Annual Report 2010/2011). Wegagen Bank is one of the private banks that were incorporated as a share company on 11th of June, 1997 E.C. It came to life as a result of the entrepreneurial wit of sixteen founding members who recognized the critical role that financial institutions would play towards creating a sustained economic development and were able to put in an initial paid-in capital of Birr thirty million. Wegagen Bank is a full service bank that offers its customers a wide range of commercial banking services with a network of 395 branches of which 143 are in Addis Ababa and the remaining 252 are located in other cities and towns of the country. The Bank constantly struggles with revolutionary trends: accelerating product and technological changes, intense competition, deregulation, demographic changes, and at the same time, they strive to implement trends towards service and information. Due to this turbulent business environment, one of the challenges facing Wegagen Bank is the turnover of employees. Businesses have now become knowledge-based where clearly human capital is considered a key resource indispensable to the survival of businesses.

The main focus of this research study is, therefore, assessing the role of recruitment and selection practices on organizational performance in the head office of Wegagen Bank, and exploring the contribution of these practices on organizational performance. The results from this study may assist in the development of an effective recruitment and selection practices for better organizational performance.

1.2. Statement of the Problem

In today's business world, every organization whose aim is doing business and become productive depend on their successive human resource planning. The success of organizations depends on the caliber of the manpower that steers their day to day affairs. When the right person is selected, the productivity of the selected person tends to be high or meet the standard set by the organization. Hence it is the wish of every organization to attract the best human resource in order to channel their collective efforts into excellent performance. There is an old saying, 'GIGO' (garbage in garbage out). In order to have a good output there must be a good input. Therefore, in order to have a competitive organization, the human resources must be competitive enough.

As per the result of different researchers and authors, it is found that recruitment and selection practice has impact on organizational performance. The impact can be on the organization's financial performance, customer satisfaction, organization's productivity, product quality, organizational innovation, and employee's commitment, satisfaction and skill (Armstrong, 2010).

Hence the researcher is interested to study on this area since recruitment and selection has a huge role to most current organizations which contribute to organization's accomplishment of their objective; therefore, when organizations recruit and select properly through effective management, organization performance may turn out positively.

1.3. Research Questions

In this study attempts will attempt be made to answer the following basic research questions:

- How is employee recruitment practiced in Wegagen Bank?
- How is employee selection practiced in Wegagen Bank?
- What are the current employee's selection criteria mostly applied in Wegagen Bank?
- What are the major factors or problems that affect Wegagen Bank' recruitment and selection process?
- What are the contributions of recruitment and selection in the organizations performance in Wegagen Bank?

1.4. Objectives of the Study

1.4.1 General Objective

The general objective of this study is to assess the role of employee recruitment and selection on the organizational performance in the case of Wegagen Bank head office.

1.4.2 Specific Objectives

- To determine the recruitment practices followed by Wegagen Bank;
- To determine the selection practices followed by Wegagen Bank;
- To investigate major employee selection criteria currently applied in Wegagen Bank;
- To examine the major factors or problems that affect the recruitment and selection process of Wegagen Bank; and

- To assess the contributions of recruitment and selection in the organizations' performance of Wegagean Bank.

1.5. Significance of the Study

This study is expected to have the following significances:-

- To the human resource managers of the organization, it would help them to know how to attract qualified and suitable applicants to apply for job openings in the Bank.
- The study would also benefit employees because selection processes when appropriately adhered to ensure selection of qualified and suitable candidates.
- The study would also be relevant to the researcher to get experience to do better when required to do other researches, and to future researchers it will serve as a guide and reference material for further studies.

1.6. Delimitation or Scope of the Study

The study is going to be delimited geographically, conceptually and deliberately. Asset confinement coupled with huge population size forced the study to focus on one of the biggest private commercial Banks within the nation, specifically Wegagen Bank in Addis Ababa. There are a number of organizational components that are determined by recruitment and selection practices of the organization. These included organization's monetary execution, client fulfillment, organization's efficiency, item quality, organizational development, and employee's commitment, fulfillment and expertise. In this study the researcher focuses on financial performance and customer satisfaction of the organization.

1.7. Limitation of the Study

Even though the researcher used her maximum effort to make the study perfect, there were some limitations which have occurred during the study. Several employees in the selected sectors refused to fill the questionnaires on the excuse of time constraint. Even then those who agreed to complete the questionnaires had taken several days. Therefore, the researcher had to wait several days to collect the questioners.

Hence, the restrictions given for COVID-19 the researcher faced another major constraint during conducting the interview. But the researcher used different techniques to handle these constraints and finalized this research.

2. Methodology of the Study

2.1. Research Design

The research design selected for this study was descriptive research design with mixed approach (both qualitative and quantitative). The research proposes to assess the role of recruitment and selection on organization performance in Wegagen Bank head office. The study was based on the use of questionnaire and interview. These approaches were used because they were satisfactory tools for collecting data for the sample population to investigate the research topic.

2.2. Population, Sample Size and Sampling Techniques

The researcher has tried to calculate the sample size after determining the target population. Out of the total branches in Addis Ababa including the head office selected based on the researcher's convenience and proximity to make data collection process easier. Then from the head office each sample employees and managers are selected with simple random sampling method. Therefore, by using Yamane (1967, p; 886), sample size calculation formula, the researcher determined the total sample size is 213 with an assumption of 90% level of confidence and 10% margin of error and for respective divisions proportionally. As shown below, the number of employees selected is calculated with the following formula. Before proceeding to the mathematical justification, Yamane provides a simplified formula to calculate sample sizes. Taro Yamane, a mathematical statistician developed a statistical formula for calculating or determination of sample size in relation to the population under study so that inferences and conclusions reached after the survey can be generalized to the entire population from which the sample was gotten. The researcher used this formula for the reason for its compatibility with the methodologies and design.

$$n = \frac{N}{1 + N(e)}^2$$
$$n = \frac{213}{1 + 213(10\%)}^2$$

$$n = 68.05$$

$$n \approx 68$$

Where n is the sample size, N is the population size, and e is the level of precision. With the level of precision e= 10% and N= 213

2.3. Types of Data Used

In order to get sufficient and relevant information about the study, the researcher has involved both primary and secondary data. Primary data was collected from employees and managers by considering its importance for the reliability, time value of information and accuracy of their research outputs. Secondary data was also collected from different documents and website of the office by considering its importance for a better understanding of a problem under study through assessing of past studies and documents.

2.4. Method of Data Collection

The study used both primary and secondary data. The information that was obtained by using both types of data integrated during data presentation and analysis phase. Primary data was gathered through questionnaire and interview for the employee the management levels of the organization. Relevant statistical and descriptive data and information has been extracted from the secondary data sources.

2.5. Method of Data Analysis

In order to analyze data, descriptive data analysis techniques were used to show or summarize data in a meaningful way. The researcher used both qualitative and quantitative data analyzing methods. After collecting and sorting all relevant primary data using the data

collection tools, quantitative responses were sorted, coded and computed using statistical package for social sciences (SPSS) version 20 which is important statistical analysis tool. Then appropriate data analysis method such as frequencies and percentiles were used. The results were presented using tables. The qualitative data obtained through interview was also presented in tables and paragraphs.

3. Data Presentation, Analysis and Interpretation

3.1 Response Rate

For this study, the student researcher has distributed 68 questionnaires to the employees of Wegagen Bank. From the total questionnaires, 61 were returned and included in the study. This implies that 7 respondents didn't react accordingly. That means, the response rate of the study is 89.7%.

3.2 Analysis of Demographic Data

The first part of the questionnaire consists of four items about demographic information of the respondents. It covers the personal data of respondents such as: gender, age, educational level, and year of experience.

Table 10: Demographic Characteristics of Respondents

Gender of employee					
Item	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	40	65.6	65.6	65.6
	Female	21	34.4	34.4	100
	Total	61	100	100	
Age of employee					
Item	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Age	18-30	20	32.8	32.8	32.8
	31-40	30	49.2	49.2	82
	41-50	11	18	18	100
	Total	61	100	100	
Educational Level					
Item	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Education level	Diploma	1	1.6	1.6	1.6
	First Degree	35	57.4	57.4	59
	Master's Degree	25	41	41	100
	Total	61	100	100	
Experience in Wegagen Bank					
Item	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Experience	0-5	19	31.1	31.1	31.1

	6-10	17	27.9	27.9	59
	11-15	4	6.6	6.6	65.6
	Above 16	21	34.4	34.4	100
	Total	61	100	100	

The first item in Table 1 presents data on gender of respondents. The figure shows that male respondents formed the majority of the target population with a total of 65.6%, while 34.4% of the respondents were females. We can conclude that most of the Wegagen employees are male.

The second item in the table represents the age group of the respondents. Out of the total respondents 32.8% of the respondents were of age 18-30; 49.2% of the respondents are found between the age 31-40 and 18% of the respondents were found to be between the age of 41-50. The sample population is largely dominated by the age group of 31-40. This indicates that most employees are young and need better payment and good working condition because the potential to make difference exists in the company.

The third item represents educational status of participants. 1.6% of the respondents were diploma holders, 57.4% were first degree holders and 41% of employees were master's degree holders. Thus, it can be concluded that most of the respondents in the study were first degree holders. This shows that the respondents are well educated.

The fourth item represents service year of the respondents. 31.1% of the respondents served the bank less than or equal to 5 years; 27.9% served the Bank 6-10 years, 6.6% indicate 11-15 years and 34.4% served above 15 years. As it is shown in the table, most employees have worked in the Bank for a long period of time. This entails that most employees have many years of work experience in the Bank, shows shows that the Bank has a strong retention strategy.

3.3 Means of Vacancy Announcement

Table 11: Means of Vacancy

How did you know about the vacancy of your current position in Wegagen Bank?	Frequency	Percent	Valid Percent	Cumulative Percent
Newspaper	31	50.8	50.8	50.8
On-Campus Recruitment	12	19.7	19.7	70.5
Internet Source	5	8.2	8.2	78.7
From colleagues	13	21.3	21.3	100.0
Total	61	100.0	100.0	

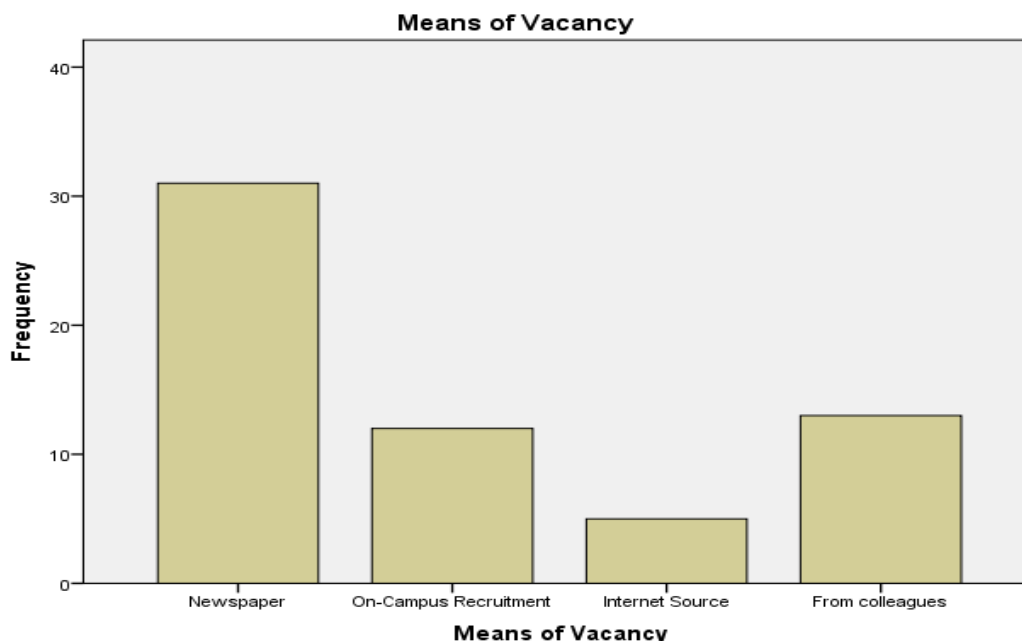


Figure 1: Means of Vacancy

As indicated in Table 2 and figure 1, 50.8% of the respondent got information through newspaper, 19.7% replied that they got vacancy announcement through on-campus recruitment, 8.2% said through internal sources and 21.3% replied through colleagues. This implies that the majority of the respondents said that newspaper is a widely adopted system to get vacancy information.

3.4 Evaluation Process

Table 12: Evaluation Process

Item	Frequency	Percent	Valid Percent	Cumulative Percent
Paper based application	11	18.0	18.0	18.0
Interview	40	65.6	65.6	83.6
Paper Examination	7	11.5	11.5	95.1
Other	3	4.9	4.9	100.0
Total	61	100.0	100.0	

As shown in Table 3, 18% among the sample staffs responded that they passed through paper based applications (CV), 65.6% replied that they passed through an interview, and 11.5% passed on paper examination, and other 4.9% chose others. This implies that the company uses CV, interview and performance test to attract employees and evaluate the applicants.

3.5 Sources of Recruitment

Table 13: Source of Recruitment

Item	Frequency	Percent	Valid Percent	Cumulative Percent
Apply and passed an external vacancy	30	49.2	49.2	49.2

Promotion	12	19.7	19.7	68.2
Transferred	2	3.3	3.3	72.2
Competition	13	21.3	21.3	93.5
Placement	4	6.6	6.6	100.0
Total	61	100.0	100.0	

Figure 2. Source of Recruitment

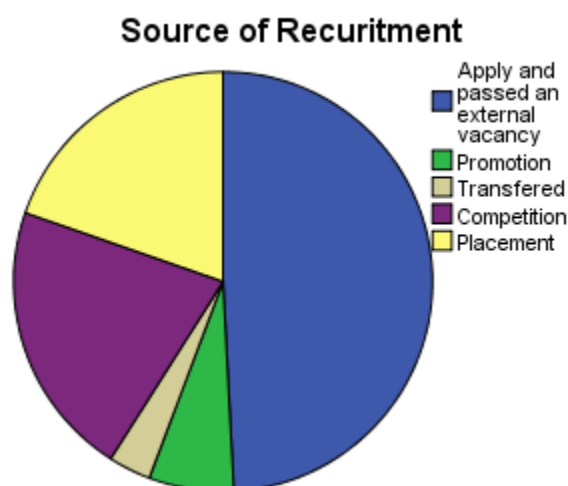


Table 4 and figure 2 display that 49.2% among the employees responded that they assumed current position through external vacancy, 19.7% through promotion, 3.3% through transfer, 21.3% through competition, and 6.6% indicated that they assumed the position on placement basis. From this what we can understand is that the company hires employees on competitive base.

3.6 Selection Criteria

Table 5: Selection Criteria

Item	Frequency	Percent	Valid Percent	Cumulative Percent
Formal Education	35	57.4	57.4	57.4
Experience	7	11.5	11.5	68.9
Physical character	0	0	0	68.9
Personal character	0	0	0	68.9
It uses all Criteria	19	31.1	31.1	100
Other	0	0	0	100
Total	61	100	100	

According to Table 5 above, out of 61 total respondents, 57.4% said they were selected based on their formal education, 11.5% said due to their experience, and 31.1% said it used all the criteria. None of the respondents chose physical or personal feature as base for selection. Since the majority of respondents opted for formal education as selection criterion, we can say that the organization mostly uses formal education for the purpose of employee selection.

3.7 Factors Affecting Employee Selection Processes

Table 6: Factors Affecting Employee Selection process

Factors	Frequency	Percent	Valid Percent	Cumulative Percent
Legal Consideration	12	19.7	19.7	19.7
Speed of Decision Making	0	0	0	19.7
Organizational Hierarchy	11	18	18	37.7
Number of Applicants	31	50.8	50.8	88.5
All Factors are Affecting	7	11.5	11.5	100
Total	61	100	100	

According to Table 6, out of 61 total respondents, 19.7% said legal consideration, 18% said organizational hierarchy, 50.8% said number of applicants and the rest 11.5% said all factors are causes. But none of the respondents said speed of decision making was a factor. From these data, we can understand that the factor that affects the organizations selection process most is pool of applicants.

3.8 Organizational Performance

Table 7: Organizational Performance

Question	Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Do you think effective recruitment and selection of employee contribute to the Bank's performance?	Yes	61	100	100	100
	No	0	0	0	100

From the Table 7, it is obvious that all the 61 respondents responded in the affirmative. We can conclude that effective recruitment and selection of employees contribute to the Bank's performance.

Table 8: Contribution of Rate of Recruitment and Selection to the Bank's performance

Question	valid	Frequency	Percent	Valid Percent	Cumulative Percent
If yes, how much will recruitment and selection contribute to Bank's performance	Low	1	1.6	1.6	1.6
	High	23	37.7	37.7	39.3
	Very High	37	60.7	60.7	100
	Total	61	100	100	

Table 8 shows that 37.7% said high and 60.7% said very high. None of the respondents said very low and medium. Therefore, we can say effective recruitment and selection of employee highly contribute to the Bank's performance.

3.9 Interview Analysis

Interview data was the second primary data that the researcher used to complete this particular study. This data was collected by conducting a face to face interview with the human resource manager in the form of question and answer with the manager of Wegagen Bank head office. Then the researcher analyzed these raw data.

3.9.1 Methods of Recruitment

What are the main recruitment methods your organization follows? The researcher collected the necessary information or data by interviewing the human resource manager of the organization's head office. As the information explained by the manager, Wegagen Bank uses different recruitment methods among which radio, internet and on-campus recruitment. Specially most of the time they use newspapers to advertise vacancies that will attract a pool of applicants.

3.9.2 Alternative Selection Criteria's of the Organization

What are your alternative selection criteria?

There are different alternative criteria to select employees: their cumulative education result (GPA), interview that helps them to drop the least qualified or unproductive applicants immediately.

3.9.3 The Selection Process

What are the selection procedures of your organization?

There are many procedures the organization follows to select the best employees, among them:

- Deciding who will be involved in the selection process and developing selection criteria;
- Determining assessment strategies and developing an evaluation form;
- Developing interview questions to be asked to all candidates. The questions can be situational, behavioral, skill, worker requirements or readiness questions.
- Developing candidate specific questions;.
- The supervisory interview
- Realistic job preview
- Making the hiring decision
- Candidate notification
- Evaluating the selection process. All these listed procedures are the organization's selection process the human resource manager of Wegagen Bank's head office responded.

4. Summary, Conclusion and Recommendation

4.1. Summary of Findings

Based on the response obtained from the questionnaire and interview questions, analysis was made by taking the five research questions into mind. The major findings are listed as follows:

- Most of the employees of Wegagen Bank are male, which cover 65.6% of the population, and they are found between 31-40 age group showing that most of the employees are younger and in the productive age group. Also, 57.4% of them are first degree holders with an experience of more than 15 years.
- Regarding the recruitment practice for external applicants, most of the vacancy announcements which are by newspaper.
- For external applicants, most applicants (65.6%) go through interview given before the final decision of recruitment. GPA is also considered for fresh graduates.
- For internal applicants, after being filtered by academic qualification, year of services, and performance evaluation result, promotion is given to the applicant.
- In most of the cases, the company prefers to fill vacant positions by attracting external applicants.
- The organization uses formal education as the selection criteria
- 50.8% of the employees said that the number of applicants is one factor affecting employee selection process.
- All respondents think that effective recruitment and selection of employees contribute to the Bank's performance.
- 60.7% of the respondents rated how much effective recruitment and selection of employee contribute for the bank's performance very high.

4.2. Conclusion

The focus of recruitment and selection is to match the capabilities of prospective candidates against the demands. For this reason, top performing companies devote considerable resources and energy to create high quality selection systems. Recruitment and selection processes are important practices for human resource management, and are crucial in contributing to organizational success.

Based on the findings stated, the following conclusions are drawn:

Wegagen Bank follows recruitment practices which mostly uses newspapers as vacancy announcement. Interview is considered as an evaluation process method. The organization usually uses external sources in order to recruit qualified and experienced employees. Regardless of the selection practices, the organization gives equal chance of being selected for all applicants. The organization usually uses formal education as employee selection criterion. Concerning factors affecting employee selection process, the number of applicants is the major influence on employee selection process. Also most of the respondents approved that effective recruitment and selection of employee highly contribute to the organizations' performance.

4.3. Recommendations

Following the findings of this particular study, the researcher forwarded the following recommendations for Wegagen Bank's head office:

- The Bank mostly uses newspaper based vacancy announcement to attract external applicants. However, it is recommended that other means of vacancy announcement methods (job sites, social media) should also be adopted to give alternative options for potential applicants.
- The organization needs to consider applying evaluation processes other than interview equally in order to achieve desired organizational performance.
- To encourage employees to perform well, the company needs to assess the possibility of promotion taking into account its advantage and disadvantages.
- The administrator of this organization should focus and must give high attention to internal recruitment because external recruitment needs long training and cost.
- The manager should avoid and/reduce recruiting from a pool of applicants by using preliminary interview and removing immediately those least qualified applicants to save time and to screen the rest carefully.
- Since the banking industry is becoming highly competitive, the management of the Bank should frequently give emphasis to recruitment and selection processes to maintain sustainable competitive advantage.

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