

Advantages of internal and external recruitment business essay



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This essay would look at the advantages and disadvantages of internal and external recruitment and how each strategy is used at different times. In order to explore the issues surrounding this essay it is important to define some of the key terms.

Barber (1998) defined recruitment as practices and activities carried out by the organisation with the primary purpose of identifying and attracting potential employees. The recruitment stage is the most important human resource function that determines organizations success or continued existence . This is because the more effective the recruitment program the easier and more successful the selection stage (Redman and Wilkinson, 2009).

Hackett (1991) defined Selection as “ predicting which candidates will make the most appropriate contribution to the organisation – now and in the future”. The selection procedure involves the combination of accurate psychometric tests, performance based or work simulation methods, and the use of various methods of assessment to measure the precisely the candidate knowledge, skills, abilities and other characteristics (KSAO). A systematic selection procedure has become one of major criteria’s for a high-commitment or high performance management approach (Redman and Wilkinson, 2009).

The shift from the industrial to service sector has had a great impact on the trend of the recruitment and selection process. Recruitment now relies heavily on the social competence of the worker. The social skills or soft HRM skills places emphasis on the how the employee would interact with the

customer because their long term goal is customer satisfaction. Therefore jobs are defined in terms of the responsibilities it entails and the character of the job candidate who would be able to carry out their responsibilities. For example Callaghan and Thompson (2002) carried out a research on call centres and found that these organisations relied heavily on the assessment of good nature. So they recruited based on personality of the candidate as opposed to technical skills (Bach, 2005). The selection process involves weighing the differences between the applicants in order to pick the candidates whose profile best suits the person specification as suggested by the job profile described (Bach, 2005).

Barber (1998) believed that it was important to get the recruitment procedure right because these would determine the success of the organisation in the long run. The organisation is constantly faced with the decision of whether to recruit internally or externally. Lepak and Snell (2002) argued that the decision of what recruitment strategy to take was dependent on the level of human capital the job requires. Jobs which required high skills and knowledge (which constitute the human capital advantage of the company) are better controlled internally through promotions and transfers which contribute to creating a committed workforce. However, lower level jobs which do not require intensive training can be outsourced because of the short term employment relationship required. An example of this is in large companies who have an enthusiastic recruitment programmes administered by in-house staff for high level graduate positions Whilst those of short term significance are externalised or are given out for short term contracts (Redman and Wilkinson, 2009).

Internal recruitment is a common feature of companies that are commitment oriented because they support their workers and give them necessary training in a bid to develop their own internal talent. This follows the tenets of soft human resource management. Internal recruitment has many aspects which are promotion, upsizing and downsizing within an organisation. The sources of internal recruitment are the use of bulletin which is usually strategically located in the HR area of the business. Another method is the intranet through In-house blogs and Inter emailing system. Internal recruitment can also be done by keeping skills inventory which is updated after training, studies for future reference in order to identify who would best suit an available position (Davies, 2008).

Employers have tendencies to fill vacancies within its internal structure before hunting for external candidates. Internal recruitment is a cost cutting strategy because it would help to eliminate the cost of advertising or the recruitment agency fees by recruiting internally. To do this, the company requires printing out the vacancy in the newsletter or on staff notice board or take a more sophisticated approach by using intranet (Torrington et al, 2008). Another advantage is that it would help reduce the cost of training because it is much easier for internal recruits to adjust to new roles compared to someone who was brought from outside.

Furthermore, Promotion is another feature of internal recruitment. It has a very positive impact on the existing employee because it would help to boost the confidence and moral of the worker. This would help to bring about commitment and loyalty because it gives the employee a sense of value and makes them feel they are important assets to the organisation. It gives them

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the opportunity to move up the ladder and they tend to give their best to the organisation hereby contributing to the organisations goals (Torrington et al, 2008). However, internal recruitment has its many drawbacks; it has tendencies to be discriminatory. This is because to retain the same work force which would create an obstacle for the organisations growth and discourage the diversity of talents. Another effect of this is that it may continue to promote organisational inequalities (Bach, 2005). Potentially organisations are limited to the skills of the existing staff compared to what they would have achieved if internal recruits had to compete with external candidates for a job position.

External recruitment is a recruitment method adopted by the organisation which involves the organisation going outside to hunt for its workforce after it has been established that there is no qualified candidate available inside the organisation. In other words the job specification of the job position available and the KSAO (Knowledge, skills, abilities and other characteristics) do not match among the employees within an organisation the organisation would then have to outsource the appropriate candidate for the job (Ployhart and Schiender, 2006). Sources of external recruitment range from the traditional advertising of jobs on the newspapers to website advertising which is available 24 hours a day for eligible job applicants, it also involves the use of employee referrals, professional recruiters also referred to as headhunters, walk-ins and also by going direct to educational establishments through presentations of job fairs (Davies, 2008)

The various drawbacks of internal recruitment make up the advantage of external recruitment. External recruitment brings in 'new blood' into the
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organisation. Contemporary businesses seek to attract candidates that are fresh out of university in order to bring the latest concepts and expertise. These new entrants have the possibility to give the system and process of the organisation a new outlook which would help the organisation to adapt to the changing business environment. Another strategy used in external recruitment to professionalise their operations and organisational culture is by outsourcing their staff from reputable business schools. Another advantage of external recruitment is that it would bring about competition within the organisation because the insiders begin to see an increasing need to update their current skills and educational qualification to meet up with their contemporaries hired from outside. In the long run this would create a dynamic workforce and it would also ensure changes in the corporate culture of the organisation (Compton and Nankervis, 2009).

Furthermore, External recruits tend not to show favouritism for the already existing employees thereby helping them to take a neutral position in the middle of crises. They would most likely not belong to any group of political supporters in the organisation and would therefore not be involved with the political squabbling for promotion which is common to internally recruited employees. An obvious disadvantage of External recruitment is that there is bound to be conflict between new recruits and existing workers as the latter would soon begin to feel insecure and discouraged from working hard especially in cases where external candidate has taken over them for a position they were sure to get through promotion and this can make the behaviour of the existing workers would affect the overall productivity and efficiency of the organisation. For example, the Institute of Employment

Studies (2002) observed from their research discovered that when external recruits were selected over existing workers after a recruitment and selection process, employees expressed bitterness and low morale; they also discovered that this would lead to the workers pursuing claims of unfair discrimination following a selection process (as seen in Torrington et al, 2008).

Another disadvantage of external recruitment is that the process can be time consuming because it takes the new recruits some time to orientate themselves and adjust to the culture of the organisation. Also, the organisation would incur a very high cost in training the new staff than what it would have ordinarily cost if it promotes staffs that are already familiar with the organisation. External recruitment is also prone to risk because there is a possibility that the candidates may not live up to the expectations of the high potential demonstrated during the selection process.

Conclusion

In conclusion, this essay has looked at the various drawbacks and benefits derived from using the internal and external methods of recruitment.

However it is important for the Organisations to get recruitment right and most Organisations should use the internal and external recruitment simultaneously in order to increase productivity and efficiency of the organisation through a motivated workforce

In addition, the rapidly changing competitive environment have made some employers to turn their focus to the external labour market in addition to the developing internal source but However management have to be careful on

how they make decisions as to which strategy to use by carefully weighing the long term implications of their method because all organisations are out to maximise costs.