

Internal and external  
recruitment both have  
advantages and  
disadvantages



## **Introduction**

An organisation's most important asset is its people. An organisation having the right people with the right skills in the right positions makes the difference between the organisation being successful or unsuccessful.

(<http://www.emeraldinsight.com/journals.htm?articleid=1463648&show=html>) Recruitment is the method of finding and drawing prospective job candidates capable of effectively filling the job vacancies available within an organisation. (Bartol et al., 2000)

The ever growing globalisation of the marketplace combined with the increasing shortage of skilled staff and the progress in technology have resulted in new recruitment practices. (Aswathappa, 2005). The human resources department plays a key part in finding the best candidate to fill the vacant position thus HR holds key responsibility in an organisations success or failure.

Recruitment plays a key part in any organisation and there have been big headlines in the past related to this such as Alexander Trotman who became CEO at Ford Motors. (Chan, 1996)

From the above it can be discovered that recruitment is a crucial aspect in an organisation. This essay outlines the advantages and disadvantages of both internal and external recruitment. It also looks at the different times the organisation uses these strategies. Further it will discuss which strategy organisations prefer when recruiting employees. The essay ends with a conclusion that brings together both sides of the strategies.

## 2. 0. Internal Recruitment

Internal recruitment is promoting existing employees in conjunction with internal training. (Bartol et al., 2000) Internal recruitment is a strategy that many organisations adapt.

There are number of reasons as to why organisations prefer internal recruitment; the most often explanation given is specific human capital concern. It is an established finding in human capital theory that build up of firm-specific human capital usually occupies combined investment by both the employer and the employee, therefore both parties have the intention of keeping and maintaining a long term relationship. Thus the longer the occupancy of the worker the further increase in specific human capital. This would mean that it would be more costly for the firm to find an external applicant who could do better than an existing worker within the setting of the organisation so the organisation would prefer recruiting internally. (Becker, 1975)

Another explanation is that the employees that are already in the organisation their ability can be observed with less noise than that would be of recruiting externally. This would suit the employers that are risk-averse, those that would like to go with a less uncertain applicant by endorsing qualified candidates from within. Even when specific human capital is comparatively unimportant and reliable data about external candidates can be gathered, employers tend to prefer internal candidates. This is very true especially in large firms with bureaucratic structures and institutionalised career ladders. Organisations tend to recruit externally when a candidate

shows a momentous margin of superiority, only then will an existing employee is passed by for promotion. (Chan, 1996)

A report on internal versus external recruitment states: “ A cursory check of the record reveal that amongst the 84 chief executives of the fortune 100 firms who were promoted to the position since 1984, only 11 were recruited from outside the organisation”. (Chan, 1996) This observation clearly shows that within the top leading large organisations there is a widespread phenomenon also within many non-profit organisations that they often promote from within their own organisations to fill the higher controlled positions instead of recruiting externally. (Chan, 1996)

Other advantages of internal recruitment include: allows organisation to build strong loyalty within the organization as it gives employees the opportunity to self develop and feel valued by gaining promotion. Candidate is familiar with the organisation therefore the possibility of the failure won't be an issue as well. Internal recruitment also allows organisation to respond to labour turnover in a quick efficient manner and also avert a leadership crisis internally. (Perrett, 2010)

A lot of organisations prefer internal recruitment but some tend to not as this strategy has its drawbacks as well: this strategy needs strong management from the HR department as recruiting internally can lead to the conflicts within the organisation therefore HR department needs to be able to act as a strong facilitator. Another disadvantage is internal recruitment can direct a lot of problems when the candidate comes from another department. Not bringing new skills and fresh innovative ideas and competencies to the

organization is another downside to this strategy. (<http://hrmadvice.com/hrmadvice/hr-processes/recruitment-and-selection/internal-or-external-recruitment.html>)

### **3.0 External Recruitment**

External recruitment involves recruiting suitable candidates with relevant experience and qualifications who have not previously worked within the organisation. (Bartol et al., 2000) External recruitment has been adapted by many organisations but a major consideration is the type of job role that needs being undertaken. “ External recruitment strategies would include newspapers, magazines advertising, the use of employment agencies and executive search firms. New strategies that are becoming popular in the job seeker market include job/career fairs and e-Recruiting.” (Richardson) These External recruitment strategies have its advantages and disadvantages which are outlined below.

External Recruitment brings new people with fresh and innovative ideas to the organization; they will also bring experience they have gained from other organisations, which can be a huge benefit for the organization. An example of a complete changeover was of Selfridges where they got rid of all the old managers whose management style was based on old traditional approach, they were replaced by new young innovative women who changed the traditional approach to a more modern day approach to business. It has made Selfridges one of the most successful retailer in the UK today.(Soomro, 2008) External Recruitment also allows the organization to be selective when selecting a candidate and allow them to define the right requirements, which fits in the organization most effectively.  
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Other obvious advantages include: external recruitment can save a lot of time in many situations mainly when the job market is full of prospective job candidates. Reduce training costs; as staff will bring experience and qualifications from the organisation they've worked at before. Gain expertise from competitors; allow organisation to gain knowledge of what strategies competitors used in their daily running of the business. Fill leadership gaps; they might not have anyone suitable enough on the organisation therefore recruiting externally would straight away fill in the position. (Perrett, 2010)

Another advantage of recruiting externally through media and employment agencies is that the organisation would reach a wider audience and therefore attract more candidates and have the ability to choose the best potential candidates. ([http://www. articlesnatch. com/Article/Internal-Versus-External-Recruitment—Which-Is-Best-/793181](http://www.articlesnatch.com/Article/Internal-Versus-External-Recruitment—Which-Is-Best-/793181))

On the other hand the external recruitment has its downsides which include it being an expensive process and takes a lot of energy from the HRM department to handle all the potential candidates. External recruitment is also very time-consuming as the organisation works through so many processes that go before selection. Even then after going through all these processes there is no assurance that the results will be fitting with the organisation; the organisation may hire someone who might show loads of potential in the recruitment process but fails to live up to the job role once employed. (De Varo, 2008)

#### **4. 0. Overall concept of both recruitment strategies**

Having looked at both types of recruitment strategies it can be said that organisations do adopt both types but tend to favour internal recruitment <https://assignbuster.com/internal-and-external-recruitment-both-have-advantages-and-disadvantages/>

over external recruitment. Saying this factor to take into consideration is the type of vacancy that is going to be occupied. Generally a senior managerial or executive vacancy is filled internally and organisations tend not to recruit externally as they find attaining someone within the organisation who is acquainted with the role and the organisation will occupy that job effectively. Organisations can reduce the risks and high costs when recruiting by preserving a small cadre of full-time, permanent employees and meeting an unexpected need for staff through the use of ad-hoc workers who are already trained.

## **5. 0. Conclusion**

The essay looked at a number of important issues relating to recruitment. The two strategies of recruitment: internal and external were looked at. Advantages and disadvantages of both types of strategies were looked into and found that majority of the organisations preferred internal recruitment strategy compared to external recruitment strategy. The advantages of internal recruitment: human capital concern, employee having organisation knowledge, being less time-consuming, these outweighed the advantages of external recruitment. Having looked at the advantages a consideration to take is that recruitment would depend on an individual organisation, some organisation have that psychological effect drilled in that they will try recruiting internally and there last option would be to recruit externally. Saying this, the essay concludes that both strategies are still adapted in the business world today and it all depends on the organisation itself and what kind of position is going to be filled.