

EXTERNAL RECRUITMENT STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN RIVERS STATE

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ABSTRACT

This study was to determine the impact of external recruitment strategies on organizational performance of deposit money banks in Rivers State. Recruitment is an important activity and one of the human resource management functions; it positively influences the organizational performance particularly in realizing its eventual and ultimate goals and targets. The study anchored on the Attraction-Selection-Attrition (ASA) Theory, and Vroom 's Expectancy theory. Dimensions including internal recruitment, external recruitment and selection were reviewed under manpower recruitment strategies, while profitability, productivity and innovation were reviewed under organizational performance. The study employed the descriptive research design and the random sampling technique was adopted to sample out one hundred and ten (110) middle and top management staff of the twenty-two (22) banks in Port Harcourt, Rivers State. Data was derived for the study using a structured questionnaire. Data gathered was collated, coded and analyzed using frequency table, mean and standard deviation while linear regression was used to test the hypotheses. Findings revealed that external recruitment does significantly influence productivity of deposit money banks in Rivers State ($P = 0.000 < 0.05$) The study recommended that human resource department should appraise employees to help them give off their best and help improve performance of employees; this will always keep employees on their toes to give off their best.

Keywords: External Recruitment, Profitability, Productivity, Innovation

INTRODUCTION

It can be said that a well-articulated recruitment of qualified staff will lead to increase in productivity, heightened morale, reduce supervision, efficiency, effectiveness, increased organizational stability and flexibility. He argues that continued training can also help employees to develop the ability to adapt themselves to new work methods, learn how to use various kinds of equipment and adjust to major changes in job content and work relationship.

As Nigeria is striving hard to play a leadership role in Africa, particularly in the period of globalized, pragmatic and competitive work force, there is an urgent need to pay more prominent attention to the improvement in performance particularly in Nigerian banking sector by the incorporation of appropriate manpower recruitment process to achieve the desired output in terms of performance. Manpower recruitment is the key in improving performance in any sector. In modern times, despite the merits of proper recruitment criteria, there are still many employers particularly in banks who are not committed to proper recruitment process. When human resource recruitment are not properly done, efficiency in job performance and productivity is definitely bound to be low. The quality of an organization's personnel is one of the factors that determine how the organization is going to be successful in terms of realizing its objectives of increased productivity, efficiency and effectiveness. One of the most effective ways of ensuring high standard of performance in any organization is through recruitment of qualified and well-motivated candidates.

Recruitment into the banking sector was no longer on merit as it were. There were discrimination and favouritism in the recruitment of employees today. This tendency affects the quality of the

people recruited and has an adverse impact on the morale of the people who are more qualified that feel, they are better than the people favoured. What impact will this have on the organization's performance? What will be the fate of the service where authority is violated because the person violating has the confidence and support of a higher authority?

In Nigeria, there has been increase in the rate of business failure, closure and poor organizational performance due to low productivity of employees and commercial globalization. Despite the conflict between the stakeholders and the employees, employees have critical roles to play in ensuring the organizations achieve competitive advantage over the competitors for the achievement of goals and objectives.

The performance of employees in the banking sector in Nigeria has been poor. It has witnessed relatively low performance when compared to their counterpart in other developing nations. The recent retrenchment of workers across many banks in Nigeria are the evidence of poor performance. Many studies have been executed on recruitment, organizational growth and many other related sub topics. Some of the studies were carried out in Nigeria but most of the studies were carried out in some countries outside Nigeria. Some studies covered public sector organization while others covered private sector organizations. For example, Djabatey (2012) analyzed recruitment practices of organizations, a case study of HFC Bank Ltd. Ibrahim (2014) studied Recruitment in the Nigerian Public Service: Nature, Challenges and Way forward, Aminchi, Amina, Abba and Salau (2014) wrote on Recruitment, Selection and Placement of Human Resource in Adult Education Organization: Implications for the Management of Adult Education Borno State Nigeria. Adu- Darkoh (2014) studied employee recruitment practices in the construction industry in Ashanti Region, Omisore and Okofu (2014) researched on Staff Recruitment Process in the Nigerian Public Service: What is to be done?

From listed empirical literature, it is factual that there is no much work done on manpower recruitment strategies and organizational performance in deposit money banks in Rivers State. Therefore, a literature gap exists and our point of departure is to empirically examine the relationship between Manpower recruitment strategies such as internal recruitment, external recruitment on the organizational performance of deposit money banks in Port Harcourt, Rivers State.

Despite the importance of proper manpower recruitment to the effectiveness of banking firms, the manpower recruitment conceptualization has gained limited attention by scholars and practitioners of human resource management in Nigeria. As such it is extremely not clear if the strategies used in manpower recruitment is correlated with positive change in the organizational performance of banking firms. It is on this premise that the study sort to know whether or not relationship exist between Manpower recruitment strategies and organizational performance of deposit money banks in Rivers State.

Hypotheses

The following hypotheses postulated were tested at 0.05 alpha level:

- H₀₁:** External recruitment strategy does not significantly influence profitability of deposit money banks in Rivers State
- H₀₂:** External recruitment strategy does not significantly influence productivity of deposit money banks in Rivers State
- H₀₃:** External recruitment strategy does not significantly influence innovation in deposit money banks in Rivers State

External recruitment strategies and Organizational Performance

Recruitment is the discovering of potential candidates for actual or anticipated organizational vacancies. It can also be seen as act of linking/bringing together those with jobs vacancy and needs to fill the vacant with those seeking for the vacant job. The ideal recruitment effort will attract a large number of qualified applicants. It should also provide information so that unqualified

applicants can self-select themselves out of job candidacy. A good quality recruiting program advert should catch the attention of the qualified and not the unqualified through effective job specification and explanation.

The basic purpose of recruitment is to create a pool of suitably qualified candidates to enable the selection of the best candidates for the organization, by attracting more and more employees to apply in the organization (Gamage, 2014). Stephen, Cowgill, Hoffman and Housman (2013) studied impact of hiring through referral using novel and detailed productivity and survey data from nine large firms in three industries revealed that employee referrals allow firms to select workers that better suit for particular jobs in the organization that firms benefit from referrals predominantly by selecting workers with a better fit for the job, as opposed to referrals selecting workers with higher overall quality. The study shows that employee referrals enhances monitoring and coaching and makes work environment more enjoyable as they work with friends because workers refer others like themselves, not only in characteristics but in behavior.

Sinha and Thaly (2013) noted that there is a variety of recruitment approaches (e.g. employee referral, campus recruitment, advertising, recruitment agencies/consultants, job sites/portals, company websites, social media etc.); and most organizations will use a combination of two or more of these as part of a recruitment process or to deliver their overall recruitment strategy. However, which recruiting channels should be used depends on the job position, on the company's employer brand, on the resources the company has on its recruiting team, on how much recruiting budget the company has, etc. One can use them all and find out which suits the best. Every recruiting channel offers different benefits and limitations and works better for certain situations and companies. The key is collecting real-time recruitment metrics on these recruiting channels to figure out what works best for the company in different situations. The recruiting experience of each company is different and the best way to figure out what works best is to analyze metrics based on the past recruiting efforts, not the efforts of everybody else. Once the company has its recruiting metrics solution in place, it is time to start using the recruiting channels that the company thinks will work for it (Sinha & Thaly, 2013).

Empirical Review

Recruitment Strategies and Organizational Performance

There is a large and growing body of evidence that demonstrates a positive linkage between the development of human capital and organizational performance. The emphasis on human capital in organizations reflects the view that market value depends less on tangible resources, but rather on intangible ones, particularly human resources. Recruiting and retaining the best employees, however, is only part of the equation. The organization also has to leverage the skills and capabilities of its employees by encouraging individual and organizational learning and creating a supportive environment where knowledge can be created, shared and applied. In this review, we will assess the context in which human capital is being discussed and identify the key elements of the concept, and its linkage to other complementary forms of capital, notably intellectual, social, and organizational. We will then examine the case for human capital making an impact on performance, for which evidence is now growing, and explore mechanisms for measuring human capital (Somboon, 2004). Recruitment form a major part of an organization's overall resourcing strategies, which identifies and secures people needed for an organization to survive and succeed in the short to medium-term (Elwood & James, 2016). In fact, the basic purpose of recruitment is to create a pool of suitably qualified candidates to enable the selection of the best candidates for the organization, by attracting more and more employees to apply in the organization whereas the basic purpose of selection process is to choose the right candidate to fill the various positions in the organization (Gamage, 2014).

Ikwesi (2010) Aminchi, Amina, Abba and Salau (2014) wrote on Recruitment, Selection and Placement of Human Resource in Adult Education, Organization Implications for the Management of Adult Education in Borno State Nigeria. Descriptive survey design was used,

and a population of 2300 and 38 adult education students and teachers respectively were used. From the population, 200 respondents were sampled. The data were collected through questionnaire and interview system. The data collected were analyzed using SPSS. The study discovered that recruitment, selection and placement of human resource is a major part of an organization overall, resourcing strategies which identify and secure people needed for the organization to survive and succeed. Better recruitment procedure results in improved organizational outcomes. The work concludes that it is important to determine the strategy by which the recruit, select and place organization employee and the contingent workforce in terms of their skills and technical abilities, especially in adult education organization.

Adu-Darkoh (2014) studied employee recruitment practices in the construction industry in Ashanti Region. The purpose of this study is to identify employee recruitment practices in the construction industry within the Ashanti region. An entire list of sixty-two (62) contractors obtained from Ashanti Region branch of Association of Building and Civil Engineering Contractors of Ghana (ABCECG, 2014) was used for the study. Questionnaires comprising of both closed and open-ended multi-choice type of questions were used to ascertain respondents' views on peculiar issues pertaining to employee recruitment practices. The data obtained from the survey were then analyzed with the use of SPSS. The findings of the study revealed that out of the 16 identified recruitment methods, the most frequently used medium of employee selection, in the order of highly recognized method includes newspaper advert, in-house (internal recruitment), labour office, employee referrals, radio advert and lastly internet recruitment. In-house recruitment, Initial job offers, internet recruitment, newspaper advert and radio advert are five (5) key quantifiable recruitment methods, which influence construction workers' performance. A number of challenges were identified as barriers hindering effective recruitment of workers, which includes: poor human resource (HR) planning, ineffective job analysis, competency level on the part of employee, cost of recruitment of employees, lack of human resource department and poor working conditions of workers. It was recommended that before recruitment all job profiles reflect the real requirements of the job.

Available evidence indicates that there is a positive and significant relationship between recruitment and the performance of an enterprise (Gamage, 2014). Sang (2005) for example discovered a positive association between recruitment and business performance. Such were also of positive results between recruitment and performance as seen in Ichniowski and Shaw (2019), Katou and Budhwar (2006) and Wright *et al.* (2005). Other studies such as Syed and Jama (2012) have equally shown that implementing an effective recruitment process is positively related to organizational performance. With specific reference to recruitment criteria and organizational performance, Montana and Charnov (2000) maintained that recruitment include sourcing candidates by advertising or other methods, screening potential candidates using tests and interviews, selecting candidates based on the results of the tests or interviews, and on-boarding to ensure that the candidates are able to fulfill their new roles effectively. According to Huselid (2015) it is recruitment procedures that provide a large pool of qualified applicants, paired with a reliable and valid selection regime that will have a substantial influence over the quality and type of skills new employees possess. The implication of this line of thought is that an organization's human resource policies and practices represent important forces for shaping employee behaviour and attitudes.

Research Design

The study adopted the descriptive survey research design to achieve the objectives of the study

Population of the Study

The target population of this study consisted of 110 employees from the main branches of the twenty-two (22) listed deposit money banks in Nigeria that has operational base in Rivers State whose authentic list was obtained from the central bank of Nigeria statistical bulletin 2020 edition.

Sample and Sampling Techniques

Since the population of the study is small, just one hundred and ten (110), the entire population of twenty banks was chosen as the sample for the study. This method of using the entire population is known as census sampling technique. With respect to the issue of the respondents of the study, the entire middle and top management staff of the twenty-two (22) banks constituted the respondents of the study.

Method of Data Analysis

The questionnaires retrieved were first sorted, coded and entered into the computer for analysis. The Statistical Package for Social Sciences (SPSS version 23.0) was used for data analysis. The Hypotheses was responded to using the linear regression.

The regression analysis took the following model:

The regression model was as follows:

$$Y = \alpha + \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$$

Where: Y = Organizational Performance; α = Constant; $\beta_1 - \beta_3$ = Beta coefficients; X1 = Internal Recruitment practices; X2 = External recruitment practices X3 = Selection practices; ϵ = Error term.

Results

H₀₁: External recruitment strategy does not significantly influence profitability of deposit money banks in Rivers State

Summary of Simple linear regression analysis on the impact of external recruitment on profitability of deposit money banks in Rivers State

| Variable | β | Std. Error | t-Statistic | Prob. |
|----------------------|---------|-------------------|-------------|---------|
| Constant | 1.420 | 0.181 | 7.829 | 0.000 |
| External Recruitment | 0.630 | 0.062 | 10.223 | 0.000 |
| R | 0.545 | df 1 | | 1 |
| R-squared | 0.297 | df 2 | | 247 |
| Adjusted R-squared | 0.294 | F-statistic | | 104.511 |
| S.E. of regression | 0.67804 | Prob(F-statistic) | | 0.000 |

Source: Field Survey, (2021)

The speculation test model in table above demonstrates the association between external recruitment and profitability of deposit money banks in Rivers State

Profitability = $\alpha_0 + \beta_4(ER) + e$ (.05). The above model summary table produced a correlation coefficient, 'R' of 0.545 which show that there is a high positive correlation between recruitment strategies and profitability. The R² stood 0.297 which implied that about 29.7% of the variations in the organization's profitability are due to changes in external recruitment. The above ANOVA^a table produced F-value of F(1, 247) = 104.51, p=0.000 which shows that the regression model predicts the dependent variable significantly well. Thus, explained that there is no significant outlier (from the line of best fit) between the predictor (external recruitment) and profitability of deposit money banks in Rivers State. Also, the Table presented the coefficient of the model. It showed a constant estimation of 1.420 and the estimation for the predictor (external recruitment)

= 0.630 demonstrating that, for each unit change of external recruitment (0.630), the organizational performance will change by 63.0%, respectively holding other variables at constant. T-estimated yielded 10.223, $p = 0.000$, for external recruitment. This implied that the predictor variable (external recruitment) significantly predicts the outcome (profitability). Summarily, from the data so analyzed, the null hypothesis which states that external recruitment does not significantly influence profitability of deposit money banks in Rivers State is rejected ($p = 0.00 < 0.05$) and the alternate hypothesis accepted.

H₀₂: External recruitment strategy does not significantly influence productivity of deposit money banks in Rivers State

Summary of Simple linear regression analysis on the impact of external recruitment on productivity of deposit money banks in Rivers State

| Variable | β | Std. Error | t-Statistic | Prob. |
|----------------------|---------|-------------------|-------------|--------|
| Constant | 2.034 | 0.185 | 10.985 | 0.000 |
| External Recruitment | 0.305 | 0.063 | 4.845 | 0.000 |
| R | 0.295 | df 1 | | 1 |
| R-squared | 0.087 | df 2 | | 247 |
| Adjusted R-squared | 0.083 | F-statistic | | 23.469 |
| S.E. of regression | 0.69237 | Prob(F-statistic) | | 0.000 |

Source: Field Survey, (2021)

The speculation test model in table above demonstrates the association between internal recruitment and profitability of deposit money banks in Rivers State

$$\text{Productivity} = \alpha_0 + \beta_5(\text{ER}) + e (.05).$$

The above model summary table produced a correlation coefficient, 'R' of 0.295 which show that there is a low positive correlation between recruitment strategies and profitability. The R² stood 0.087 which implied that about 8.7% of the variations in the organization's productivity are due to changes in external recruitment.

The above ANOVA^a table produced F-value of $F(1, 247) = 23.469$, $p=0.000$ which shows that the regression model predicts the dependent variable significantly well. Thus, explained that there is no significant outlier (from the line of best fit) between the predictor (external recruitment) and productivity of deposit money banks in Rivers State.

Also, the Table presented the coefficient of the model. It showed a constant estimation of 2.034 and the estimation for the predictor (external recruitment) = 0.305 demonstrating that, for each unit change of external recruitment (0.305), the productivity of the firms will change by 30.5%, respectively holding other variables at constant. T-estimated yielded 4.845, $p = 0.000$, for external recruitment. This implied that the predictor variable (external recruitment) significantly predicts the outcome (productivity).

Summarily, from the data so analyzed, the null hypothesis which states that external recruitment does not significantly influences productivity of deposit money banks in Rivers State is rejected ($p = 0.00 < 0.05$), and the alternate hypothesis accepted.

H₀₃: External recruitment strategy does not significantly influence innovation in deposit money banks in Rivers State

Summary of Simple linear regression analysis on the impact of external recruitment on innovation of deposit money banks in Rivers State

| Variable | β | Std. Error | t-Statistic | Prob. |
|----------------------|---------|-------------------|-------------|-------|
| Constant | 2.536 | 0.180 | 14.108 | 0.000 |
| External Recruitment | 0.071 | 0.061 | 1.165 | 0.245 |
| R | 0.074 | df 1 | | 1 |
| R-squared | 0.005 | df 2 | | 247 |
| Adjusted R-squared | 0.001 | F-statistic | | 1.357 |
| S.E. of regression | 0.67201 | Prob(F-statistic) | | 0.245 |

Source: Field Survey, (2021)

The speculation test model in table above demonstrates the association between external recruitment and innovation of deposit money banks in Rivers State

$$\text{Innovation} = a_0 + \beta_6(\text{ER}) + e (.05).$$

The above model summary table produced a correlation coefficient, 'R' of 0.074 which show that there is no correlation between external recruitment strategies and innovation in deposit money banks in Rivers State. The R² stood 0.005 which implied that only 0.05% of the variations in the organization's innovation are due to changes in external recruitment.

Also, the Table presented the coefficient of the model. It showed a constant estimation of 2.536 and the estimation for the predictor (external recruitment) = 0.071 demonstrating that, for each unit change of external recruitment (0.071), the innovation of the firms will change by 7.1%, respectively holding other variables at constant. T-estimated yielded 1.165, $p = 0.245$, for external recruitment. This implied that the predictor variable (external recruitment) does not significantly predicts the outcome (innovation).

Summarily, from the data so analyzed, the null hypothesis which states that external recruitment does not significantly influences innovation of deposit money banks in Rivers State is accepted ($p = 0.245 < 0.05$), and the alternate hypothesis rejected.

CONCLUSION

The study based on its set aims and objectives found that external recruitment strategies were statistically correlated with organization performance. Also, the study found that there was a significant correlation between internal recruitment. Conclusively the study found that while external recruitment significantly predicts profitability, internal recruitment predicts productivity and selection strategies significantly predicts innovation and creativity in banks. Therefore, it is quite evident that recruitment are correlated constructs.

RECOMMENDATIONS

From the study it is realized that recruitment is of great importance to an organization, though an integral part of human resource planning and development, its application and operation and challenges makes its policy quite difficult. These recommendations are therefore made to help make this policy more effective.

1. There should be strict administrative ethics in checkmating the employment in private firms as well as in all other public bureaucracies in Nigeria. This process will

- help to reduce high incidence of politicization of recruitment of staff in Nigerian bureaucracies by enforcing due process.
2. Organizations can use employment agencies in the act of recruitment but should be open to disclose the job description and responsibility to enable them select best suitable candidates for them.
 3. Firms should recruit based on the capability of the candidates on performing the job responsibilities than consideration based on host community influences to ensure that effective candidate is employed to perform the specified duty effectively

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