

AMERICAN UNIVERSITY OF ARMENIA

ASSESSING EMPLOYEE RECRUITMENT AND SELECTION POLICIES IN PUBLIC  
AND PRIVATE ARMENIAN ORGANIZATIONS

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## ***Abstract***

In general, there are a few generic principles of employee recruitment and selection. Nevertheless, hiring procedures vary by job, company and industry. The point is that recruitment and selection should be effective whichever principle is used by any type of organization, as effective recruitment and selection has economically significant impact on organization performance.

The purpose of this study is to find out whether effectiveness of recruitment and selection activities relate to organization type, on one hand, and to what extent organizations working in Armenia are effective and efficient in their recruitment and selection activities, on the other hand.

For the purpose of this study public and private organizations are separated as different type of organizations and analyzed in terms of their differences and similarities. Then, recruitment and selection practices are discussed in terms of their sources, tools and instruments. In result, dimensions of difference between public and private organizations are collated with recruitment and selection principles.

Moreover, two public and two private organizations working in Armenia are selected to be investigated in terms of effectiveness of their recruitment and selection activities. Measurement of indicators within these organizations is done according to “Recruitment and Selection Model” designed by *Investors in People*.

Findings of the study show that really effectiveness of recruitment and selection activities depend on organization type. The study proves that recruitment and selection activities of public organizations are less effective compared with private ones. The results can be explained by the assumption that public organizations are less regulated in terms of policies development and implementation, have limited resources, face various constraints and have different aim of activities.

Regardless of the interesting findings of the study, it seems that still there is need for further investigation by broadening the research agenda and methods. Perhaps, selected companies are not enough and are not the exact ones to make sound conclusions. Further research should expand selection criteria and correspondingly investigate a wide range of public and private companies working in Armenia to prove or disprove the acquired results.

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### ***List of Abbreviations***

BDI	Behavior Description Interview
BIBs	Biographical Information Blanks
GATB	General Aptitude Test Battery
GDP	Gross Domestic Product
KSAs	Knowledge, Skills, Abilities
NPM	New Public Management
PCI	Personality Characteristics Inventory
PPP	Public/Private Partnership
R&S	Recruitment and Selection
RJP	Realistic Job Preview

## **Introduction**

Entry into the organization starts with recruitment and selection (R&S). Recruitment concerns itself with attracting as large as qualified group of candidates as possible to apply for the organizations available openings. Selection then involves making the proper distinctions necessary to better match job requirements with personnel skills and abilities. These are the processes by which suitable candidates for jobs are attracted and screened. Since any organization's performance is largely dependent upon the quality of its workers those organizations that do an effective job of managing these entry functions are obviously the winners (Hays, 1998). Therefore, everything starts with recruitment and selection. Then, if recruitment and selection are not carried out properly, they will have a bad impact on morale and image of the organization. Moreover, effective recruitment and selection have economically significant impact on employee turnover, productivity and corporate financial performance of the organization.

Furthermore, recruitment and selection are the avenues by which bureaucracy acquires its most important raw materials, human resources. Although there are a few general principles to use while making employee recruitment and selection, hiring procedures vary by job, company and industry. This point concerns particularly to differences between public and private setting given the notion that private organizations are in more competitive environment, thus are concerned to attract the best employees; whereas, public organizations have limited funds, different aims of activities and different culture. It is received wisdom that public organizations are less effective, especially in developing countries, and Armenia is not an exception. Thus, differences between public and private organizations are more profound in Armenia. Armenian public organizations have more goal-complexity and ambiguity than private firms do because of interventions by multiple authorities, ambiguity of statutes and discretion in interpreting the mission of the organization. On the other hand,

although Armenian private sector is very large and gives the most of the Gross Domestic Product (GDP), the private organizations are not very large and formalized. Given the differences between Armenian public and private organizations and the importance of effective R&S for any organization it seems essential to study effectiveness of recruitment and selection activities both in public and private organizations working in Armenia.

Therefore, as quality of recruitment and selection activities has crucial implication for the organization's performance, and there is the notion of weakness of public organizations in personnel management issues compared with the private ones, the study aims to find out whether recruitment and selection activities differ between public and private organizations working in Armenia in terms of effectiveness, on one hand, and to what extent both public and private organizations working in Armenia are effective and efficient in their recruitment and selection activities compared with the best practice, on the other hand.

In essence, this research will serve as a tool for determining the accuracy and effectiveness of the recruitment and selection strategies of public and private organizations working in Armenia through answering to the following research questions:

1. To what extent organizations working in Armenia are effective and efficient in their recruitment and selection activities?
2. Does effectiveness of recruitment and selection activities relate to organization type?

## **Public and Private Organizations: How Different?**

Either private or public organizations enlighten virtually all theoretical models of organizations. Consequently, many private sector theorists assume that all organizations including public ones can be privatized with equal success. This implies that there is one best way to organize. They further insist that, since the boundaries, if any, between public and private organizations are becoming increasingly blurred, these organizations should not be considered as separate types. Accordingly, they support applying the same business administrative practices for both public and private organizations (Schiflett and Zey, 1990).

Conversely, critics of New Public Management (NPM) argue that differences between public and private organizations are so great that business practices should not be transferred to the public sector. Public organizations are more bureaucratic, and public managers are less materialistic and have weaker organizational commitment than their private sector counterparts (Boyne, 2002).

A central element of the reform program associated with New Public Management is that public organizations should import managerial processes and behavior from the private sector. In particular, public managers should seek to apply the supposedly successful techniques of their private sector counterparts (e.g. management by objectives, total quality management, devolved management, and performance-related pay) (Boyne, 2002).

Similarities and differences between the public and private sectors have frequently been debated in the literatures on public administration, politics and economics. The main conventional distinction between public and private organizations is their ownership: private firms are owned by entrepreneurs or shareholders and public agencies are owned collectively by members of political communities. This distinction is associated with two further public/private contrasts. First, unlike their private counterparts, public agencies are funded largely by taxation rather than fees paid directly by customers. Secondly, public sector

organizations are controlled predominantly by political forces, not market forces. In other words, the primary constraints are imposed by the political system rather than the economic one (Boyne, 2002).

It is important to distinguish between the three dimensions (ownership, funding and control) of publicness because they have different theoretical effects on organizational behavior. For example, the economic theory of property rights suggests that common ownership leads to lower efficiency in the public sector (Boyne, 2002). In private organizations, owners and shareholders have a direct monetary incentive to monitor and control the behavior of managers. Similarly, managers themselves are likely to benefit from better performance, either because they own company shares or because their pay is linked to financial success. By contrast, property rights in the public sector are diffuse and vague. Moreover, managers do not usually obtain direct financial benefits from higher organizational efficiency. The potential significance of the funding dimension of publicness is emphasized by public choice theory. According to this perspective, organizations receiving revenues from 'political sponsors' is likely to be unresponsive to the preferences of the people, who receive their services (Boyne, 2002). Finally, organizations that are subject to political rather than economic controls are likely to face multiple sources of authority that are potentially conflicting. This last theoretical argument implies that common ownership and reliance on public funding will count for nothing if effective political authority is absent. Furthermore, organizations that are privately owned and funded may be more public than others that are formally part of the governmental sector. For example, a private firm that complies with state policies (e.g. on health and safety regulations, or on equal opportunities legislation) can be viewed as more public than a government agency that ignores the wishes of its political masters. Indeed, if public choice theorists are correct, the pursuit of private interests is out of control in public organizations (Boyne, 2002).

Four main theoretical effects of publicness have been identified in the literature on the differences between public and private management. These concern the relationship between publicness and organizational environments, organizational goals, organizational structures, and the values of managers. These variables create differences in how the basic functions of management are carried out in the public and private sectors (Boyne, 2002).

Publicness and organizational environments: Proponents of the view that ‘public management is different’ have drawn attention to several aspects of the external circumstances of public organizations:

- *Complexity:* Public agencies face a variety of stakeholders, each of whom places demands and constraints on managers. Furthermore, the requirements of the various external constituencies are likely to be conflicting (e.g. taxpayers and service recipients, consumer groups and producer groups);
- *Permeability:* Public organizations are ‘open systems’ that are easily influenced by external events. Indeed, it is the responsibility of public managers to protect and promote this permeability of organizational boundaries, in order to ensure that services are responsive to public needs. By contrast, private sector managers may ignore most constituents’ demands for direct input to the policy formulation and implementation processes;
- *Instability:* Political constraints result in frequent changes in policy, and the imposition of short time-horizons on public managers;
- *Absence of competitive pressures:* Public agencies typically have few rivals for the provision of their services. Even when competition is present, public managers frequently enjoy a dominant position in the market, for example in education and health in the UK (Boyne, 2002).

Publicness and organizational goals: It has been argued frequently that public agencies have distinctive goals, such as equity and accountability, that are absent in the private sector (Boyne, 2002). These goals stem from the common ownership of public organizations, and from attempts to control their behavior in order to achieve collective purposes. Such purposes, in turn, are believed to require distinctive management processes and values in the public sector. Public managers also have multiple goals imposed upon them by the numerous stakeholders that they must attempt to satisfy, whereas private firms must pursue the single goal of profit: it is the success or failure in the market which is ultimately the measure of effective private business management. By contrast, public agencies are pushed and pulled in many directions simultaneously. It is therefore especially important for public managers to be able to balance and reconcile conflicting objectives (Boyne, 2002).

Lastly, the goals of public organizations are vaguer than those of their private counterparts. This is because organizational purposes are imposed through the political process, rather than selected by managers themselves. In order to get policies adopted, it is necessary for politicians to build support among diverse groups. Policy ambiguity is an asset in this context: the more crisp and clear the goals, the more likely that they will prove unacceptable to some members of a political coalition. This ambiguity provides a sharp distinction between strategic management in public and in private organizations. The consequence for public managers is that performance targets are inherently unclear, and that private sector techniques such as management by objectives are likely to be inappropriate (Boyne, 2002).

Publicness and organizational structures: The internal characteristics of public agencies are viewed as distinctive in three main ways:

- *More bureaucracy:* Organizations in the public sector have more formal procedures for decision making, and are less flexible and more risk-averse than their private

sector counterparts. These characteristics of public agencies reflect the lack of rewards or incentives for successful innovations and the penalties for violation of established procedures. Bureaucratic structures may also stem from the requirements of monitoring bodies and from demands for accountability in the public sector;

- *More red tape:* This is often regarded as a pathological side-effect of bureaucracy. The existence of red tape implies an unnecessary and counter-productive obsession with rules rather than results, and with processes instead of outcomes;
- *Lower managerial autonomy:* Managers in public organizations have less freedom to react as they see fit to the circumstances that they face. In contrast, private management proceeds much more by direction or the issuance of orders to subordinates by superior managers with little risk of contradiction. Therefore, private sector managers are often assumed to be able to formulate and carry out rational strategies because they control tightly structured hierarchical organizations, whereas, public managers have the costs of hierarchy (rules and red tape) without the benefits (the freedom and power to manage their subordinates). It has been argued that public managers' discretion on personnel issues is especially low because rules on hiring, firing and promotion are inflexible. For example, public employees enjoy greater job security because the procedures for taking greater punitive actions are so complex and time consuming that few people choose to pursue them (Boyne, 2002).

Publicness and managerial values: The final main difference between public and private organizations concerns the attitudes and aspirations of their staff, both towards work and to life in general. This distinctive set of values has in recent years been characterized as a 'public service ethos' (Boyne, 2002). Public managers are believed to be less materialistic than their private counterparts, and are less likely to be motivated by financial rewards. Hence a policy such as performance-related pays, or promises of financial bonuses and other

perquisites are unlikely to enhance staff commitment or improve organizational performance. Secondly, it has been argued that managers in public agencies have a stronger desire to serve the public. This concern to promote the public interest has been contrasted with the desire of private firms to meet the demands of individual customers. Thus, the decision rule of ability to maintain or change a service in accordance with the majority view of the public interest is different from the market-driven service rule that uses individual preferences as the basis for governmental response (Boyne, 2002).

Finally, the level of organizational commitment is believed to be lower in the public sector, largely because of the inflexibility of personnel procedures and the weak link between performance and rewards. It is especially difficult for many public agencies to instill employees with a sense of personal significance. One reason is that it is often difficult for public employees to observe any link between their contributions and the success of their organizations. The absence of this linkage is the result of a variety of factors, among them the sheer size of many governments, the pluralistic composition of policy implementation networks, and the lack of clear-cut performance indicators or norms (Boyne, 2002).

In sum, public and private organizations are widely believed to differ in a variety of important respects, such as organizational values and goals, incentives, organizational structure, raw materials, power dependency relationships, technology, revenues and accountability, environmental constraints (Shiflett and Zey, 1990). Furthermore, such differences act as barriers to the transfer of management techniques from the private to the public sector (Boyne, 2002). Nevertheless, during the past decade the boundaries between the public and private sectors have been distorted by, for instance, public/private partnerships (PPP), privatization and outsourcing. On the other hand, differences still remain regarding industrial relations, organizational objectives and external constraints. One difference relates to the fact that the state as direct or indirect employer, unlike private sector employers, has

the power to initiate legislation and to take executive action which impacts directly on employment relations. A second difference relates to differing objectives. Private sector employers give priority to commercial objectives, but the government often gives priority to political or macroeconomic factors and, moreover, can justify employment relations decisions on grounds of public interest. One result is that public sector organizations' goals are more numerous, intangible and conflicting than is the case in the private sector. Third, the government, unlike private sector employers, is subject to the constraints of parliament and the electorate, to whom it is ultimately accountable. One concomitant is that there are more formal personnel rules and procedures in the public sector than in the private sector. Moreover, the public sector is heavily unionized compared to the private sector: three out of five employees in the UK public sector are in a union, compared with one in five in the private sector (Corby, 2005).

## **Recruitment and Selection: pertinent tools**

*Recruitment* is the process of identifying and attracting a pool of candidates, from which some will later be selected to receive employment offers. However, it is very important to attract a qualified and motivated pool of individuals from which to select employees. Even top-level jobs such as boards of directors or high level executives remain unfilled for a lack of good candidates (Boudreau and Milkovich, 1997).

Recruitment is a two-way communication process. It is both a costly and potentially valuable activity. Recruiting costs vary greatly according to the level of the job and the intensiveness of the recruiting activity. Costs also differ depending on the number and type of recruiting sources used.

### Recruitment sources

*Walk-ins* are simply people who come to an organization seeking employment, often responding to help-wanted notices posted at the work-site. This is a very inexpensive source of recruits, especially for jobs filled primarily through local labor market. It is used very frequently, but less often for professional/technical and manager/supervisor positions. An *open house* can increase walk-in applicants by inviting members of the community, college students or others to visit the organization's site and learn about its product and technology. Perhaps the cyberspace version of walk-ins is "*E-mail-ins.*" Increasingly, applicants can contact companies and submit their resumes by e-mail or on the Web.

*Referrals* are common recruitment source particularly for new and unfamiliar positions which are harder to fill. Applicants from employee referrals are less likely to leave the organization in the first year, unless the companies have low morale or substandard working conditions (Boudreau and Milkovich, 1997). Employee referrals often tend to refer people like themselves. If a company has a good workforce, then there should be good referrals (Greer, 2001). The management of Pizza Hut used an interesting approach to get its

customers to provide referrals. They promised two pizzas free of charge to those customers who will make referrals to new skillful employees to hire (Boudreau and Milkovich, 1997).

*Graduate policies:* Many organizations, such as IBM, designate a small number of universities as key schools and assign high level executives responsibility for maintaining a liaison with the schools. Each executive is expected to get to know the faculty and career professionals, and help them to understand the kind of positions and student qualifications that best fit the company. Executives get the opportunity to interact with students and make students aware of employment opportunities (Boudreau and Milkovich, 1997).

*Job-fairs* are employer-sponsored gatherings where students can come to speak with representatives from one or several organizations about career opportunities.

*Cooperative education or internship programs* hire college students in the summer to give them a taste of corporate life and to give the company a chance to evaluate the students' potential. The practice can be misused, however, when companies require applicants to work for free or to provide free consulting advice as part of the recruitment process.

*Private employment agencies* usually hunt for candidates with one or more specific skills, ranging from secretaries to accountants to executives. Sometimes they are called headhunters; however, they dislike the term. These agencies maintain an inventory of applicants and offer to fill jobs more quickly and with better screening than the employer could through its own efforts.

*Newspaper ads* are one of the most frequently used communication methods for all sorts of jobs. Advertisements are also placed in trade journals or magazines, radio/television, and even mailed directly to people who fit the profiles of likely applicants. The message must be carefully chosen, because it presents an image of the organization, not just the recruiting process.

Whatever source of recruitment is chosen to be used, it is important to ensure that recruitment processes are perceived as fair and portray a positive image of the organization. Providing realistic information is one way to ensure that new employees' expectations are met; this can increase job satisfaction, commitment and tenure. The Realistic Job Preview (RJP) is an approach that gives recruits an accurate picture of the job and the organization, including negative aspects. RJP can be delivered through booklets, videos, conversations, advertisements, or any other means of communication. Key elements of RJP include:

1. *Accuracy*, which indicates whether recipients of RJP find them accurate;
2. *Specificity* reflects how much the information given focuses on a particular job characteristics;
3. *Breadth* refers to the number of job and organizational factors covered in RJP;
4. *Credibility* refers to the degree to which applicants believe the RJP information;
5. *Importance* refers to whether RJP contains information reflecting information applicants want to know about, and which they would not already know through other means (Boudreau and Milkovich, 1997).

A number of studies have evaluated different recruiting sources in order to identify differences in important work-related outcomes such as performance, turnover, attitudes, and absenteeism. A study pointed out an interesting possible explanation for differentials in recruiting source success. The potential explanation was that the various recruiting sources associated with greater applicant information produced better results because self-selection led to better job and applicant matching. However, a more recent study was unable to lend support to the differential knowledge and self-selection explanation. Because of the equivocal nature of the literature and a failure to find any relationships between recruiting sources and performance, this same study concluded, that it is probably counterproductive to attempt to identify differentials in success rates across various sources of recruits. Instead, the study

recommended that companies focus on those characteristics of individual applicants that are stronger predictors of job performance (Greer, 2001).

Another strategy relating recruiting issue is the extent to which the company should rely on internal and external recruiting, or a mixture of the two. Some well-managed companies hire externally only at the entry level and fill all higher-level positions from within the firm. Examples of such companies include Merck, 3M and IBM. There are a number of advantages associated with internal recruiting. These include having more reliable information on internal applicants, the motivational impact of employees knowing that promotions will be filled from within the company, less recruiting and selection expense, quicker response time and a shorter adjustment period in the new job because of the internal applicant's familiarity with the company. Unfortunately, internal recruiting may lead to managerial inbreeding, which may be particularly disadvantageous in rapidly changing environments in which old strategies may be ineffective. Further, external recruiting has the advantages of providing fresh ideas, requiring less internal employee development and possibly facilitating affirmative action (Greer, 2001).

**Selection** gathers and uses information about externally recruited applicants to choose which of them to receive employment offers. It is often preceded by screening, which identifies obviously unqualified applicants before gathering additional selection information. Selection activities are one of the most visible and important signals about the organization's commitment to fairness and legal compliance. Selection activities are often the first contact applicants have with the organization, and they use the activities as signals about other organizational attributes (Boudreau and Milkovich, 1997).

Job analysis provides the foundation for good selection by identifying the knowledge, skills, abilities (KSAs) and other requirements necessary to perform the job. Knowledge of the KSAs is necessary before selection can begin (Greer, 2001).

Designing an external selection strategy involves making the following choices:

1. What selection criteria and evidence to use in judging selection information about applicants.
2. Which specific information-gathering techniques to use
3. How the information will be used within the selection process
4. How to measure the results of selection (Boudreau and Milkovich, 1997)

Excellent selection procedures are essential for obtaining a workforce that can become a source of competitive advantage. While some skill deficiencies can be overcome by training, the additional financial outlays required making up for poor selection can place a firm at a disadvantage to its customers. High performing companies are very selective in their staffing decisions.

#### Selection procedures

*Application forms* serve as a record of the employment application and ways to keep track of the characteristics of applicants as future employment openings occur. In addition, application forms usually pose a series of questions that firms use to judge suitability for employment. Application forms almost always request an applicant's name, address, telephone, citizenship or employment eligibility, type of work desired and preferences about scheduling, names of references and prior work history. Application forms may also contain a clause requiring the applicant to undergo further testing; releasing former employers, credit sources and references from legal liability for the information they furnish; accepting a probationary period; agreeing that employment relationship may be terminated at any time;

and stating that information provided on the form is accurate and truthful. Applicant signatures are obtained as evidence of understanding and agreement with these stipulations.

*A cover letter and resume* are used a similarly to an application form by the organizations. Selectors scan these documents for useful selection information. Checklists and weighting schemes also can add structure and consistency to the resume-scanning process.

*References:* Most organizations verify information on application forms and resumes and gather additional information from references supplied by the applicant or other sources.

*Biographical information blanks (BIBs)* ask applicants questions about their backgrounds, life experiences, attitudes and interests. Even though research suggests that such items can be faked, the danger is less with verifiable and objective items (Boudreau and Milkovich, 1997).

*The interview* is a universal feature of selection systems, which virtually is always a part of employee selection. Evidence from decades of study suggests that the interview can be a valid predictor, but that it must be used carefully and properly. Today, interviews are still done mostly on a person-to-person basis by only one interviewer. Panels of interviewers are also used by some organizations. The factors affecting the interview are divided into applicant factors, situation factors and interviewer factors. It is important to consider the interaction of these factors when considering the causes of interviewer behavior and the likely results of employment interviews. If interviews suffer because different interviewers adopt various questioning strategies and focus on potentially irrelevant information, a logical remedy would be to impose a consistent structure with little interviewer opportunity to diverge from the format, and to base that interview structure on factors identified through job analysis as relevant to employment success. Many employers increasingly seem willing to accept this logic. Thus, interviews can be unstructured, where the interviewer is completely free to cover any area; semi-structured, where the interviewer prepared important questions in advance, but is allowed to probe those areas that seem to merit further investigation; or

structured, where the interviewer's questions, and often their sequence, are prepared in advance, and the interviewer often fills out a form indicating applicant responses to the question. The ultimate in structured interviewing is to program a computer to ask the questions, record the responses and analyze them mathematically. However, for the moment, it is still typical to involve human beings in the process (Boudreau and Milkovich, 1997).

Three approaches to structuring the interview are 1) behavior description interview (BDI), which focuses on past behavior, based on the premise that the best prophet of the time is the past, 2) situational interview, which focuses on applicant's intentions, not past behaviors, 3) comprehensive structured interview, which contain four types of questions: a) situational, b) job knowledge, c) job simulation d) worker requirements.

*Tests:* Testing is another important tool of selection. Organizations use different kind of tests to predict candidate's matching to the future job.

Mental ability tests have been used to select and place people in jobs at least since 1908, when they were used to select street car operators in Paris. They became refined and widely accepted due to their success in selecting and assigning thousands of soldiers in World Wars I and II. One of the best known mental ability tests is the General Aptitude Test Battery (GATB), used by the U.S. Employment Service to classify applicants for job openings.

Cognitive ability tests are commonly used to assess an applicant's capability to perform a job. Furthermore, they often have fairly high predictive ability (Greer, 2001).

Personality tests are also commonly used for selection purposes. Researchers have established that the 'big five' personality dimensions, as measured by the NEO-Personality Inventory and Personality Characteristics Inventory (PCI), can be very useful for selection. These dimensions are extroversion, agreeableness, conscientiousness, emotional stability, and openness to experience. Conscientiousness has been found to be a good predictor of job

performance for almost all types of jobs and, not surprisingly, extroversion has been found to be related to performance in sales jobs (Greer, 2001).

Performance or work sample tests require job applicants to perform some of the actual tasks required for the job. Work samples or performance tests have the advantage of legitimacy because it is easy to see the connection with the job. Because applicants are frequently potential customers of the company, they may be more likely to feel that they have been treated fairly if they have been given work sample tests. Work samples or performance tests also tend to be free from racial and gender biases, as well (Greer, 2001).

Finally, paper-and-pencil integrity tests have been found to be useful in predicting theft and other undesirable behavior, even though applicants may attempt to fake their responses.

Assessment centers are another selection procedure that offers relatively high predictive validity for managerial and supervisory jobs. Assessment centers are intensive selection that may last one or two days, in which multiple assessors observe the abilities of applicants in a wide range of settings. These procedures are particularly useful for promotions to supervisory-level positions where there is no prior experience to assess; they are also well suited for development.

Applicants are rarely selected based on only one procedure. Using multiple procedures can provide more complete information and allows the selection process to be adjusted in response to particular situations. Compensatory processes allow very high performance on one selection procedure to compensate for low performance on another. Applicants are tested on all selection procedures, and the scores on individual predictors are added together before a judgment is made. Multiple hurdles mean that each predictor operates independently. Applicants must get past the first hurdles to proceed to the next; failing any hurdle leads to rejection. A hybrid approach combines hurdles and compensatory processes. Applicants who

survive the hurdles are tested with other procedures whose results are combined, so that some talents can compensate for others.

A number of requirements must be met before firms can make good selection decisions. First of all, selection procedures need to have the psychometric properties of reliability and validity. Reliability means that the procedure needs to produce approximately the same result when it is repeated. Thus, if a test is used, an applicant's score from one administration of the test should correlate well with his or her score on the next administration of the test. This form of reliability is called test-retest reliability. Similarly, when a manager interviews job applicants, his or her assessments of the applicants should correlate well if the interviews are repeated at a later date. Interviews are reliable when there is agreement among the interviewers about an applicant, which means their ratings are correlated. This form of reliability is called inter-rater reliability (Greer, 2001).

Selection procedures also must be valid. Validity means that the procedure predicts what it is supposed to predict. With selection procedures this means that the test or interview predicts job performance in the position for which applicants are being selected. In order for selection procedures to be valid, they must first be reliable. There are several forms of validity relevant to selection. The first is predictive validity. After sufficient time for those hired to have learned their jobs, their job performance is then correlated with test scores. Tests having a significant and substantial statistical relationship with job performance are said to have predictive validity. Another form of validity is concurrent validity, which has the practical advantage of not requiring a time lag before tests can be used. With concurrent validity, tests are given to current employees and their test scores are compared with their job performance. Both predictive and concurrent validations are called criterion-related forms of validity because they are validated on the criterion of job performance. A third form of validity is content validity. There is no statistical basis for assessing the content validity of a

selection procedure, such as a test. Instead, content validity is established by having a panel of subject matter experts review the test items in order to determine that the test covers the domain of the subject. All three forms of validity can be used to defend the use of tests when selection decisions are appealed (Greer, 2001).

## **Recruitment and selection in public and private**

Given the differences between public and private organizations the challenges of recruitment and selection become more problematic, as successful recruitment and selection heavily depend upon an adequate supply of competent or educated workers, an effective information network that reaches the appropriate population of prospective employees, an organizational environment sufficiently attractive to attract the desired job candidates, a clear sense of organizational priorities, and a reliable means of choosing the applicants who are most highly qualified (Hays, 1998).

Considerable quantities of empirical evidence support the notion that government is an ineffective recruiter and judge of talent. In contrast to the private employment sector, where the hiring process is relatively invisible and unencumbered, government recruitment and selection activities are often carried out in a complex web of procedural requirements and in a fishbowl of public scrutiny. This situation reflects the undeniable fact that the means by which citizens acquire government jobs are of considerable concern in the broader community. Public jobs are public resources, to which everyone has a potential claim. Government's staffing function therefore must be performed in a manner acceptable to the community. In most public jurisdictions this typically means that intake functions are more formal and tightly regulated (at least in theory) than would be acceptable in any corporate setting (Hays, 1998).

Despite recruitment's obvious importance to the success of any organization, government has a poor track record as an effective recruiter. Agencies often tend to satisfice (to take the first available candidate who meets minimum qualifications) or to invest very few resources in the effort. A startling example of this problem is evident in an Office of Personnel Management report "that nearly half of the federal agencies have no budget for recruiting" (Hays, 1998).

In addition to its oftentimes haphazard approach to recruitment, government has found its ability to compete for needed human resources comprised by forces outside the control of individual public managers. Inadequate salaries, the public service's poor public image, and a noncompetitive quality of work-life discourage many applicants. At a time when most corporations offer a large variety of family-friendly benefits (such as free child care and generous cafeteria services), financial exigencies have forced many public jurisdictions to reduce job perquisites. Further compounding these recruitment dilemmas are such potential pitfalls as obsolete job classifications and complicated application procedures (Hays, 1998).

Recruitment is technically an open process that does not exclude anyone. It is widely known, however, that public agencies commonly make no real effort to attract outside applicants. Many selections have been made before the job announcements are written or the vacancies advertised. This situation is exceedingly irritating to outside candidates, who, until they realize what is happening, repeatedly apply for positions for which they are never seriously considered (Hays, 1998).

Public agencies have not yet begun to follow the private-sector practice of paying their employees bounties for recruiting needed workers into the organization. Some agencies pay retention bonuses to workers who extend their employment contracts, but the popular custom in industry of using worker referrals as a major recruitment vehicle is not apparently widespread except in the smaller and more informal public personnel systems. However, there are a few instances of paying recruitment bonuses, offering especially attractive candidates cash awards for accepting jobs with public agencies (Hays, 1998).

A variation of a paperless application system is a resume database, which has not yet got used in public sector recruiting. It involves creation of a nationwide database of professional credentials that personnel managers can use to prescreen thousands of

applications simultaneously. The system has enjoyed such explosive growth in the private sector that it is projected to be the primary method of recruiting managers (Hays, 1998).

In sum, recruitment and selection practices differ between public and private organizations as these organizations themselves differ on various points, factors and circumstances. Particularly, public and private organizations create and surrounded by different environment, establish different structures, set different values and goals. Consequently, these differing dimensions of public and private organizations have significant impact on their recruitment and selection practices.

## **Research methodology**

Firstly, a thorough case selection has been done, then a model has been selected to be used as research instrument, afterwards an in-depth review of recruitment and selection practices and secondary data analysis has been carried out for the selected cases according to the instrument.

### **Case selection**

Two private and two state non-profit organizations have been selected to be investigate effectiveness of recruitment and selection strategies used by these organizations. General criteria for selection of four companies have been 1) type of activity (e.g. being producer of goods), 2) big size of workforce.

As in the first place there should be regulations to analyze, use of the best possible experience of recruitment and selection practices has been another criterion for selection of private companies. As such, companies, which are affiliates of international organizations, have been considered, as it is assumed that international companies have better elaborated and developed recruitment and selection practices, which they put in practice in their affiliate companies, than local private companies do. In addition, private companies have been selected on the base of similarities in their production type and structure of the workforce.

In terms of public companies, all public companies have been looked upon according to the given criteria. Then, for the purpose of this study those two companies have been selected, which mostly fit to the set criteria, e.g. are producers of goods and have big size of workforce. It should be noted that in contrast to selected private companies, selected public organizations have not regulated recruitment and selection activities<sup>1</sup>.

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<sup>1</sup> Recruitment and selection activities of the most public organizations of the Republic of Armenia are regulated by the Law on Civil Service of the Republic of Armenia. However, this Law does not cover any state company engaged in production. Consequently, selected companies are considered as not regulated in terms of their recruitment and selection activities.

Selected private companies

1) “Yerevan Brandy Company” CJSC: produces alcoholic beverages,  
average headcount - 380 employees,

2) “Coca-Cola Hellenic Bottlers in Armenia”: produces soft drinks  
average headcount - 260 employees

Selected state non profit organizations

3) “Hayantar” state non-profit organization: manufactures wood, timber and parquet,  
produces bushes and ornamental trees, is in charge of forestation and forest  
conservation

average headcount - 1000 employees

4) “Scientific Center of Viticulture, Fruit Growing and Making”: develops wines,  
produces grape, apricot, peach and plum, is in charge of selective breeding of fruits  
and research in viticulture, wine making and fruit growing

average headcount - 60 employees

**Research instrument**

“Recruitment and Selection Model” designed by *Investors in People* has been selected for  
measuring effectiveness of recruitment and selection activities of the selected companies.

**The Investors in People 'Recruitment and Selection Model'**

*Investors in People* is a British quality standard which sets a level of good practice for  
improving an organisation's performance through its people. The Investors in People Model  
helps businesses recruit the skills and abilities needed for current and future success.

The model is a clear, simple framework with ten indicators elaborated to compare the  
organization against the best recruitment and selection practices. By benchmarking one's  
organization with best recruitment practice, areas and points that need improvement become

evident. If a business finds it is already following good practice, the model can be used to encourage the continuation and development of the recruitment approach.

Often responsibility for recruitment lies with line managers who may not be aware of recruitment best practice if it is not communicated. The model provides a way of sharing effective and efficient practices so that everyone who is involved in recruitment works consistently knows what to do and why it matters.

For real success in achieving business goals, the indicators need to be built into recruitment and selection processes. They need to be a central part of any long-term strategy. By raising the profile of recruitment and what it can achieve, the model is for senior management to understand why recruitment practice should be on the business agenda.

The model is designed to help businesses to build in effective recruitment and selection from the top down and bottom up. It helps businesses to develop effective and efficient ways of finding people to meet current needs and plan ahead for the skills and abilities required to deliver future plans. In the long term, getting the best match between people, their roles and the organization will help businesses to hold on to their most valuable resources, which are their people.

Therefore, the Recruitment and Selection Model is designed to ensure:

- Recruitment of the right person, with the right skills and abilities for the right job, first time, every time
- Development of efficient and effective practices that can be used by anyone involved in recruitment to ensure a consistent approach throughout the organisation
- Planning for the future, identifying the people and skills needed to take the company activities forward
- Reducing costs and time wasted in getting it wrong

- Comparing the company with the very best in recruitment practice providing identified opportunities for improvement.

The original model uses four principles for measuring effectiveness of recruitment and selection activities and looks like as follows

<b>Principles</b>	<b>COMMITMENT</b>	<b>PLANNING</b>	<b>ACTION</b>	<b>EVALUATION</b>
<b>Indicator 1</b>	The company is committed to taking a strategic approach to recruitment and selection	The company is clear about the people it needs to achieve its aims and objectives and knows who it needs to recruit.	People are recruited and selected effectively and efficiently.	The recruitment and selection of people contributes to the company's performance.
<b>Indicator 2</b>	The company is committed to making sure that recruitment and selection is fair.	The company has a consistent approach in time to recruitment and selection, which is understood by everyone.	People with recruitment and selection responsibilities are effective in carrying out recruitment and selection.	The company gets better at recruitment and selection.

The given original model has not been used in full; instead, it has been redesigned in compliance with the purpose of the study. Moreover, given the limited time frames and resources, the model has been alleviated to make possible the implementation of the study.

Thus, based on the original model, the following model has been designed and used for the purpose of this study:

<b>Principles</b>	<b>PLANNING</b>	<b>ACTION</b>	<b>EVALUATION</b>
<b>Indicator 1</b>	The company is clear about the people it needs to achieve its aims and objectives and knows who it needs to recruit.	People are recruited and selected effectively and efficiently.	The recruitment and selection of people contributes to the company's performance.
<b>Indicator 2</b>	The company has a consistent approach in time to recruitment and selection, which is understood by everyone.	People with recruitment and selection responsibilities are effective in carrying out recruitment and selection.	The company gets better at recruitment and selection.

Each principle has been measured through its separate indicators. For each indicator a question has been developed with four possible choices of answers, when the first answer is the best choice for the question and the fourth one is the worst. Such a rating scale has made possible to find out to what extent each company is efficient and effective in its recruitment and selection practices.

### Measurement of indicators

Measures have been developed using a Likert scale, ranging from 1 to 4, when 1 is the more formalized and comprehensive policy of recruitment and selection, and 4 is the hardly recognizable one. The full instrument is presented in the Appendix 1.

### Data

Data has been gathered through interviewing:

- persons responsible for recruitment and selection of selected organizations;
- five employees from each organization selected according to the worst case scenario (i.e. less knowledgeable employees).

### Findings

The analysis of the data gathered through the applied questionnaire furnished the following findings. Findings of each Principle are presented separately, when 1 is the best choice and 4 is the worst within the scale 1-4.

Principles Indicators	PLANNING	Yerevan Brandy Company	Coca Cola Hellenic Bottling	Hayantar	Sc. Center of Viticulture & Fruit Growing
<b>Indicator 1</b>	The company is clear about the people it needs to achieve its aims and objectives.	1.5	1	3	4
<b>Indicator 2</b>	The company has a consistent approach in time to recruitment and selection.	1	1	1	2

Principles Indicators	<b>ACTION</b>	<b>Yerevan Brandy Company</b>	<b>Coca Cola Hellenic Bottling</b>	<b>Hayantar</b>	<b>Sc. Center of Viticulture &amp; Fruit Growing</b>
<b>Indicator 1</b>	People are recruited and selected effectively and efficiently.	<b>1.2</b>	<b>1.4</b>	<b>3.2</b>	<b>3.6</b>
<b>Indicator 2</b>	People with recruitment and selection responsibilities are effective in carrying out recruitment and selection.	<b>1</b>	<b>1</b>	<b>1.5</b>	<b>3</b>

Principles Indicators	<b>EVALUATION</b>	<b>Yerevan Brandy Company</b>	<b>CocaCola Hellenic Bottling</b>	<b>Hayantar</b>	<b>Sc. Center of Viticulture &amp; Fruit Growing</b>
<b>Indicator 1</b>	The recruitment and selection of people contributes to the company's performance.	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>
<b>Indicator 2</b>	The company gets better at recruitment and selection.	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>

Findings in total for all companies according to each principle are as follows (within the scale 1-4, 1 is the best choice and 4 is the worst):

	<b>Yerevan Brandy Company</b>	<b>Coca Cola Hellenic Bottling</b>	<b>Hayantar</b>	<b>Sc. Center of Viticulture &amp; Fruit Growing</b>
<b>PLANNING</b>	<b>1.3</b>	<b>1</b>	<b>3</b>	<b>3.3</b>
<b>ACTION</b>	<b>1.1</b>	<b>1.3</b>	<b>2.9</b>	<b>3.4</b>
<b>EVALUATION</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>

Thus, similar results are acquired for private organizations and similar results for public organizations. Moreover, there is a huge gap between the indicators of private and public organizations. This can be explained by the assumption that public and private organizations are different in some dimensions, correspondingly, their results should differ,

as well. The below given charts clarify characteristics of public and private organizations with regard to R&S Principles according to dimensions of difference.

### Public organizations

Dimensions of difference R&S Principles	Environment	Goals	Structures	Values
<b>PLANNING</b>	Public managers face less intense competitive pressures	The goals are distinctive	Have more bureaucratic structure	Public sector managers are less materialistic
<b>ACTION</b>	Public managers work in a more complex environment	Public managers are required to pursue a larger number of goals	More red tape is present in decision making by public bodies	Public managers have weaker organizational commitment
<b>EVALUATION</b>	The environment is less stable	The goals are vaguer.	Managers have less autonomy from superiors	Motivation to serve the public interest is higher in the public sector

### Private organizations

Dimensions of difference R&S Principles	Environment	Goals	Structures	Values
<b>PLANNING</b>	Depend on customers for capital	Plan clear, quantitative and consistent goals	Exhibit a centralized distribution of power	Hold values defined within the organization
<b>ACTION</b>	Priorities of action are economically determined	Are based on instrumental-rational action	Have tightly coupled processes	Values work as means to ends
<b>EVALUATION</b>	Are insensitive to the dominant cultural system	Seek customer's welfare only to the extent that it influences the organization's welfare	Hold authority as a major basis of power.	Values are concentrated on profitability, economic efficiency, productivity and economic growth

## **Discussion and Conclusions**

According to the findings selected private companies are close to each other and to the given model in effectiveness of their recruitment and selection activities in comparison with public organizations, which are less effective. On the other hand, study proves that effectiveness of recruitment and selection activities directly relates to organization type.

The results can be explained by the fact that the selected private companies are affiliates of international organizations; thus, to a certain extent they put into practice the recruitment and selection strategies of their holding companies. In addition, these companies provide funds for development of their human resources. In contrast to private companies, public organizations have limited resources to invest in human capital and differ in culture in terms of policies development.

Thus, differences between organization types can be contrasted on the following major characteristics: organizational values, organizational goals, organizational structure, environmental constraints, organizational incentives, raw materials, power dependency relationships, technology, revenues and accountability, etc. When other characteristics are controlled, public organizations are more complex than private ones in nearly every aspect of functioning and structure. Public organizations have competing sociopolitical goals, dual power structures, and rule contradiction. Their raw materials interact with their technical processing to redefine the production process, which is generally non-standardized and ill-defined. Furthermore, public organizations have loosely-coupled means-ends relationships, accountability to numerous types of funding agencies and publics, unidentifiable domains, great resource dependency, and multiple and diverse task environments. Consequently, their management tasks are not defined well by existing organizational models. Moreover, attempts to privatize public organizations are problematic due to the differences between private and public organizations in technologies, power dependence relationships and

accountability measures. Such efforts substitute profit goals to human service goals and place greater emphasis on organizational autonomy in relation to clients and the government; client service becomes more standardized, less individually appropriate, and less tailored to needs. This transformation of public into private seems difficult and ineffective (Schiflett and Zey, 1990).

Nevertheless, technically NPM depend partly on whether private sector management principles and processes are likely to work in the public sector, and the political prospects for NPM may be influenced substantially by the technical validity of its propositions. The dominant view in the public policy and administration literature is that public and private organizations are so different that NPM prescriptions are inappropriate. Management techniques cannot be exported successfully from one sector to another because of differences in organizational environments, goals, structures and managerial values. These variables represent a set of contingencies that require different approaches to management in public agencies and private firms. However, the evidence in support of sharp differences between public and private management is limited. Whether the environmental circumstances and the goals of public and private organizations differ significantly is largely unknown (Boyne, 2002).

In sum, there is no clear support for the view that public and private management are fundamentally dissimilar in all important respects. This is not to argue that there are no differences between public and private organizations. For example, quantitative research has uncovered significant differences in human resource management policies and practices, the management of ethical issues, and decision processes; and qualitative research has found differences in styles of strategic management (Boyne, 2002). Nevertheless, there are few solid empirical grounds for rejecting the application of successful private practices to public organizations. Here, however, is a final ironic twist in the tale: there is no established body of

knowledge on successful management strategies in the private sector that can be easily drawn upon by public agencies. For example, strategic planning in private firms appears to work better in some circumstances than others, but the environmental and organizational variables that influence its success are poorly understood. Thus, if public managers are to derive lessons from the private sector, the first step is to establish more clearly the determinants of performance in private firms (Boyne, 2002).

All in all, after a century of experience with relatively ineffective staffing practices, public sector staffing systems are drifting closer to private-sector approaches to the entry functions. Decentralization, flexibility, agency autonomy, and experimentation with promising new techniques are becoming the order of the day (Hays, 1998). Nonetheless, although most of the developments will likely have positive effects on government staffing needs, the fundamental differences that separate public and private personnel administration cannot be ignored. It would be dangerous to assume that all private staffing arrangements can be applied with impunity in public agencies. Business gurus, for instance, widely endorse employee referrals as their primary recruitment strategy. Openness may not always be efficient, but it is an essential component of the government staffing philosophy. Delegation of staffing authority to line managers may be expedient now, but the long-term effect will be negative if merit considerations are buried under the weight of personal contacts and friendship. As public agencies rush to reinvent their personnel functions, a reasonable concern for some of the traditional public personnel values may not always be misplaced (Hays, 1998).

## **Recommendations**

Both public and private companies have place to improve, and should pay attention to their overall personnel policies in general, and recruitment and selection in particular. For the overall effectiveness of public organizations, it is essential to put effective personnel policies and recruitment and selection in their policy agendas; it is not only a matter of funds and size.

Moreover, public organizations should import private sector techniques of recruitment and selection to experience success in their staffing issues (Hays, 1998). This will be really important step forward, as the effectiveness of recruiting has a significant impact on the effectiveness of the company's overall performance. To the extent that a company performs staffing functions poorly, the impact may be potentially manifested in problems such as excessive turnover, line management dissatisfaction, poor quality, litigation, under-representation of minorities and women, and so on, which detract from human resource effectiveness (Greer, 2001).

Organizations should carefully track recruitment and selection effectiveness. Unfortunately, very few of them do so. Managers of these organizations should recognize that recruiting has important long-run effects as some of today's applicants will be tomorrow's top executives. Not only does recruitment affect employee qualifications, but it also affects workforce diversity. Thus, companies should seriously think of taking actions toward improvement of recruitment and selection activities (Milkovich/Boudreau, 1997).

Moreover, finding and keeping the right people is one of the biggest and most important business challenges. These are challenges that companies of all sizes need to address. Recruitment and selection can often be reactive and unplanned but if recruitment is going to help the company to achieve its aims and objectives, a planned and long-term approach is needed. Therefore, companies should adopt a framework for identifying the skills that help the organization to improve its performance. Such an exercise should look at which skills will

be needed in one, two or five years' time. Taking time to plan a strategy is an excellent investment and should help new staff settle in more quickly thereby reaching desired levels of productivity and effectiveness. The cost of getting this wrong can damage cash flow, morale and productivity (Buckley, Ronald, Ferris and Gerald, 1995).

Furthermore, the ideal strategy for effective recruitment and selection will be a multi-measure procedure of using different methods to achieve different predictions. In addition to the traditional approaches some new views of recruitment and selection may pose different evaluation challenges. For example, some companies are now placing primary emphasis in matching applicants with the characteristics or culture of the organization, instead of the job (Buckley, Ronald, Ferris and Gerald, 1995). Thus, future evaluations may need to focus on developing measures of staff compatibility with organizational characteristics in order to increase the effectiveness.

Thus, recruiting people is an expensive business that the company cannot afford to get wrong. Apart from the cost of advertising and recruitment agencies, there is the cost of taking the staff away from their jobs to interview, induct and train new people. It is an excellent investment when new people settle in quickly and are productive over many years. However, the cost of getting it wrong is very high in terms of going through the whole process again.

Obviously, a company's recruiting and selection procedures are critical to its ability to acquire the human resources needed to obtain competitive advantage. Competitive positions of most private firms depend heavily on increasing the effectiveness of employer recruiting and individual decision making in choosing jobs (Hollenbeck, Gerhart, Noe, Wright, 1994).

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## Appendix 1: Measurement of indicators

### PLANNING

**Indicator 1** The company is clear about the people it needs to achieve its aims and objectives and knows who it needs to recruit.

*Question 1: Please, answer which one of the given options is correct.*

1. The Company plans the number and titles of the positions it needs to recruit and recruits people according to its planning.
2. The Company plans the number and titles of the positions it needs to recruit, however, not fully follows to its planning while recruiting.
3. The Company plans the number and titles of the positions it needs to recruit, however, it does not follow to its planning while recruiting.
4. The Company does not have any planning of whom and how many employees it is going to hire. It makes a decision of recruitment upon its need.

*Question 2: Regarding setting clear targets for the people to be recruited, please, choose the most relevant option.*

1. The Company has an elaborated job description specifying responsibilities and requirements for each position. Upon hiring new employee the Company revises the set job description to make it specific for new employee.
2. The Company has an elaborated job description specifying responsibilities and requirements for each position, which is not being revised upon recruiting new employee.
3. The Company has general description of its positions to be filled in.
4. The Company has no specification of positions' responsibilities and requirements to be filled in.

**Indicator 2** The company has a consistent approach in time to recruitment and selection, which is understood by everyone.

*Question 3: Which of the following options is correct regarding company approach to recruitment and selection?*

1. The Company has its elaborated procedures of recruitment and selection and all the time it uses those same procedures while making recruitment and selection.
2. The Company has its elaborated procedures of recruitment and selection; however, it does not always follow to those procedures while making recruitment and selection.
3. The Company has its elaborated procedures of recruitment and selection; however, it never follows to those procedures while making recruitment and selection.
4. The Company does not have its elaborated procedures of recruitment and selection, and every time it carries out recruitment and selection in a different way.

#### **ACTION**

**Indicator 1** People are recruited and selected effectively and efficiently.

*Question 4: The company recruits sufficient people to achieve its aims and objectives. Which of the following options is correct?*

1. The Company fills in all the needed positions during the year.
2. During the year the Company is able to fill in majority of its desired vacant positions.
3. During the year the Company does not manage to fill half of its desired positions.
4. During the year the Company fills in none of its desired positions, thus, implements the tasks through its internal resources.

*Question 5: Are people selected in line with the criteria agreed for each position? Please, choose the right answer.*

1. The Company has its elaborated criteria of selection agreed for each position and all the time selection is done based on these criteria.

2. The Company has its elaborated criteria of selection agreed for each position; however, use of criteria is selective while making selection.
3. The Company has its elaborated criteria of selection agreed for each position; however, majority of employees are selected on the base of subjective judgment instead of preliminary agreed criteria.
4. There are no elaborated criteria of selection for any position and employees are always selected on the base of subjective judgment.

*Question 6 (Question given to the employees): Employees, who have been recruited recently and unsuccessful internal candidates confirm whether the recruitment and selection process was fair.*

1. Employees recruited recently confirm that recruitment and selection was fair, and unsuccessful internal candidates confirm the same as well.
2. Employees recruited recently confirm that recruitment and selection was fair, however, unsuccessful internal candidates remained neutral to confirm it.
3. Both employees recruited recently and unsuccessful internal candidates remained neutral to confirm that recruitment and selection was fair.
4. Employees recruited recently remained neutral to confirm that recruitment and selection was fair, and unsuccessful internal candidates are sure that it was not fair.

*Question 7: The Company recruits and selects people using the cost-effective methods and sources. Which of the following options is correct?*

1. This year the Company fulfilled equal number of vacancies with less financial costs in comparison with the same period of the last year.
2. This year the Company fulfilled equal number of vacancies with the same financial costs in comparison with the same period of the last year.

3. This year the Company fulfilled equal number of vacancies with higher financial costs in comparison with the same period of the last year.
4. The Company has no evidence on cost-effectiveness of recruitment and selection methods and sources, and uses as much resources as it wants in order to attract the desired candidates.

*Question 8: Communication with candidates is timely and constructive. Which of the following options is correct?*

1. Before, during and after the competition all candidates are timely and properly informed on relevant issues of recruitment.
2. Before the competition communication with all candidates is constructive; however, during and after the competition only prospective candidates are timely and properly informed with their further steps.
3. Before the competition communication with all candidates is constructive; however, during the competition communication is timely and constructive with only prospective candidates and after the competition only finalists are timely and properly informed about the competition results.
4. Before during and after competition there is no proper management of communication with candidates. After the competition only the winner is informed about the results of the competition.

**Indicator 2** People with recruitment and selection responsibilities are effective in carrying out recruitment and selection. Please, choose the corresponding answer.

*Question 9: People with recruitment and selection responsibilities have the knowledge and skills they need to recruit and select people effectively.*

1. People with recruitment and selection responsibilities have covered a course or training in Human Resources Management and have got relevant work experience in recruitment and selection.
2. People with recruitment and selection responsibilities have no appropriate training; however they have sufficient work experience in recruitment and selection.
3. People with recruitment and selection responsibilities have no appropriate training and have little work experience in recruitment and selection.
4. People with recruitment and selection responsibilities have no corresponding training and work experience specifically in recruitment and selection, they have some experience in carrying out different functions of Human Resources Management.

*Question 10: Please, explain how people with recruitment and selection responsibilities contribute to the recruitment and selection process.*

1. All the time recruitment and selection activities are carried out through a uniformed documented system (forms and sources of announcements, standard application form, specialized tests, standardized questionnaire for interview, etc.).
2. Recruitment and selection activities are carried out through a uniformed documented system only when it is specifically required.
3. There is elaborated a documented uniformed system for carrying out recruitment and selection activities; however, practically it is rarely used while carrying out recruitment and selection.
4. There is not any system elaborated to carry out recruitment and selection.

## **EVALUATION**

**Indicator 1** The recruitment and selection of people contributes to the company's performance.

*Question 11: The company's consistent approach to recruitment and selection contributes to its performance. Please, select the most appropriate option.*

1. Consistent approach to recruitment and selection contributes to Company performance in terms of gradual lessening of turnover ratio during a given time frame.
2. Consistent approach to recruitment and selection contributes to Company performance in terms of relational stability of turnover ratio during a given time frame.
3. There is no evidence that consistent approach to recruitment and selection contributes to Company performance in terms of turnover ratio.
4. Consistent approach to recruitment and selection does not contribute to Company performance in terms of gradual increase of turnover ratio during a given time frame.

**Indicator 2** The company gets more consistent at recruitment and selection.

*Question 12: Please, give examples of relevant and timely improvements that have been made to recruitment and selection activities.*

1. Competitions are held for all vacancies and competition is held also in cases when there is only one candidate. Recruitment and selection is done through uniformed system.
2. Competitions are held for majority of positions. Recruitment and selection is done through uniformed system.
3. Competitions are held only when there are no candidates to fill the vacancy. There is no unified system of recruitment and selection.
4. There is no evidence of improvement toward recruitment and selection. No competitions are held to fill the vacancies. There is no unified system of recruitment and selection.