



Influence of Recruitment and Selection Practices on Organisational Performance in Garment Manufacturing Firms In Delhi/NCR

KEYWORDS

Recruitment and Selection, organisational performance, garment manufacturing firms, Delhi/NCR.

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ABSTRACT *The textiles and apparel industry in India accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket. During the year 2012-13, readymade garments accounted for almost 39% of the total exports. Apparel and cotton textiles products together contribute nearly 72% of the total textiles exports (Planning Commission, 2012-17). As one of the biggest employer of manpower in India, Indian Garment Manufacturing Firms (GMFs) cannot afford to neglect or ignore the area of Human Resources (HR) because machinery and men are vital aspects of this industry, but machinery without men is like a body without soul. This fact, all the more, makes Recruitment and Selection (R & S) as one of the most essential component which effects the Organisational Performance (OP). The objective of the study was to find the influence of Recruitment and Selection practices on organisational performance in GMF in Delhi/NCR.*

1. Introduction

Recruitment and Selection are two interlinked processes towards acquisition of the 'right people' for the 'right job'. Almost always, the objective behind the process is the enhancement of organizational performance.

For an Industry to function and perform and yield financial results, it invariably depends on factors like men, machine, material, money and market. Men or human resource being the epicenter of any and every industrial activity is of paramount importance. An effective and competitive human resource is the key to the strength of organizations in facing the challenges of business today. The importance of having a competitive manpower is synonymous with the success of today's organizations. An efficient and effective human resource will produce quality, productive individuals that will eventually minimize the problems that are related to human resource such as job dissatisfaction, absenteeism, or turnover of employees.

Every business, no matter how robust or sound, eventually banks on its people to drive its plans forward, and even more so, in the garment manufacturing and export industry. Considering that the industry is in a state of flux, with exports under pressure and a people's crunch arguably plaguing it, the time seems ripe to put this crucial issue under the scanner in a bid to explore exactly where the problem lies and whether tangible solutions are available.

The development of the apparel industry is dependent on the availability of skilled and knowledgeable manpower broadly at two levels - managerial and associates. Although growing consumerism and availability of manpower are powering the growth of organized garment manufacturing units in India but skilled human resources are rather inadequate in supply. Thus, the need of the hour is to hire employees with the right skill set who can take care of operational functions and also there is necessity to engage employees with the right attitude as they need to work long hours and also on holidays and festive occasions based on the production time leads.

There is a gap in the availability and requirement of per-

sonnel for the apparel industry (particularly in the areas of apparel management, merchandising, vendor management and retail). The findings of this study were significant as for each one percent increase in monthly turnover (employee), a factory's production efficiency rate declined by 0.16 percentage points. Therefore, the primary purpose of this research is to find out whether R & S practices effect organisational performance of the GMFs as well as benefits achieved after the implementation of these practices.

2. Selected Review of Literature

2.1 Recruitment and Selection

Recruitment: It is the process of generating a pool of capable people to apply for employment to an organisation. It is a linking activity bringing together those with jobs to fill and those seeking job. A good recruiting program should attract the qualified and not attract the unqualified.

Kulik, (2004) and Pfeffer, (1995) , recruitment is a process of attracting a pool of high quality applicants so as to select the best among them. Top performing companies devote considerable resources and energy to creating high quality selection systems. (Nehmeh, 2009) asserted that HRM practices, such as recruitment and selection, play an important role in gaining employee commitment. By providing realistic job previews and accurate information, applicants are better able to determine whether the job is appropriate for them. If they are aware of the available choices, applicants will be more dedicated to the organization that they opt for.

Selection: It is the process by which managers and others use specific instruments to choose from a pool of applicants a person or persons more likely to succeed in the job(s) (Bratton, 1999).

Nehmeh (2009) argued that selection procedures try to identify those individuals who are likely to be committed to work. This is done through various methods such as psychometric testing. However, all individuals vary in their propensity to become committed, due to personal characteristics, pre-entry expectations or organizational choice

variables.

Dowling & Schuler (1990) described recruitment as the search for and acquisition of potential job candidates in sufficient numbers and quality. The HRM literature prescribes a recruitment process as comprising a systematic four-phased procedure: an assessment of whether the vacancy needs to be filled, a job analysis, the production of a job description, and a person specification (Torrington et al., 1991).

2.2 Recruitment Methods

Several empirical studies have identified recruitment methods as being either formal or informal. Examples of formal recruitment methods are newspaper advertisements, job-centres and other employment agencies whereas "word of mouth" methods such as "referrals" by existing employees are examples of informal recruitment methods (Carroll & Schneier, 1999). Previous research has found evidence to suggest that informal recruitment methods are more effective than formal methods. For instance, early research evidence suggested that informal recruitment methods such as referrals and applicant-initiated contacts are likely to result in higher quality workers and workers who are more committed to the organization and remain longer with the organization than formal recruitment methods (Breaugh, 1981; Saks, 1994). Large firms are more likely to use formal methods because they are more open to coercive, mimetic, and normative pressures. In contrast, small firms develop practices that are suitable for their culture and organization, due to the reduced pressures faced.

Recruitment is best described as the way in which an organization tries to source or attract the people from whom it will ultimately make selections. Recruitment strategies include efforts to reach better pools of candidates and to sell the organization as an employer of choice.

Selection is matching people to work. It is the most important element in any organization's management of people simply because it is not possible to optimize the effectiveness of human resources, by whatever method, if there is a less than adequate match. Selection is about choosing between job candidates. It is about how to make fair and accurate assessments of the strength and weakness of applicants and how to identify the candidate who is most likely to perform well in the job.

The Recruitment and Selection process is a series of hurdles aimed at choosing the best candidate for the job. It is the process through which an applicant proves his possession, of the skill-sets required for the job. More importantly, it weeds out wrong people. The pointers below can be considered for the Recruitment & Selection process:

1. The positions to be filled are decided through planning and forecasting.
2. A pool of candidates is built by recruiting internal or external candidates.
3. Candidates are made to complete application forms and undergo initial screening interviews.
4. Selection tools are used to identify viable candidates.
5. The candidate whom the offer has to be given is decided.

Large firms are more inclined to employ formal recruitment methods such as a registered list of applicants, local press,

employment agencies and recruitment consultants than small firms in the sample. These findings are supportive of prior studies (Barber et al., 1999); (Carroll et al., 1999), which found evidence to suggest that small firms predominantly use informal recruitment methods. The fact that recruiting and personnel matters in the majority of responding small firms are handled by the owner or manager, may explain the over reliance on informal recruitment methods (Millward et al., 1992). Moreover, formal recruitment methods have a broad scope for job search, thus implying that there is a high opportunity cost for a small firm if used. Furthermore, (Atkinson & Meager, 1994) stated that small sized organizations tend to employ individuals that were not hired by large firms. In this respect, for a small firm to spend resources on recruitment methods, which solely depend on the large firm's reluctance to hire an individual, resembles a reactive transaction from a small firm's perspective. Nevertheless, an implication of informality is that small firms in the long run may recruit people who are inappropriate, and this can lead to high labour turnover (Jameson, 2000). Moreover, because small firms cannot have a large internal labor market, when they lose employees, they need to find them from the external market. This means that a small firm's failure to use external sources or formal recruitment methods may not be likely to result in a rich source of fresh talent and ideas being provided to the organization.

3. Objective

The objective of this study is to assess the relationship between Recruitment and Selection Practices and Organizational Performance (OP) in GMFs. A careful analysis of the link between R & S practices in garment manufacturing firms will not only help to fill a gap in the HRM-performance literature by providing new evidence from a developing country, but is also an attempt to identify how the R & S practices are likely to effect the organizational performance.

However, there has been very limited amount of work that has been done linking work practices to productivity for firms in the developing world. The lack of available data and difficulty of data collection is one of the reasons behind this.

4. Link between R & S practices and organizational performance

Over many decades, the field of R & S has attracted a great deal of attention across various disciplines owing to its contribution and impact on the bottom-line issues within organisations. One particular area which has received considerable attention is the link between R & S practices on organisational performance (OP). Scholars have consistently attempted to understand the impacts of R & S practices on OP because the importance of human capital is not only in terms of gaining competitive advantage and achieving organisational performance, but also an evolving belief that, in order to survive and compete in the present-day knowledge-based global economy, organisations need to acquire and develop world-class human resource competencies.

R & S practices (indirectly) impact OP; thus, little attention has been directed towards further exploring the aspect of research in this direction. As is the case with R & S practices, there is no consensus amongst researchers on the measurement of OP. Accordingly, it remains an imprecise and loosely defined construct. For instance, (Scott, 1977, p.63), in his review on the measures of organisational ef-

fectiveness, concludes that, "after reviewing a good deal of the literature on organisational effectiveness and its determinants, I have reached the conclusion that this topic is one about which we know less and less". Conceptually, OP can be defined as the comparison of the value produced by a company with the value owners expected to receive from the company (Alchian & Demsetz, 1972). The performance of an organisation can also be judged by individual and institutional investors by quarterly net profit results; this is now a fairly established practice that can be evidenced almost daily in business news section of the media.

Many firms recognized the growing importance of their human resources, but few were conceptualizing them in strategic terms, that is, in ways to gain a competitive advantage. The result was that many companies missed the opportunity to seize competitive advantage through recruitment and selection practice initiatives.

Table 1 : Empirical studies on single HRM practices and organizational performance.

Analysis of the Review of Literature, a Summary of HRM Practices and their Impact on OP			
Author	Manufacturing Unit Type with sample size	HR Practice Applied	Effect on Organizational Performance
Muham-mad Asif Khan(2010)	20 firms from oil and gas industry	Recruitment and selection Training and development Performance appraisal, Compensation and rewards Employee participation	Improved product quality Greater productivity efficiency Overall perceived performance improved
Zubair Aslam Marwat, Tahir Masood Qureshi, Mohd Ramay	Not known	Training Recruitment Compensation Performance appraisal	Positive impact on employee efficiency and effectiveness
Zubair Aslam-Marwat, Tahir Masood Qureshi, MohdRamay	Not known	Training Recruitment Compensation Performance appraisal	Positive impact on employee efficiency and effectiveness

5. Indian Apparel Industry

Apparel is one of the oldest and largest export industries in the world. It is also one of the most global industries because most nations produce for the international textile and apparel market. Apparel production is a springboard for national development, and often is the typical starter industry for countries engaged in export-oriented industrialization due to its low fixed costs and emphasis on labour intensive manufacturing (Adhikari & Weeratunge, 2006; Gereffi, 1999).

Indian textile industry needs to be competitive and cost effective by improving its productivity, product diversification and enhancing operational scale. The Indian textile industry has inherent strengths in terms of rich legacy of textile production, strong multi-fibre raw material base, large and expanding production capacities, very low import intensity, vast pool of skilled workers and technical and managerial personnel, flexible production systems, large and expanding domestic market, dynamic and vibrant entrepreneurship, etc. However, these strengths have been diluted to a great extent due to severe disadvantages suffered by the industry in certain other areas affecting its productivity, quality and cost competitiveness. Against the backdrop of this study, it is pertinent to mention that Indian apparel industry plays a very significant role not only in the country's economy but also in the lives of millions of people of the country. Along with textiles, the apparel industry contributes to almost one third of the country's exports. Traditionally, the industry has been divided into two sectors, exports and domestic. The study relates to the garment manufacturing firm (GMFs) dealing with both these sectors i.e., exports and domestic.

Popular estimation in the year 2011-12 says that garment exports are placed at 34,025m USD. According estimation employment figures in the ready-made garment industry are projected at an increase of 2.5 times when compared to the figure of about 1.8m in 2006-07. However, there is near consensus in the industry that the most glaring problem affecting is getting good people, across the spectrum (Chandra, 2006).

5.1 R & S in Indian Apparel Industry

Apparel manufacturing industry has varied product range. To manufacture such various categories of products skilled work force is required, rather this work force runs the entire apparel manufacturing industry from stage one to final dispatch. This workforce or employees are the major role players and the crucial strategic resource to the organization success (Schumacher, 2001) had written that development does not start with goods, it starts with 'people' and their education, 'organizing', and 'discipline'. Without these three, all other resources remain latent, untapped potential. Success in any field lies in recruiting and selecting right people. Technology up gradation alone will not bring the desired results.

Glock & kunz (2007) states that a firm's human resources are major resources for its productivity. People unlike machines become more valuable to firm with time as they become better trained and more experienced. Machine capacity can extend within its limitations, eventually they become outdated and worn out and must be replaced. Employees in apparel manufacturing units are hired on the terms of direct labour, management and support staff.

Singh (2002), the fact that though garment manufacturing is a work of art and skill, the industry is full of unskilled and non – artistic workers and no professionals. The commercialization of the occupation handed the art to unskilled people, but the industry is not paying any attention to this (Jatinder, 2009) currently, there is a massive gap between the availability of skilled manpower and the requirements of the industry, particularly in the weaving, dying, processing and garment segments.

6. METHODOLOGY

As a part of the study, 906 manufacturing companies were

contacted from the data collected from AEPC, after purposive and selective sampling as per the sampling criteria. Consequent upon the response rate, the questionnaire was sent to all the companies and 285 companies agreed to participate in the research study on HRM practices which affect OP in GMFs located in Delhi/NCR. On the basis of completed forms and turnover, 149 companies were then chosen to focus.

A model was chosen where Recruitment and selection were looked in to with parameters of Organisational performance namely Growth, business performance, Financial Performance and return on Employee (Human capital) (ROE (HC)).

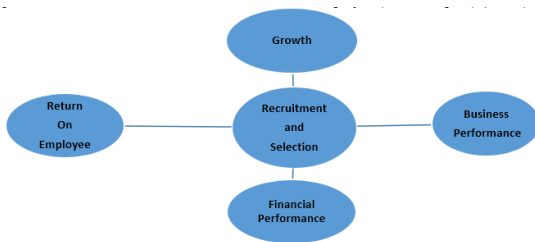


Table 1: Parameters of Organisational Performance

7. Data Analysis and Interpretation

Data was analysed in five sections with the help of software application package, Statistical Package for Social Sciences (SPSS), version 17.0. Hypothesis testing, Factor analysis, Correlation analysis, Regression analysis and descriptive.

7.1 Hypothesis testing for Recruitment & Selection

The hypothesis which were accepted based on t-test were as follows: The null hypothesis were rejected at 95% of confidence level which were formulated

1. Recruitment & Selection process helps the organization growth – Recruitment and selection deals with finding the right candidate and choosing the best qualified potential candidate who is most likely to perform the job successfully. Thus helps in increasing the growth.
2. Recruitment and selection will boost the performance of the business – Recruitment and selection provides the sum total of knowledge, skills and aptitude of people in an organization to fulfil and meet the requirements of the firm thus leading to better performance.
3. Recruitment & Selection increases financial performance of the organization – Good candidate with proper skills can effectively work and increase the efficiency of the organization and can bring the profits thus increasing financial performance.
4. Recruitment & Selection helps boost returns on employee (human capital) – A recruitment manager can calculate and maximize the return on investments on its organisation's recruitment by clearly defining the results, developing methods, estimating costs & benefits and by ensuring proper training and development of the recruited professionals.

7.2 Factor analysis for Recruitment & Selection

The various human resource variables from Employees Questionnaire were reduced to following underlying factors:-

1. Systematic Recruitment and Selection leads to better financial performance – Right man at right place automatically increases performance in all the ways with a % of variance as 51.044 and factor loading of .818

2. Systematic Recruitment and selection leads to organisational growth - The Recruitment and selection process determines the decisions as to which candidates will get employment offers. The aim of this practice is to improve the fit between employees, the organization, teams, and work requirements, and thus, to create a better work environment and growth. This practise is like finding the missing piece of the jigsaw puzzle with a % of variance as 18.013 and factor loading of .684

7.3 Correlation Analysis for Recruitment & Selection

Correlation analysis shows that –

Return on Employee ROI (HC) had a positive correlation with-Recruitment & Selection – The model showed a positive correlation between recruitment and selection with Return on Employee with a value of .583. As the demand of jobs is more complex in today's times, the main objective is focused on selection of appropriately skilled personnel which helps in minimizing the costs incurred by an organization on training and development.

7.4 Regression analysis for Recruitment & Selection

The factors "impact of HR practices on organisational performance", "information sharing on changes HR policy" and "recruitment & selection" are found to be significant predictors of ROE (HC). Recruitment and selection" has an effect of .65units. Recruitment & selection is found to be significant predictors of Return on Employee (ROE (HC)) – The best way for a company to increase competitiveness is to invest in its employees. Recruitment and selection provides the best suitable employee to the organization. The amounts spend in the recruitment, selection and training is returned back by the employee in the form of the profit that organization earns from the service of the employee.

Regression Equation: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \epsilon$

ROE (HC) = -5.290 + .733 (impact of HR policies on OP) + .98 (information of changes in HR policy) + 0.65 (recruitment and selection)

8. Conclusions

Employees' response directs to conclude that systematic recruitment and selection process lead to have better financial performance of the organisation as compared to other implications. 90.2% of the employees feel that fully implemented recruitment and selection process will have an impact on business performance of the organisation. Correlation results suggest that return on employee has strong correlation with recruitment & selection. Regression results states that recruitment & selection is found to be significant predictors of return on employee.

Recruitment and Selection is one the important factor taken into account and most of the employees feel if it is done systematically in the organization it can lead to the following outcomes:-

- a. Growth in economy and productivity of the organization.
- b. A solid and effective recruiting and selection process improves the chance of hiring the right person for the right job and more effectively identifies individuals who will fit best into the organizational structure.
- c. A company with an effective recruiting and selection process also retains employees through excellent employee management processes. Retaining good em-

employees reduces turnover and the need to constantly recruit and hire new employees.

9. Recommendations for the Garment Manufacturing Firms

The recommendations have been deduced from the data analysis and key conclusions as discussed and are as follows:-

Clear guidelines should be set-up by Human Resource (HR) department/those who are a part of the recruitment team, of the education and skill requirements in candidates for the positions. Whilst adequate recruitment tools may improve the hiring process, it is understood that the decision to hire a candidate remains in the hands of the responsible manager supported by the HR staff. Under no circumstances should the decision to hire or not to hire be left in the hands of an outside consultant or expert. Therefore the potential for professional development is an essential standard for recruitment. Each new member joining is to become a participant in developing a sustainable quality culture which implies a commitment to the organisation.

The progress of any organization depends upon the quality of the people who work in it. Only a committed and a qualified work force will be able to achieve the goals and targets set by the organization. The personnel manager has to perform two major functions of recruitment and selection very effectively and systematically. The main objective of these two processes is to place the right man in the right place at the right time so as to make the optimum utilization of the assets. The role of HR in recruitment and selection process should be:-

- a. To attract and encourage more individuals to apply in the company or organization.
- b. To develop a number of applicants that is suitable while also keeping the cost of the process reasonable.
- c. To create a pool of ability and talent that will facilitate the selection of the best candidate for the position.
- d. To determine the present and future prerequisites of the organization together with its personnel planning and job analysis activities
- e. To increase the success rate of the selection process by decreasing the number under or over qualified job applicants.
- f. HR should review the range of selection techniques so that they can choose the most appropriate for the positions available. The strategy to be used should depend upon the position being filled.

10. Study Limitations

There are two basic limitations of the study. The first refers

to the fact that a single respondent provided information on HRM practices and perceived measures of employee performance, respondent bias may have set in. The level of overall response was not very high that may have resulted in estimation error due to response bias. The second refers to sample size which only large & medium export houses of Delhi, NCR region only, it is not representative of GMF in India.

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