

Selective Hiring, Organizational Performance and Commitment

¹Peter Butali, and ²David Njoroge*

¹School of Business and Economics, Garissa University College, Kenya

²School of Business and Economics, Kirinyaga University, Kenya

Abstract: Employees are an important asset in an organization; they give an organization competitive advantage. Having human resources with the necessary skills largely contributes to organizational success. This study was aimed at finding out the impact of selective hiring on organizational performance and to establish the moderating effect of organizational commitment on the relationship between selective hiring and organizational performance. The population of study was 5866 employees of three state corporations in Kenya. These were Mumias Sugar Company, Kenya Power and KenGen. Descriptive survey research design was adopted in the study. The study revealed that selective hiring had a significant effect on organizational performance. Further, findings showed that affective commitment and normative commitment moderated the relationship between selective hiring and organizational performance.

Key words- Selective hiring, organizational commitment, organizational performance, recruitment

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I. Introduction

It is undisputed that human resources are the most important resource in an organization (Armstrong, 2006). This is because human resource is the resource that organizes other resources for organizational effectiveness. The presence of quality human resources gives an organization sustainable competitive advantage. This therefore means having the right employees both in terms of numbers and qualifications is unavoidable for an organization to remain competitive. Human resources should therefore be rare and unimitable. Consequently, recruitment and selection is a crucial human resource management practice that should be given all the attention it deserves; it is through recruitment and selection that the journey to success is either won or lost. Although a lot of importance has been attached to recruitment and selection, it has been reported that hiring at times has been based on political favoritism, relationships, kinship, nepotism, or bribery instead of qualifications (Rahmany, 2018).

II. Objectives

The study objectives were to find out the impact of selective hiring on organizational performance and to establish the moderating effect of organizational commitment on the relationship between selective hiring and organizational performance.

III. Review of literature

Selective Hiring

Selective hiring refers to both recruitment and selection. Recruitment is the process of attracting potential job applicants who have the requisite skills so that they can apply for positions that have been advertised. Selection on the other hand refers to the process of picking the best suited persons from a sea of applicants. Selective hiring therefore is about ensuring that the right people, with the right characteristics and knowledge and who are able to fit in the culture and climate of the organization are in the right place (Huselid, 2010). Schuster (2004) opined that selective hiring yields profits, boosts employee productivity, increases organizational performance and reduces turnover. According to Collins and Clark (2003), selective hiring translates into sales growth. Successful hiring leads to production of quality products and an increase in economic performance (Paul & Anantharaman, 2003).

Organizational Performance

Gephardt and Bureu (2008) defined organizational performance as the achievement of organizational goals in the process of pursuing business strategies that bring about sustainable competitive advantages. Organizational performance therefore is a measure of the extent to which an organization is meeting its objectives.

Selective hiring and organizational performance

In an Indian study, Naveen and Raju (2014) found that effective recruitment and selection practices contributed to better organizational outcomes. Jolaosho et al. (2018) in their Nigerian study revealed that recruitment and selection process affects the overall performance of the employees. In another study on Nigerian banks, Mustapha, Ilesanmi and Aremu (2013) concluded that there was a strong and significant relationship between recruitment and selection and organizational performance. The study findings revealed that the presence of a poor recruitment and selection strategy led to poor organizational performance due to selection of inappropriate staff.

Studies conducted in Kenya revealed that the recruitment and selection process significantly affected the performance of employees (Ombui et al., 2014) and the performance of SMEs (Omolo and Otengah, 2015; Omolo, Onginda & Oso, 2012). Makhamara et al. (2016) established that strategic recruitment and selection had an effect on employee performance in the health sector in Kenya. Joy et al. (2015) observed the success of any organization or efficiency in service delivery largely depends on the quality of its workforce.

These studies point to the existence of a significant relationship between selective hiring and organizational performance.

Organizational Commitment and performance

According to Alam and Ramay (2011), commitment refers to an obligation on the part of an employee which makes him or her willing to stay in an organization. Steers (2002) explained organizational commitment as the relative strength of an individual's identification with and involvement in a particular organization. Dee, Henkin, and Singleton (2006) opined that organizational commitment represents a high level of affection, concentration and loyalty on a job task in an organization. Organizational commitment shows that individual goals are synchronized with organizational goals thereby stimulating the productivity and loyalty of the employees (Chen & Aryee, 2007; Buchanan (2004; Jaramillo et al., 2005; Vijayashree & Jagdishchandra, 2011). Employee commitment is an important factor affecting growth and productivity (Padala, 2011; Buitendach & De Witte, 2005). Highly committed employees are known to perform better than less committed ones (Mowday, Porter & Steers, 2005).

Allen and Meyer (1996) broadly categorized commitment in three dimensional concepts namely: affective commitment, normative commitment and continuance commitment. Affective commitment has to do with employees' emotional attachment, identification with, and involvement in the organization. Normative commitment has to do with the employees' feelings of obligation to the organization. Continuance commitment has to do with employees' assessment of whether the costs of leaving the organization are greater than the costs of staying.

Studies have reported that organizational commitment influences performance (Lambert, 2006). Organizational commitment helps in attracting qualified workers and retaining them (Nagar, 2012; Koys, 2010). When an organization provides employees with opportunities for growth, they show high level of commitment with their organization which in turn helps them to increase skills and knowledge (Zaleska & de Menezes, 2007). Kirmizi and Deniz (2009) observed that involving employees in decision-making process, organizational plans and goals setting has positive effect on employees' commitment. According to Meyer and Allen (2007), Jermier and Berkes (2006) and DeCotiis and Summers (2003), higher employee participation is associated with higher employee performance and organizational commitment.

Based on the literature reviewed, the following hypotheses were formulated:

H0₁: There is no significant influence of selective hiring on organizational performance in listed state corporations in the Nairobi stock exchange.

H0₂: There is no moderating effect of organizational commitment on the relationship between selective hiring and organizational performance

H0_{2a}: There is no moderating effect of affective commitment on the relationship between selective hiring and organizational performance

H0_{2b}: There is no moderating effect of continuance commitment on the relationship between selective hiring and organizational performance

H0_{2c}: There is no moderating effect of normative commitment on the relationship between selective hiring and organizational performance

IV. Methodology

The study adopted descriptive survey research design which facilitated collection of data on the current status of the subjects. A modified questionnaire by Boxall (2007) and Wright (2001) was adopted to obtain data on selective hiring. The population of the study was 5866 employees of three state corporations namely Mumias Sugar Company, Kenya Power and KenGen.

V. Data analysis and presentation

Data analysis was done using descriptive and inferential statistics. F-test was used to test the hypotheses. Multiple regression was applied in order to analyze the effect of selective hiring on organizational performance as moderated by organizational commitment. The following model was adopted:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_1 Z + \epsilon$$

where:

Y = Organizational performance

X₁ = Selective hiring

Z = Organizational commitment

β₀ is a constant which denotes organizational performance that is independent of selective hiring and organizational commitment.

ε is a random variable introduced to accommodate the effect of other factors that affect organizational performance within or outside selective hiring that are not included in the model.

The model was first subjected to correlation to establish whether the variable was significant. F-test was further computed to determine the level of significance in the model. Null hypothesis was accepted or rejected based on the p-value obtained. The test was done at α = 0.05 level of significance.

VI. Findings And Discussion

The results showed that new employees in the organizations were hired on the basis of merit as indicated by 60.5% of the respondents. Respondents reported that in their organizations, vacant positions were advertised both internally and externally followed by interviews. Selection was then done based on merit. Preference was given to the most qualified persons during hiring. 53.2% of the respondents felt that the organizations did not hire employees on the basis of merit. There was a feeling that sometimes people were hired on recommendation from their bosses. It was also reported that there were other considerations like political connections, ethnic background considerations and nepotism. Favoritism was also reported during hiring.

Effect of selective hiring on organizational performance

Results showed that selective hiring independently explains 30.4% of the variation in organizational performance (r = 0.551, p-value < 0.001).

The study model to be tested was;

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where:

Y = Organizational performance

β₀ = Constant

X₁ = Selective hiring

ε. = Error term

The fitted model equation for establishment of organizational performance in the regression formula therefore is: $Y = 0.551X_1$. This shows that standardized organizational performance will increase by 0.551 units with one-unit increase in standardized selective hiring.

The results of this study show that selective hiring enhanced organizational performance. These results are therefore consistent with the findings of previous studies by Oya and Ayse (2006) as cited by Waiganjo (2013). Waiganjo (2013) reported that there was a significant relationship between selective hiring and organizational performance. Huselid (2010) identified a link between firm performance and selective hiring as employee skills had a positive impact on firm performance.

H₀₁: There is no significant influence of selective hiring on organizational performance was tested.

F-test was used to validate the overall linear regression for this factor in the regression model.

Table 1: ANOVA table for selective hiring on organizational performance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	46.287	1	46.287	123.657	.000 ^a
Residual	106.305	284	.374		
Total	152.592	285			

The results were found to be valid and significant $F_{(1, 285)} = 123.657$, p-value < 0.001. Consequently, the hypothesis was rejected as selective hiring significantly influenced organizational performance. The findings therefore show that selective hiring influenced organizational performance of corporate organizations in Kenya

positively. This is in agreement with the findings of Collins and Clark (2003) who found that selective hiring results in sales growth and Schuster (2004) who found that selective hiring increases profits in an organization.

Table 2: Interaction between selective hiring and affective commitment regressed on organizational performance

Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable Selective Hiring	.509*** R ² =.259*** ΔR ² =.256 F Change= 86.137df=1, 246	.046	.426
Step 2- Moderating Variable Affective Commitment	.268*** R ² =.318*** ΔR ² =.064 F Change= 23.24 df=2, 245	.059	.286
Step 3- Interactions Selective Hiring* Affective Commitment	.751** R ² =.337*** ΔR ² =.013 F Change= 4.881 df=244	.263	.580

P < 0.000 *** p < 0.05**

The findings in Table 2 show the percent of variability in the dependent variable (organizational performance) that could be accounted for by the independent variable. In the first model, selective hiring interaction was significant (F (1, 246) = 86.137, p < 0.001) with R² value of 0.259 which is 25.9 per cent of variation.

When the moderating variable (affective commitment) was added to the model in the step the percentage of variability accounted for went up from 25.9 per cent to 31.8 per cent. Affective commitment was therefore significant (F (2, 245) = 23.24, p < 0.001). There was change in R² when the interaction term was obtained by multiplying the moderating variable (affective commitment) with independent variable in the step three. The percentage of variability accounted for went up from 25.9 per cent to 33.7 per cent. The third model with interaction obtained by multiplying the moderating variable (affective commitment) with independent variable (selective hiring) was significant (F (3, 244) = 4.881, P < 0.001). The findings therefore indicate that affective commitment is a moderator on the relationship between selective hiring and organizational performance. Consequently, hypothesis H0_{2a}: affective commitment does not moderate the relationship between selective hiring and organizational performance was therefore not supported. The conclusion made was that affective commitment moderates the relationship between selective hiring and organizational performance.

Table 3: Interaction between Selective Hiring and Normative Commitment Regressed on Organizational Performance

Independent variable	Organization Performance		
	Beta	SE	B
Step 1-Independent Variable Selective Hiring	.522*** R ² =.272*** ΔR ² =.272 F Change= 94.194 df=252	.046	.444
Step 2- Moderating Variable normative commitment	.028*** R ² =.273*** ΔR ² =.001 F Change= .270df=251	.024	.013
Step 3 Interactions Selective Hiring* Normative Commitment	.597** R ² =.278*** ΔR ² =.005 F Change= 1.729 df=251	.346	.456

The findings indicate that in the first model, selective hiring interaction was significant (F (1, 252) = 94.194, p < 0.001) with R² value of 0.272 which is 27.2 per cent of variation.

When the moderating variable (normative commitment) was added to the model in the step 2, the percentage of variability accounted for went up from 27.2 per cent to 27.3 per cent. In the second model, normative commitment was significant (F (2, 251) = 0.270, p < 0.001). There was change in R² when the interaction term was obtained by multiplying the moderating variable (normative commitment) with

independent variable in the step three. The percentage of variability accounted for went up from 27.3 per cent to 27.8 per cent. The third model with interaction obtained by multiplying the moderating variable (normative commitment) with independent variable (selective hiring) was significant ($F(3, 251) = 1.729, P < 0.001$). The findings therefore show that normative commitment is a moderator of the relationship between selective hiring and organizational performance. Consequently, hypothesis H0_{2c}:normative commitment does not moderate the relationship between selective hiring and organizational performance was therefore not supported. The conclusion made was that normative commitment moderates the relationship between selective hiring and organizational performance

VII. Conclusions

It was established that selective hiring significantly influences organizational performance. Further, the findings showed that affective commitment and normative commitment moderated the relationship between selective hiring and organizational performance.

Recommendations

- a) Hiring should be based on merit but not on tribalism, nepotism or other considerations as hiring significantly affects organizational performance.
- b) Since organizational commitment moderates the relationship between selective hiring and organizational performance, efforts should be made to increase organizational commitment.

Areas for further Research

There is need for research should be conducted on other human resource management practices that affect organizational performance.

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