CHAPTER V

CONCLUSION, IMPLICATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

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FOR FURTHER RESEARCH

5.1 Chapter Overview

This chapter describes major conclusions of the study. It states implications of the study to academics as well as to the industry. This chapter concludes with suggestions for further research.

5.2 Conclusions

Well defined and well executed recruitment strategy yields reliable results and can be a competitive advantage in the war for talent. Key employee retention is critical to the long term health and success of any business. The results of this study are supportive of the existence of significant relationships between a set of independent variables and employee retention. It is evident from this study that all recruitment strategy variables except source of recruitment individually show significant correlation with post-hire outcomes of retention like commitment, burnout, and turnover intent.

We agree with the results by Punia and Sharma (2008) who say that if companies want to keep up with their competition, they have to find the right people and understand how to find people who will be committed to the company. There are no short cuts in finding long-term, quality employees. In terms of recruitment, companies should therefore put emphasis on not only considering formal qualifications, evaluating job relevant technical ability, etc., but also share right information to the candidate at right time, give
positive recruitment experience, fair interview structure, and execute realistic applicant attractors.

This study adds to literature on recruitment and retention in several ways. Firstly, as per the available research literature, the present study is one of the initial attempts to explore empirically the effects of various elements of recruitment strategy together on retention.

Secondly, most of the previous research was conducted in college setting focusing fresh graduates in recruitment process, whereas the current study has considered professionals already working with banks and insurance companies for at least one year.

Thirdly, it validates two theories i.e. organizational justice theory and, person-perception theory. These two theories show link between recruitment practices and applicants’ reactions to the recruitment. According to organizational justice theory, which has taken form of ‘procedural justice theory’, the candidates perceive and judge the selection process in terms of fairness, that is, satisfaction or violation of a set of specific procedural rules. Perceptions of procedural justice during recruitment have been shown to relate to outcomes, such as organizational commitment.

The second attempt to theoretically link recruitment practices with candidates' reactions comes from the person-perception theory. Earlier in this thesis it was stated that one of the aims of the recruitment process is for both the parties (i.e. interviewers and candidates) to negotiate a "psychological contract". This can be done either by explicitly stating each party's expectations or, by assuming and inferring them.

Applicants believe in the information shared by the organization at various stages of recruitment. They consider this information credible and develop interest in the organization. Results of this study show that sharing required
information in a realistic, specific manner and on time is essential for influencing commitment of employees and the same will help organizations to avoid their turnover intentions.

Providing a realistic picture of the role and work profile, potential future career opportunities, working conditions, brief information about co-workers, and level of responsibility in the organization as well as training and development opportunities, will help employees make fully informed choices, and develop commitment as also minimize attrition among them. Such information can be shared by the organization at various stages, for example, through advertisement of vacancy, during interview, etc.

Candidates can get this information from their friends working in the organization, recruiter, interviewer, or through newspaper, trade magazines, and from internet. One of the most important sources of information about an organization is the organization itself. Developing and sharing realistic as well as specific information is relatively inexpensive, and the returns, even in small effects, can be great in terms of lower recruitment and turnover cost.

The overall recruitment process experience creates impressions of organization on candidates. Employees get signals of unknown organizational attributes during recruitment process. These impressions eventually affect the level of commitment, burnout, and turnover intentions of employees. Personableness of the organization (e.g. caring and empathetic) during recruitment influences the commitment of employees while the same can help in reducing emotional exhaustion among them. It may be because personableness of the recruiter organization signals how the applicant will be treated, if hired.

Recruiting competence of the organization plays vital role in influencing employees’ commitment. Competence of handling recruitment process effectively, ability to answer candidates’ questions is expected by the
candidates during recruitment process. It also has negative influence on burnout and turnover intention amongst them. Thus, it is important for the organization to concentrate on creating competent recruitment process to avoid feelings of burnout and intention to leave among employees.

As a part of recruitment process organization is supposed to share pre-visit information like place as well as time of visit and receiving persons at the time of visit to the organization. Lack of such information during recruitment influences burnout amongst the employees. It can be concluded here that creating personable, competent recruitment process with clear pre-visit information will help organization to influence commitment of employees, their feeling of burnout, and intention to leave the organization. This will require little efforts from the recruiters, but results will be remarkable in terms of employee retention.

Candidates’ experience with interviewer and interview structure during recruitment has its influence on commitment of the employees. Structured interviews considering topics discussed during interview, information provided, interviewer’s ability to control interview, his/her willingness to listen to the interviewees, giving opportunity to applicant for an effective self-presentation, and knowledge of the content of the application form play important role in influencing commitment of employees. Such interviews do not play any role in influencing burnout and turnover intention among them.

Interviews can be structured by making interviewer more informed about the vacant job and candidate information, interviewer can allow candidates to ask questions during the interview, he should be able to control the interview process, and also include variety of questions related to candidate and job profile. Interviews can be structured in many different ways and its components are easy to implement. So, there seems to be little reason not to structure interviews.
Applicant attractor factors positively influence employee commitment. Applicant attractor factors like good starting salary, employee benefits, job security, training and development practices of organization, career growth opportunities, good management philosophy, reputation of the organization, and good geographic location options play important role in influencing employees.

When applicant attractors are extensively used by the organization in recruiting employees and later fulfilled them, it helps organization to influence employee commitment in a positive manner. But, if the same is not fulfilled it leads to intention of turnover among employees. Therefore, organizations should make careful use of attractor factors while designing their recruitment strategy.

Recruitment source is not significant in influencing commitment, burnout parameters or turnover intention among employees studied. When employees stay with the organization for more than a year, as in case of this study, for them other factors are more important than source of their recruitment. Factors like information shared during recruitment, recruitment process experience, interview structure, and applicant attractors used by the organization become more important than source of their recruitment. Previous research mentioned in the literature considered source as a source of information and its influence on employee reactions. While current study has considered only source of recruitment, which has come out to be insignificant in influencing employee retention. But, information shared seems to be significant in influencing employee retention.

The relationship between elements of recruitment strategy (except recruitment process) and burnout being not significant, suggest that measures of recruitment must be combined with other measures to effectively predict and understand burnout. No organization knowingly hires employees who intend
to quit, but separating truth from fiction during the selection process is an enormous challenge. It is well known that the Indian environment does not offer abundant and equal opportunity in all categories of employment to give a meaningful interpretation to employee commitment, burnout, and turnover intention. Thus, leaving and staying with the organization is not necessarily a function of only recruitment strategy in Indian organizations. There are several other factors involved like work environment, supervisor, co-workers, economic development of the country as well as growth of the industry.

The overall banking and insurance sector in India is very optimistic about the future based on the economic hopefulness and projections. The current study is one of the serious efforts to arrest employee retention, which might have a direct bearing on the growth and financials of the companies.

5.3 Implications

Present study suggests few implications for both practitioners and future researchers. This study is an attempt to look into recruitment strategy and process in line with suggestions given by Sara Rynes (1989). She states that future research should consider the way recruitment activities lead to recruitment processes, and how the same affects recruitment outcomes.

This study has important implications for the practice of recruitment and employee retention. Practitioners can improve their recruitment strategy considering its retention effects. Effectively, recruitment is ‘buying’ an employee (price being the salary multiplied by probable years of service). Hence, bad buys can be very expensive. According to a Harvard Business Review (cited in Yager, 2012), 80 percent of employee turnover is due to hiring mistakes. Employee turnover, and thereafter replacement, and training costs are estimated to be 1.5 to 2.5 times of annual salary for each person who quits. Retention strategies should not be orchestrated in isolation but must form part of the overall strategies for strengthening the pull on the talent,
which in fact include sourcing, staffing and development strategies. In order to improve the accuracy of such decision, systematic and scientific procedure for recruitment should be followed. And therefore, it becomes essential for the organizations to adopt such recruitment strategy that helps them retain employees in the organization for longer tenure, strategy that helps them avoid people who might get into burnout mode, or who might intend to leave the organization.

Kundu & Malhan (2009) stated in their study that recruitment is moderately practiced in Indian insurance companies. Indian banks and insurance companies should consider each element of recruitment strategy carefully for its retention effect. Organizations should consider recruitment as a two way process and realize that both applicants and organizations make decisions in the process. Organization should not underestimate the power of information shared during recruitment. Sharing enough recruitment information at right time will result in positive response from the employees. Organizations should take proactive steps in improving recruitment process. Recruitment process that is personable, well informed, competent, with required pre-visit information, and fair treatment to applicants influences commitment of employees and their intention to leave the organization. Thus, good amount of time and efforts need to be invested for effective recruitment process. Interviews should be highly structured. Structured interview help in gaining commitment of employees and reduces their intention to leave the organization.

Recruiting the best staff has always been an important measure of organizational success. In simple words, organizations should attract right pool of candidates for selection, add value to recruitment and interview process, heighten employee loyalty, and improve retention rates simultaneously. It can be concluded that when an organization’s talent management process evolves in the manner described in this section,
organizations will be reluctant to follow any stop-gap measures of recruiting and retention.

5.4 Suggestions for Further Research

This study investigated banking and insurance sector in India, further study is advocated to understand how recruitment strategy and employee retention, and their linkages vary among other sectors. This will also help in developing a model to test recruitment strategy and employee retention.

This study is cross-sectional in design. Future research extended to the use of longitudinal designs is strongly recommended.

Given the tremendous growth in the recruitment research it will be of considerable advantage if standardized measures are developed for recruitment strategy. Different researchers have used different factor structures and different construct names. It can be standardized by repeating this study with different respondents and different contexts.