THE IMPACT OF RECRUITMENT AND SELECTION PRACTICES ON EMPLOYEES PERFORMANCE: CASE SMEs IN POLLOG REGION - REPUBLIC OF NORTH MACEDONIA

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Abstract: The Republic of North Macedonia is facing with global trends and integrating processes toward to the European Union. Enterprises operates in the environment with the constantly changing and very unsecure circumstances. Managing of human resources has important attention in enterprises in developing countries such as our country.

The main objectives of Human Resource Management(HRM) are to find right people for the right job and to achieve effectiveness of employees. To achieve effectivity and to take competitive advantages enterprises must have better recruitment and selection strategies. Employees are the main sources ideas and innovations, they build and keep relationships with the clients, they have crucial role for the enterprise to be sustained and to be competitive in the trade.

The main objective of this paper is to identify and analyse practices that enterprises in Pollog region use to recruit and select employees and how these practices affects the employees' performance.

The research methodology is statistical, analysis, synthesis and comparative methods. The primary data is collected from the responses of structured questionnaire dedicated to enterprises in Pollog region and how they applied the practices of recruitment and selection processes.

Different recruitment challenges using internal and external sources are finding in this research paper. The study revealed that the use of mediums, portals enables enterprises to recruit committed and productive employees. It is also determined that the selection should be appropriate and in this way to reduce the enterprise costs.

Keywords: recruitment, selection, employee's performance, enterprise.

1. INTRODUCTION

The management is defined as the process of performing works with and through people. Human resource management (HRM) is a compressive and coherent approach to the employment and development of people(Armstrong,2014). People now consider as the most important asset in every business. Every organization needs people to do works to achieve overall goals. The employees of the companies are the source of ideas, creations and innovations, they keep relations with costumers, from them depends the company's reputation in national and international markets. Human resource management is important factor in building effective and efficient enterprises. Best HRM practices are very important mainly for companies that like to attract and retain good staff. If people notice that companies values their employees, than they increase their chances of applying for employment and they become more loyal after being employed. This implies that good management of human resources results in a reduction of staff risk and risk of damage of companies' reputation. Human resource planning seeks to place the right employees in the right jobs at the right time and at the lowest possible cost, thereby providing the means for the organization to fulfil its mission (Bernardin, 2003). Recruitment and selection as a parts of HRM are very important activities of competitive strategy.

2. LITERATURE REVIEW

Recruitment is the process of attracting qualified labour force for the positions needed. The recruitment process is interdependent with other HR activities especially with the selection and human resource planning activities. Recruitment is a process through which the enterprise attempts to attract a qualified workforce.

According to Edwin B. Flippo-Recruitment is a positive function of searching for, finding and attracting applicants for job openings. For entrepreneurs and SME's the focus of recruitment and selection is often different than it is for larges companies. Whereas large companies focus on matching person to the job requirements, entrepreneurs and SME's focus recruitment and selection activities on finding people with skills that organisations don't currently have and who fit the values and culture of companies (Robins and al, 2014).

That are external and internal factors that influence recruitment process. According to James Breaugh (1992) the external factors includes:

- Legal environment,

- Labor markets that is an availability of skilled and unskilled personnel,
- Business environment about that how is degree of competition and speed of technological change.

The internal factors include:

- Strategic business planning - organisation philosophy,
- Environmental scan,
- Assessment of organizational strengths and weaknesses,
- Development of strategic business objectives;
- Operational planning-specific plans for growth,
- Acquisition, diversification and divestiture;

Human resource planning-projected staffing needs (*number of openings, types of jobs, time frame for filling openings*), projected staff availability, reconciliation of forecasted needs and availability and formulation of action plan;

Recruitment planning

The objectives of recruitment process are to ensure the increase of the number of qualified candidates, to help to increase the success indicator of selection process, to coordinate recruitment efforts with selection programs, to evaluate the effectiveness of recruitments techniques and sources for all applicants, to fulfil social responsibility of organisation about the composition of workforce.

Methods of recruitments

Companies can search for potential candidates of two general types of sources: internal recruitment and external recruitment.

The first step in filling job openings in recruitment process are internal sources. They have low cost, build employee morale, candidates became more familiar with organization. There are some disadvantages of internal recruitment: micro and small enterprises can't use this method because of limited supply and these sources may not increase the diversity and mix of employees.

Major external supply (Koli and al, 2001) sources are:

- Advertising,
- Public employment agencies,
- Private employment agencies,
- Recommendations of present employees,
- Schools and colleges,
- Labor unions and
- Casual applicants.

One of the advantages of external recruiting is that the approach promotes the introduction of new ideas and thinking into organization decision making, they also increase diversity, grow facilities, save training time, solve new problems. External recruitment disadvantages are that they are slower, more expensive, less reliable data, stifles upward movement of personnel. Recruitment affects in increasing the organizational effectiveness for all job applicants.

Selection

After recruiting effort to develop a pool of applicants the next activity is to determine the right candidate. The selection process is to match employees with jobs. Selection is the process of gathering and assessing information about job candidates and ultimately making decisions about personnel (Bernardin, 2003). The selection process involves to determine on the degree, experience, competencies, qualifications, education and training match the person specification and then using this assessment to make a choice between candidates (Armstrong, 2014).

Selection methods consists applications blanks, letters of recommendation, tests, interviews and medical and physical examinations (Koli and al, 2001).

Selection the right employees is important for every organization because it reduce costs, increase performance and completes legal obligations.

Employees outcome-performance

Performance evaluation is a formal process review of continuous employee performance. The successful manager considers the job evaluating more like management tool that evaluating tool. They use job evaluation for motivating, running and developing the employees and this results on improving the productivity of organization. Performance in the organizational context is understood as the degree to which an employee contributes to achieving the goals of the organization. Performance is defined as behaviour that produces results (Armstrong & Taylor, 2014). Success of all companies depend on performance of their employees.

3. OVERVIEW OF SME'S IN POLOG REGION

Nowadays the companies in the Republic of North Macedonia have started to be awareness about recruiting and selection importance because these processes improve the ability to create and to keep competitive advantage and to face by threats, problems, opportunities that comes from technological, social, political and environmental changes. SMEs represent more than 90% of companies in the Republic of North Macedonia (see chart 1 and table 1). According to the Macedonian Company Law the category SMEs includes three types of entities: the micro size commercial entity, the medium size commercial entity and the small size commercial entity (Mazllami, 2016).

- A micro size commercial entity (up to 10 employees and annual revenue does not exceed 50,000 Euro)
- A small size commercial entity (from10 to 50 employees and annual revenue does not exceed 2 million Euro.
- A medium size commercial entity (from 50 up to 250 employees and annual revenue does not exceed 10 million Euro.).

Chart 1. Size of companies in Pollog region (2018)
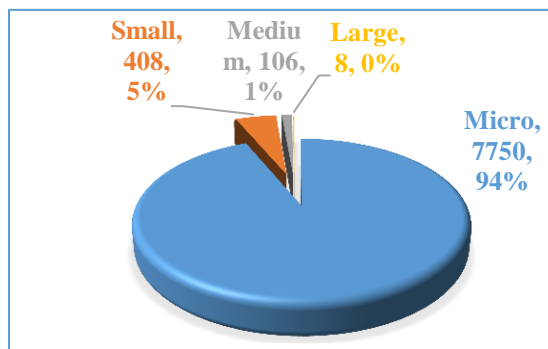
Table 1. Size of companies in Pollog region (2017-2018)		
Level of size	**2018**	**2017**
Micro	7750	7612
Small	408	398
Medium	106	100
Large	8	8
Total	8272	8118
Source: MAKStat Database, 2019		

Some companies in Pollog region have tried to measure recruitment source effects through evaluating job satisfaction, performance and turnover after a year on the job. At the last time they are giving more attention to the employer´s perspective. Companies have difficulties because they don´t have qualified staff of recruiters. Applicants often view a recruiter as a signal of unknown aspects of the organization (Rynes, 1991).

Some companies appreciate the linkages between human resource recruiting and selection with organizational performance, especially services companies that have very direct relationship with costumers.

A publication of Ullman (1966) found that new employees who were recruited by means of informal sources had a lower turnover rate than employees recruited by formal sources.

The extend of HRM research on SMEs in Pollog region is at an initial stage.

4. DATA AND METHODOLOGY OF RESEARCH

This study adopted survey research design and structured questionnaire dedicated managers of SMEs in Pollog region in the Republic of North Macedonia.

Primary data come out from answers of a questionnaire dedicated the SMEs in Pollog region (72 responders). The secondary data will include information of books, journals, PhD thesis, statistical report of local institutions (The state agency of statistics, URL. https://www.stat.gov.mk/) and international institutions. This study also is based in labour laws in Republic of North Macedonia. The used methodology is cross tabulation two-way tables with measures of association of the survey conducted in the Pollog region SMEs processed by STATA software. According to this methodology the following hypotheses will be tested:

Hypothesis - 1

H_0: No relationship between size of company and recruitment and selection methods.

H_a There is relationship between size of company and recruitment and selection methods.

Hypothesis - 2

H_0: No relationship between employee's outcome and recruitment and selection methods.

H_a There is relationship between employee's outcome and recruitment and selection methods.

The estimation and testing of hypotheses will be realized as follows:

- *Cross tabulation two-way tables with measures of association.*

- *Statistic Testing: X2 (chi-square) tests* (Wolfe, 1999*), Cramer's V test, Gamma test, Kandall'staub test and Fisher's exact test* (Jann, B. (2008).

5. MEASURING RESULTS AND TESTING HYPOTHESES

The survey sample for Pollog region include 72 SME's. The structure of SME's size as a part of questioner is 37 or 51,4% micro companies, 28 or 38,9% small companies and 7 or 9,7% medium companies (see Table-Chart 2.)

Table-Chart 2. Size of company

Type of size	Freq.	Percent	Cum.
Micro	37	51.39	51.39
Small	28	38.89	90.28
Medium	7	9.72	100
Total	72	100	
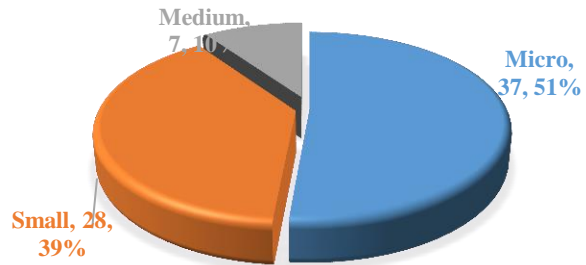
The structure of the SME's by the age of company is dominate by SME with more than 12 years' old (27 SME's or 37.5% of the all number of SME's). The participation of the SME's with 9-12 and 4-8 years' old are 27.8% and 19.5% receptively (see Table 3, Chart 3).

Table-Chart 3. Age of company

Interval	Freq.	Percent	Cum.
0-3	11	15.28	15.28
4-8	14	19.44	34.72
9-12	20	27.78	62.5
> 12	27	37.5	100
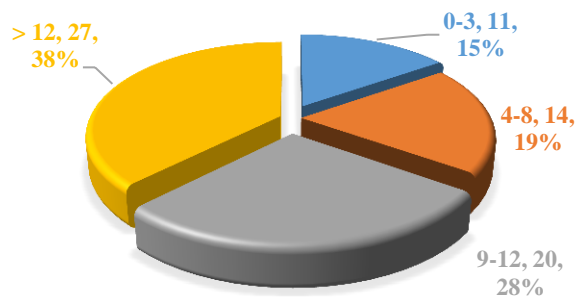
Regarding to the structure of the SME's by activities of business consist: 41 or 56.94% are trading companies, 14 or 19.44% are manufacturing companies, 12 or 16.67% are services companies and 5 or 6.95% are construction companies (see Table 4, Chart 4).

Table-Chart 4. Activity of business company

Type of activity	Freq.	Percent	Cum.
Trading	41	56.94	56.94
Manufacturing	14	19.44	76.39
Construction	5	6.95	83.33
Service	12	16.67	100
Total	72	100	
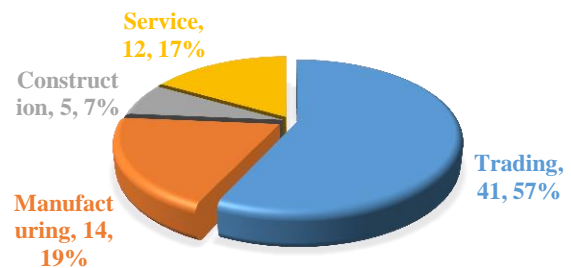
Research is intent to find the relationship between size, types of business activities and approach of recruiting and selection methods.

Recruitments methods

Recruitments methods which have been used in the questionnaire dedicate to managers of SME's in Pollog region are as follows:

- Internet
- Radio and TV News paper
- Recommendation of actual employees
- Employment agency
- Institutions of education

- By word of mouth
- Does not exist

According to the answer of SME's managers related using the recruitment methods have been obtained a follows results (see Chart 5).
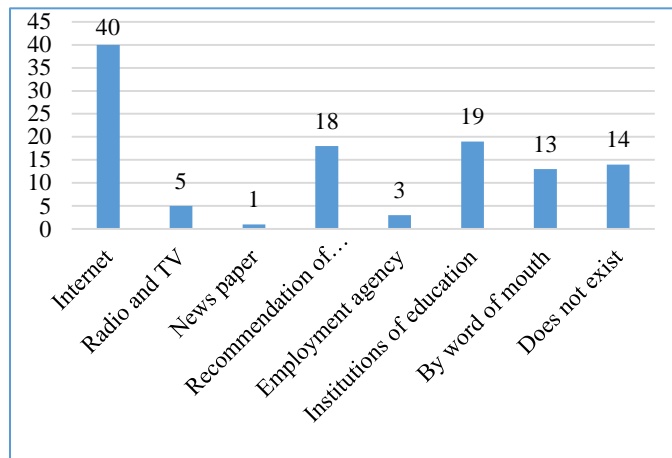

Chart 5. Recruitments methods using by companies

According to the sample of Pollog region 40 SME's using internet as a recruitment method for searching candidates. They considered the portals as the most important medium of hiring employees. Internet exceeds other methods in generating a large number of applicants for a position. Others most used methods are institutions of educations and recommendation of actual employees from 19 and 18 SME's, respectively. Remains high number of companies that continue to use method by word of mouth and companies that don`t use any methods of recruitment. Radio and TV advertisement have started to become irrelevant in SMEs in Pollog region. Only a few companies are using employment agencies as a source of recruitment. Pollog region has a major handicap lack of the private recruitment agencies, job centres and recruitment consultants. Unfortunately, 14 SME's declared that during their business lives don't use any methods of recruitments.

Companies in most cases use several methods at the same time. The most common combination of sources by 23,6% of companies are using internet and institutions of education. While 19.44% of companies aren`t using any methods of recruitment. The recommendation of actual employees is one of the most reliable source of hiring the new employees and this prefer 13,89% of companies in my survey (see Chart 6).

**Chart 6.** Level of using group of recruitments methods by companies (%)
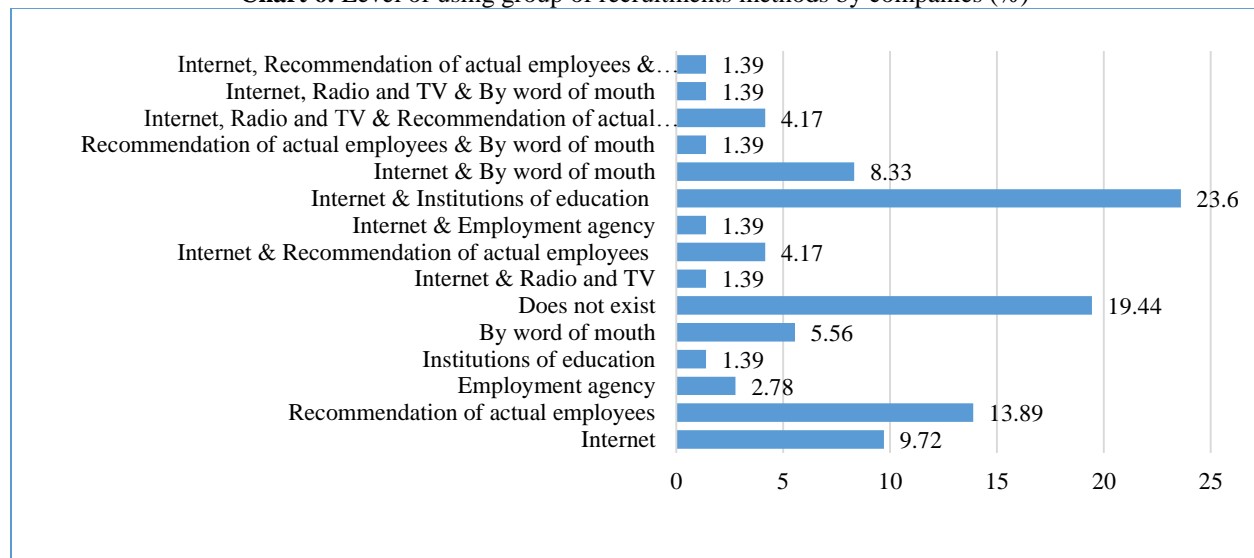
Selection methods

Recruitments methods as a questions of the questionnaire are as follows:

- CV and Letter of Interest
- Interviews
- Practical Test
- Qualifications experience
- Referees report
- Does not exist

From an answer of managers, is observed that most of companies are using two or more selection methods. 43 managers of the total respondents have expressed that their company is following Qualifications experience. 33 and 30 managers have expressed that their company have used Interviews and CV and LI, respectively. A consideration number of SMEs like 21 have declared that does not use any selection methods (see Chart 7).

Chart 7. Selection methods using by companies
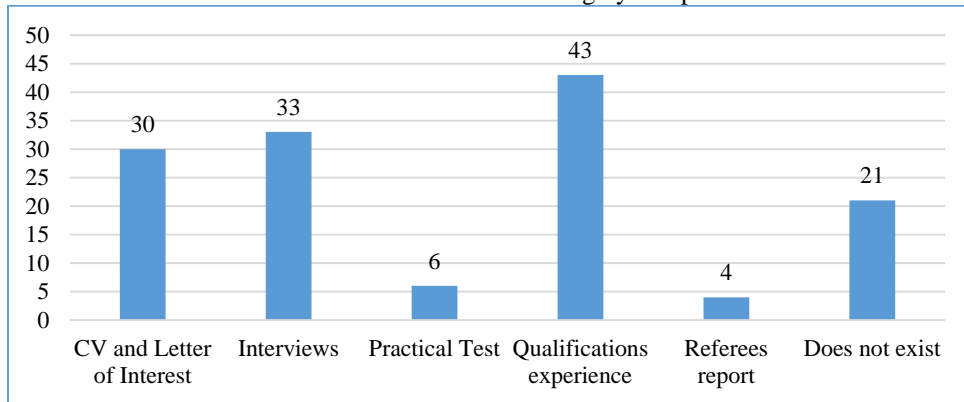
SME's from Polog region in most cases use several selection methods at the same time. The most common combination of selection methods by 29,17% of companies are using 3 selection methods (CV and Letter of Interest, Interviews & Qualifications experience). Also a same percent 29.17, have declared that do not use any selection methods. The Qualification experience is one of the most reliable source of selecting the new employees which is prefer by 12,5% of companies in my survey (see Chart 8).

Chart 8. Level of using Group of selection methods by companies (%)
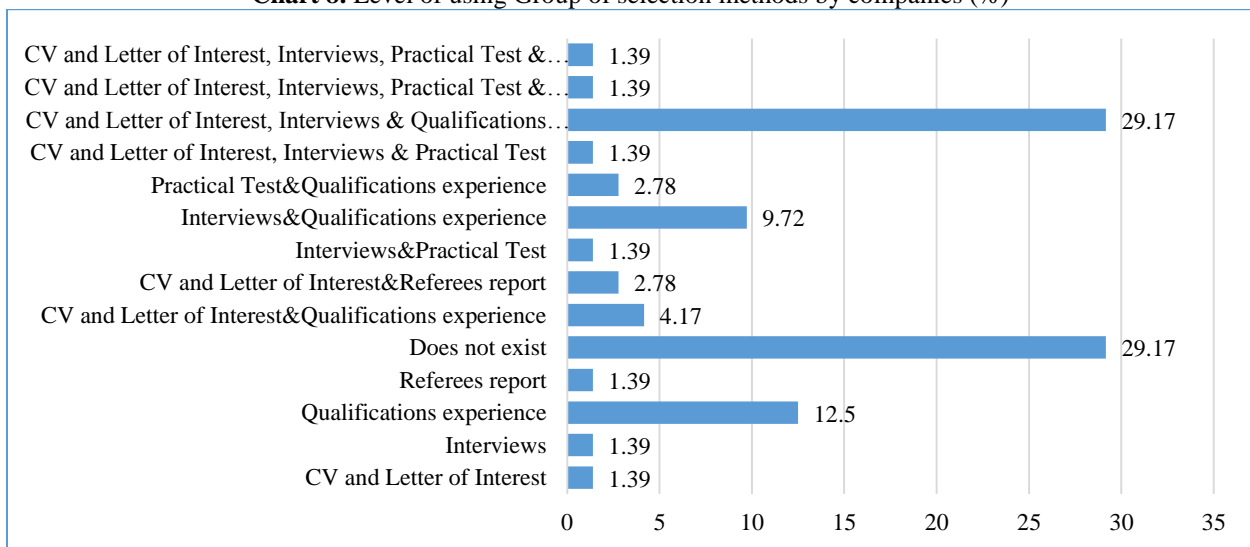
Employees outcomes according manager's opinion

Improve employee outcomes using the recruitment and selection process.

According to the opinion of the SMEs managers about the impact of methods of recruitment and selection into the employees' outcomes, we have obtained the bellow results (see Table 5, Chart 9).

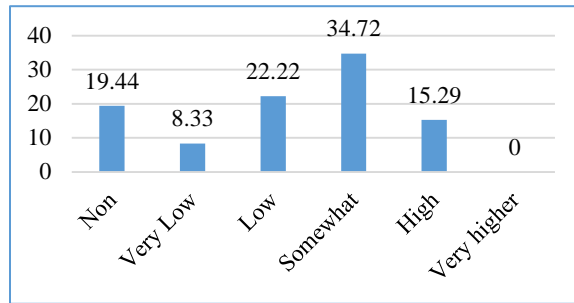| Table 5. Employees outcome			
Level	Freq.	Percent	Cum.
Non	14	19.44	19.44
Very Low	6	8.33	27.78
Low	16	22.22	50
Somewhat	25	34.72	84.72
High	11	15.29	100
Very higher	0	0	
Total	72	100	

Chart 9. Level of employees' outcomes

An important info is that only 19.44% have declared that using the recruitment and selection methods have not any impact on employees' outcomes. The others 80.56%, have declared that the recruitment and selection methods have an impact on employees' outcomes (sort by size of SME's).

6. RESEARCH FINDINGS-CONCLUSIONS

The objective of the empirical research is to process the answers of managers according to the questionnaire dedicate impacts of recruitments and selection methods in SME's of Pollog region on employees' outcomes, and testing two main hypotheses as follows:

Hypothesis-1

H_0: No relationship between size of company and recruitment and selection methods.

H_a: There is relationship between size of company and recruitment and selection methods.

As a results of cross tabulation of SMEs answers related to this issue, the following results have been obtained (Table 6):

- 22 entities or 59.45% of micro companies, 23 entities or 82.14% of small companies and 7 entities or 100% of medium companies have declared that have used recruitment and selection methods.
- 9 entities or 24.32% of micro companies, 5 entities or 17.85% of small companies and any medium companies have declared that haven't used recruitment and selection methods.

Table 6. Cross tabulation between recruitment and selection methods (sort by company size), TESTING												
Micro	R/S	Non	Yes	Total	**Small**	R/S	Non	Yes	Total	**Medium**	R/S	Non	Yes	Total
	Non	9	0	9		Non	5	0	5		Non	0	0	0
	Yea	6	22	28		Yes	0	23	23		Yes	0	7	7
	Total	15	22	37		Total	5	23	28		Total	0	7	7
Pearson chi2(1) = 17.4429 Pr = 0.000 *likelihood-ratio chi2(1) = 20.8641 Pr = 0.000* *Cramér's V =0.6866* *Kendall's tau-b = 0.6866 ASE = 0.099* *Fisher's exact =0.000*					*Pearson chi2(1) = 28.0000 Pr = 0.000* *likelihood-ratio chi2(1) = 26.2763 Pr = 0.000* *Cramér's V =1.0000* *Kendall's tau-b = 1.0000 ASE = 0.000* *Fisher's exact = 0.000*					*There is strong relationship.* *Haven't a cross tabulation.*			

The results from testing hypothesis 1 (see table 6) indicate that:

1. Because value of Pr=0.00 (*Pearson chi2, likelihood-ratio chi2*) so Pr<0.05 (at 95% confidence) then we reject H_0 and accept H_a hypothesis (for Micro and Small companies).
2. There is relationship between Micro size company and recruitment and selection methods is strong (*Cramér's V =0.6866 > ± 0.40*).
3. There is relationship between Small size company and recruitment and selection methods is very strong (*Cramér's V =1.0000 = Max*).
4. There is strong relationship between Medium size company and recruitment and selection methods.

Hypothesis-2

H_0: No relationship between employee's outcome and recruitment and selection methods.

H_a: There is relationship between employee's outcome and recruitment and selection methods.

According to the cross tabulation results between recruitment and selection methods sort by employee's outcome the following can be concluded (see Table 7.):

- 14 SME's have declared that applying recruitment and selection methods haven't effect of employee's outcome, of which 12 SME's or 85.71% have declared that have not applying any recruitment and selection methods except 2 SME's or 14.29% have applying recruitment and selection methods.
- 6 SME's have declared that applying recruitment and selection methods there is very low effect of employee's outcome, of which 2 SME's or 33.33% have declared that have not applying any recruitment and selection methods except 4 SME's 66.67% have applying recruitment and selection methods.
- For the other 3 levels of employee's outcome (Low, Somewhat, Higher) 16, 25 and 11 SME's respectively have declared that have applying recruitment and selection methods.

Table 7. Cross tabulation between recruitment and selection methods (sort by employee's outcome), TESTING						
NON	R/S	Non	Yes	Total	TESTING	*Pearson chi2(1) = 14.0000 Pr = 0.000* *likelihood-ratio chi2(1) = 11.4833 Pr = 0.001* *Cramér's V = 1.0000* *gamma = 1.0000 ASE = 0.000* *Kendall's tau-b = 1.0000 ASE = 0.000* *Fisher's exact = 0.011*
	Non	12	0	12		
	Yes	0	2	2		
	Total	12	2	14		
Very LOW	R/S	Non	Yes	Total	TESTING	*Pearson chi2(1) = 6.0000 Pr = 0.014* *likelihood-ratio chi2(1) = 7.6382 Pr = 0.006* *Cramér's V = 1.0000* *gamma = 1.0000 ASE = 0.000* *Kendall's tau-b = 1.0000 ASE = 0.000* *Fisher's exact = 0.067*
	Non	2	0	2		
	Yes	0	4	4		
	Total	2	4	6		
LOW	R/S	Non	Yes	Total	TESTING	*There is strong relationship.* *Haven't a cross tabulation.*
	Yes	0	16	16		
	Total	0	16			
Somewhat	R/S	Non	Yes	Total	TESTING	*There is strong relationship.* *Haven't a cross tabulation.*
	Yes	6	19	25		
	Total	6	19			
HIGHER	R/S	Non	Yes	Total	TESTING	*There is strong relationship.* *Haven't a cross tabulation.*
	Yes	0	11	11		
	Total	0	11			

The results from testing hypothesis 2 (see table 7) indicate that:
1. Because value of Pr=0.00 *(Pearson chi2), and* Pr=0.001/0,006 *(likelihood-ratio chi2),* so Pr<0.05 (at 95% confidence), then we reject H_0 and accept H_a hypothesis.
2. There is strong relationship between employee's outcome and recruitment and selection methods.

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