

THE DEVELOPMENT OF RECRUITMENT PROCESS OUTSOURCING AND ITS IMPACT IN ORGANIZATIONAL CULTURE (CASE OF KOSOVO)

Demir Lima, University “Ukshin HOTI” Prizren
Venet Shala, AAB College

ABSTRACT

This article tries to assess the impact that recruitment process outsourcing has on organizational culture as a new practice and the challenges that organizations face in adapting this practice. The objectives of this article are to research the various issues of Recruitment Process Outsourcing (RPO) application in organizations in Kosovo and to identify the main factors that push a company to do recruitment through external resources.

Companies today are facing the main problem in identifying talent and selecting qualified human resources. For this reason, many of these companies find it difficult to secure and recruit talent from the internal HR department only, and they are seeking for outside help. This relatively new business process is known as Recruitment Process Outsourcing (RPO), respectively, the Recruitment Process through External Resources.

This study contains theoretical frameworks related to the development of RPO by analysing relevant literature used by different authors. Our research shows that the adaptation of RPO by organizations has a positive impact on organizational culture and brings efficiency to organizations saving time and money by giving confidence to outside experts who are closely specialized to successfully apply the recruitment process to other organizations.

Keywords: Human Resource Management; Kosovo Businesses; Qualified Human Resources; Recruitment Process Outsourcing.

INTRODUCTION

Most companies with increasing operating costs and in order to provide better services in the market and continue their business operations successfully have begun to seek outside expertise that they do not have within their company. This implies that all matters related to the HR function ranging from recruitment, employee selection, hiring and staff remuneration will pass to an authorized external company, a process which is known in the business language as outsourcing.

Through this paper we have undertaken to study the recruitment process through external sources and the positive impact of this process on organizational culture, with emphasizes in Kosovo business environment.

This paper consists of relevant literature related to the development of new methods of human resource management, in particular the method of recruitment through external sources. Research questions are given at the end of this paper and through the chi square test we have given the results obtained and their commentary.

LITERATURE REVIEW

The main sources and thoughts from other researches that were used while writing this paper are as below:

The process of recruitment from outside sources by many researchers for a long time has been studied in the field of human resources. In essence, the recruitment process and staff selection have been functions performed by human resource officers (HRO) and has not been studied as a separate field. Hence, the possibility of outsourcing the recruitment was mentioned by Shen (2005) in her HRO research from the 1990's till 2004. The beginning of RPO activities started back in the early 2000 when this issue was combined into HRO theory (Betgerikar, 2015).

Armstrong (2003) states that the use of companies providing RPO services and consultants is very effective way of to go through the initial stages of recruitment which is very time consuming. Basically it means based on their initial applications making a short list of candidates within the description provided by the company that is paying for the recruitment service offered. The search agency can be used when categorizing and evaluating the early pools of applications, but they shouldn't be allowed to make the final decision for the organization hiring those (Miaoulis et al., 2008).

The base line of a successful recruitment process is to acquire a suitable quality and number quality of employees as a little price as possible (Armstrong, 2003). Moreover, there is a good amount of evidence that it is mainly the tasks in early recruitment stages require considerable time and efforts of HR professionals whose skills could be better used elsewhere. (Leggett, 2007; Ume-Amen, 2010).

The general perspectives of organization based researchers are focused on education, skills, training and its association with labor with comparatively limited information on recruitment and selection process as being considered to be of moderate or minimal importance (Gamage, 2014). In the light to the current trends of outsourcing, several processes have transitioned from one organization to another wherein separate organizations strive to work on a specific task that is actually a small part of operation in a relatively big organization. In this scenario, outsourcing has a new dimension- work force management for recruitment and selection (Anthony et al., 2013).

According to (Ainapur et al., 2016) potential benefits of outsourcing HR functions are: It frees the internal HR staff to focus on strategic activities that add more values than administrative tasks; Increase flexibility to meet changing business conditions; Provide expertise, skills and technologies which would not be available; cost reduction; time management and effort savings; Increasing employee morale (Cocuľová, 2011).

Human Resources Outsourcing Association (HROA) defines RPO as a type of business process outsourcing, in which the company management transfers the responsibility for the recruitment process to the service provider. In the past, RPO was mainly viewed as a service that helped companies to fill low-level positions quickly and cheaply without taking the time of the HR personnel (Gale, 2016).

Organizational performance sees a much positive outcome due to opting for RPO strategy in HR because the employees hired through this services are usually skilled, as RPO service providers have the expertise in recruitment and selection function (Cole, 2017). Siew-Chen and Seow-Voon (2016) analyses the company's process of recruitment outsourcing from beginning to end, in three sections: RPO decision, RPO implementation and RPO outcome.

The low cost services provided by RPOs is deemed possible due to the relatively large number of candidate databases these recruiters hold and the tools and strategies these companies impart to identify the best resources with less investment. Targets based on performance are specified between an RPO and a service provider which claims to increase the

quality of service. In certain cases, the monetary agreement is based on performance targets wherein if provided the best service, the agreed fee will be paid by the client organization. Hence, the effectiveness of recruitment plays a vital role in the RPO industry (Nadda et al., 2017).

PROBLEM STATEMENT

In Kosovo, although there is an awareness of firms about external recruitment resources, there are many firms that are not yet aware of RPO companies. Many foreign companies have opened their business in Kosovo through outsourcing and these companies are also recruiting staff for various companies through deployment in Kosovo. This is due to the enabling environment for outsourcing in Kosovo because it has qualified human resources, young people with international experience and recognizes different foreign languages. RPO in Kosovo is a new process, but there is an increasing tendency for this process in the coming years. However, according to recent studies the biggest challenge for HR professionals today is recruiting qualified and non-replaceable human resources.

The main purpose of this study was to assess the impact of recruitment process outsourcing in organizational culture. This paper argues that the selection of specific HR practices is a strategic decision. Therefore, human resource managers should be able to report on the concrete results of particular human resource practices and their impact on organizations growth. RPO is one of these strategic decisions which should be considered to help organization to save time and energy in a process that is not fundamental to them and concentrate on their core business, enhance the quality of services and recruit diverse talent that will contribute to achieving competitive advantage and drive important processes forward. All this can be achieved through the engagement of external expertise that exclusively deals with the recruitment of staff for other companies, respectively RPO.

RESULTS AND DISCUSSION

This paper contains relevant and recent literature on the views given by various authors on the importance of the recruitment process outsourcing and how this process has affected now days business life. We have been supported by literature obtained online from the internet and we have also interviewed the main actors of the businesses in order to have more information how these businesses are adopted to new business challenges and how they see the importance of the recruitment process outsourcing for the development of their business. Based on these interviews, we highlight the major role of the RPO, namely their contribution to Organizations.

The population for this research is composed of small and medium-sized private enterprises in different industries across different regions of Kosovo in order to make the sample more representative. The sample of 50 SMEs was drawn from the study population using firms with less than 200 employees and turnover of less than €50,000 in their last financial year (2019). Data were successfully collected through the survey of 50 SMEs from different industries in Kosovo, with 25 of these questionnaires have been in direct contact with Human Resources Managers of these companies to receive personal responses from them and to avoid responses from any other member of the company, while 25 of the questionnaires have been emailed to the rest of the managers of the human resources that have been the subject of the study.

After we collected the data, we tested the hypotheses with chi-square test calculator and the data are given in the next chapters in tabular form and graphical as well.

In Table 1, summary statistics for the conducted survey are presented. As can be seen in the table, 50 companies from different sectors and regions were interviewed.

TABLE 1 NUMBER OF ENTERPRISES THAT PARTICIPATED IN THE RESEARCH		
Sector	Number of Enterprises	No of Employees
Trade	15	9-25
Production	13	51-70
Services	22	22-40
Total	50	

Research conducted on 50 small and medium-sized businesses in Kosovo has successfully resulted in the work being rich with real-world data on the importance of RPOs by Kosovar companies, how this new process should be treated because of its importance, as a process that contributes to reducing operating costs, enhancing the quality of services and facilitating many jobs in the company.

The findings of the study confront various theories about the transfer of the recruitment process which have made significant contributions to the development of this process. Many authors agree, and it has been argued in their research that an organization in order to succeed in the market and have constant growth must concentrate on its primary business and for functions that incur high costs and are not essential, engage expertise from outside. In our specific case, if the company does not have the time and internal resources to carry out a proper recruitment process, external expertise is essential.

To study the impact of recruitment process outsourcing on the organizations, the following hypotheses have been framed:

Null Hypothesis (Ho): Recruitment process outsourcing has no significant impact on organizational culture.

Alternate Hypothesis (H1): Recruitment process outsourcing has significant impact on organizational culture.

Chi-Square Test

We have used Chi Square to test the above hypothesis. The results are seen on the following table:

According to calculation done with the Chi- Square the relevant result are as below (Table 2).

We used Chi-square test to provide if the recruitment process outsourcing has an impact on company performance. Since the chi-square value, 34.16 are higher than the table value of 7.815 at 5% level of significance. Consequently, it is inferred that there is a significant impact of recruitment process outsourcing on the organizational culture and therefore null hypothesis is rejected and we accept the alternate hypothesis.

	Observed	Expected	Difference	Difference Sq.	Difference Sq./Expected Fr.
No change	4	12.5	-8.5	72.5	5.78
Small impact	6	12.5	-6.5	42.25	3.38
Moderate impact	10	12.5	-2.5	6.25	0.5
Large impact	30	12.5	17.5	306.25	24.5
Total	50				34.16

The Chi² value is 34.16. The p-value is < .00001. The result is significant at $p < .05$.

Of the 50 companies that were part of the survey, 4 of them or 8% were indifferent to our question whether the recruitment process outsourcing had an impact on their organizational culture, 6 of them or 12% stated that it had a small impact, 10 of them or 20% stated that it has a moderate impact, while the majority of 30 or 60%, as we expected, support our assumption that the recruitment process outsourcing has a major impact on organizational culture (Figure 1). Our hypothesis as such stands true, as we have verified through the chi-square test given above.

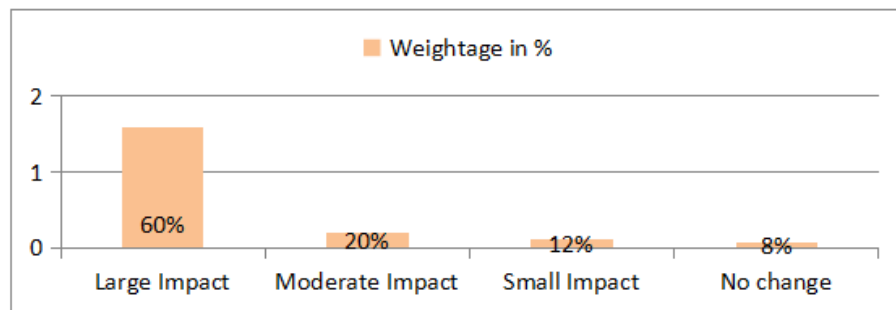


FIGURE 1

TEST FOR RPO IMPACT ON COMPANY PERFORMANCE

Of the 50 companies surveyed, 64% were male and 36% were female. According to this survey that we have a relative gender distribution in SMEs in Kosovo (Figure 2). The Government of Kosovo (GoK) recognizes the importance of Small and Medium Enterprises (SMEs) for the Economic Development of Kosovo. More than 99% of enterprises in Kosovo are SMEs. (SME Development Strategy in Kosovo, 2012-2016).

According to the Kosovo Agency of Statistics, in the first quarter of 2020 (Q1) a total of 2311 enterprises were registered. Comparing to the previous quarter (Q4 2019) there is a decrease of 9.94% registered enterprises. KAS in the Statistical Repertoire of Economic Enterprises in Kosovo, Q1 2020, notes that compared to the same quarter of the previous year (Q1 2019) there is

a discount of 3.86% of registered enterprises. Moreover, the most preferred economic activities during this quarter were: Wholesale trade and retail, repair of motor vehicles, motorcycles with 590 (25.5%), Production with 363 (15.7%), Accommodation and food service activities with 270 (11.7%), Activities professional, scientific and technical with 225 (9.7%), Construction with 213 (9.2%), etc (Table 3).

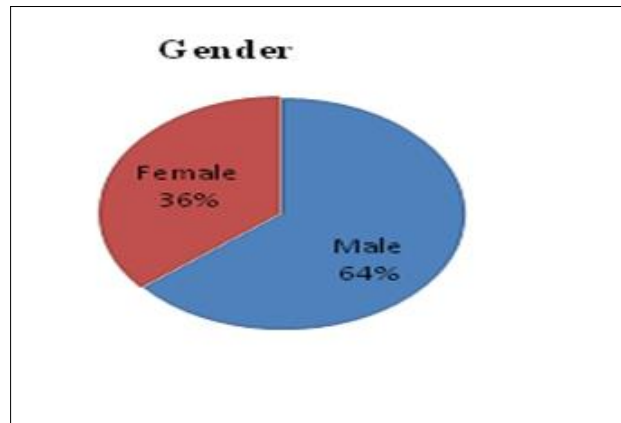


FIGURE 2

GENDER DISTRIBUTION IN SMES IN KOSOV

Classification	Number of Employees	Number of Businesses	%
Micro enterprises	1-9 employees	2273	98,4%
Small enterprises	10-49 employees	34	1,5%
Medium-sized enterprises	50-249 employees	1	0,0%
Large enterprises	250 + employees	3	0,1%
Total		2311	100,0%

CONCLUSION

Based on the results of the research, we can conclude that the business environment remains a challenge for the growth and development of businesses in Kosovo.

Our research has also established that Recruitment Process Outsourcing in Kosovo is a relatively new term and it still takes time for Kosovo companies to incorporate the latest human resource management practices into their activities.

It can be interpreted that enterprises in Kosovo are recently paying particular attention to the strategic aspect of human resources. Therefore, it is recommended that firms adopt new

practices, including the most important RPO, in order to have organizational performance, time savings, costs etc.

Regarding the question of whether the Recruitment Process Outsourcing is relevant to performance in today's organizations, a large percentage have given positive answers. However, it can be argued that enterprises in Kosovo need to reconsider their positions on human resource issues and the creation of best human resource management practices.

As a general conclusion we can conclude that given the great importance of enterprises in a country's economy in this case in the economic development of Kosovo, it is recommended that these enterprises should work more on talent management, using contemporary management methods of human resources.

Particularly this research has proven that out of all the other strategic resources, human resources are the most important for firm growth, so in order to attract young, rare and non-replaceable talent, companies need for human resources function activities, specifically recruiting to hire an outsourced company that exclusively deals with staff recruitment for other companies. This would save time, cost, recruiting more professional staff, avoiding nepotism and so on.

RESEARCH IMPLICATIONS

This paper is of great importance especially for the country of Kosovo because very few researchers have addressed the RPO and our goal is to stimulate the interest of other academics to expand research related to this important process. The purpose of this paper is to pave the way for future research for RPO as a process and to follow the latest developments and the most sophisticated methods used during this process.

CONFLICTS OF INTEREST

The authors declare that there is no conflict of interest regarding the publication of this paper.

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