

Internal Versus External Recruitment: Operational and Financial Reasons Impacting The Decision

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Abstract

This academic research investigation is done with an objective to investigate the role of internal and external recruitment or selection process in IT firms operating in Karachi city. This study has aimed to support to understand pre-requisite of both recruitment processes i.e. internal and external recruitment. This research also studied the reasons for preference to external recruitment process instead of internal in IT firms operating in Karachi city. This study followed the interpretive paradigm to answer research questions. In this context IT firms in Karachi city are focused with a size greater than 100 employees. The respondent sample size of current study is 176 professionals from ten IT firms. The individual focused during study are in age bracket of 21 to 40 years with income ranging from Pak Rs, 25,000 to 200,000. This research study employed questionnaire as data collection instrument and used regression technique as method of data analysis and investigation. The results of this study revealed that both internal and external recruitment models have significant results to understand the role of level of competency, level of experience, structure of HR department and cost of hiring in determination of selection of either technique in talent acquisition. It has found through this study that cost of hiring and level of experience has found significant and negative role in determination of external hiring of employees for vacant position in IT firms in Pakistan while level of experience, cost of hiring and level of competency are found with significant and positive role in determination of internal hiring of employees for vacant position in IT firms in Pakistan.

Keywords: *Internal Recruitment, External Recruitment, HR Policies, Level of Competency*

Introduction

Every industry has some essentials to be fulfilled that have become traditions as the world moved on and there are certain activities that hold crucial value in the growth of every organization. Recruitment and selection being one of the most vital elements in the development of the organization remains top of the marked activities and is involved at some stage irrespective of the industry, region or sector. It is proved with the passage of time and studies conducted in this regard that every organization has a strong responsibility towards this aspect and must practice recruitment and selection but this also enrolls a debate that whether or not every organization values the process with same importance and how important the practice stands in the bottom line

of the organization. The hiring error is one thing that is untraceable but with a strong recruitment and selection process, organizations can benefit a great deal (Anyim, 2012).

Recruitment and selection is not a new idea in the human resource planning process and has been part of the policy from decades but the notion has witnessed multiple and the idea of how it has to be done has evolved constantly. Multiple authors provided with their research in their respective periods guiding the human resource individuals to upgrade their arsenal with the new methods and philosophies of the process and every time utilize new ideas to empower their skill with better decisions. Also, multiple researchers provided valuable literature in every era to guide the organizations on how the process of recruitment and selection can be improved and made more appropriate to the needs of the organization. Initially as the process found space in the human resource policies, the purpose was just to fill the void on urgent basis and does not bother looking back through constant evaluation. However, the notion has changed dramatically and a lot of effort is being made with people still looking for the most perfect solution (N., 2012).

The purpose of this study is also to evaluate the idea of recruitment and selection method and its evolvement with time to understand the impact it lays on internal and external selection criteria. The study will focus on exploring literature and gathering data from the previous studies to explore the process to a valid extent. The process has shaped into an important aspect of any organization's policy making and what changes have occurred so far in the process that can restrict the criteria in terms of internal and external recruitment and which of these is considered more appropriate by the individuals working in this domain (Ezeali, 2010).

The study will be relying on multiple methods that have been adopted recently in the past few decades and now hold essential value in the process for example using classic trios for checking or using work samples for assessment and selection and even the creation of assessment centers in different industries. Also, the study will explore that which method play crucial role in internal recruitment and what are the areas that recruiters focus upon while external recruitment. Besides, the study will focus on understanding how exit interviews are being used by the recruiters to improve the process and the different advantages it has to offer to the organization in improving their business (Gamage, 2014). The bottom line of any organization will face extremely negative impact if wrong people are hired because it will result in extremely poor employee morale, will result in low productivity and also result in lost opportunities. Therefore, it is becoming very important for recruiters to use the right and the most appropriate practices as far as recruitment and selection is concerned either internal or external. Also, the recruiters also have to focus on practices that are highly applicable to their respective industry and suites their organization because failing to do so will result in un-competitiveness of the organization. Studies have proved by time and time that the success of any organization depends upon its ability to attract the right talent, acquire the right talent and placing them rightly and at the right time. The study focuses on exploring the subject in more detail using authentic literature (István, 2010).

Literature Review

From various studies and research in the last few decades, the human resource specialists have confirmed that vitality of functions like recruitment and selection in human resource management and have made it quite imperative that any business will have to take leverage from these functions. The reason these functions are extremely important for any organization is these functions allow a firm to attract talent and acquire the best among the rest to strengthen their human resource. Also, there is a strong cost associated with recruiting and selecting new talent that will result in negative if the choices made does not prove to be correct and this cost becomes difficult for business to afford as well. Therefore, to suffice the strategic objectives of the organization, recruitment and selection have to be strongly integrated in order to attract quality human resource (Izueke, 2009).

Organizations need resources to succeed in short and long terms for which the strategic objectives are aligned with resourcing strategies in order to design a smooth and efficient recruitment and selection procedure that helps in identifying the best talent for the organization. Well, these two procedures are different and have different functions but are aligned as each of them complements each other quite well. Recruitment focuses on creating a strong pool of employees by designing strategies and attracting qualified and talented individuals. Recruitment ensures that as many people should apply in the organization which makes selection of the best candidates easier as many qualified individuals become part of the talent pool created through recruitment. However, the idea of selection works by exploring the voids in the organizations and select the best suitable people from the talent pool to fill those voids. It's in simple meaning choosing the right candidate for the right job (Kepha, 2014).

To find the best solution, one can use them all but every recruiting channel has certain limitations that only work well for certain companies and are more effective in certain situations only. To identify that which channel or recruitment metrics is best suited for the organization, real-time recruitment metrics should be collected by the recruiters as it will help in gathering data that will make the solution more viable. Seeking inspirations is good but that does not work in every case as each organization has a different recruiting experience which makes it quite realistic to not to compare with others. The best way is to analyze the previous recruiting efforts using the metrics to figure out the best channels that will work best for the organization in different situations (Sinha, 2013).

With the experience and analysis, the organization will be able to land in the most appropriate recruitment solution and now is the time to start using the channel to see its real-time effectiveness. The idea to explore the effectiveness of the multiple methods available for recruitment and selection of employees and setting the right criteria in this regard is being under consideration of researches for over six decades now. However, hiring does not mean the end of the recruitment and selection process but the ongoing trainings and other regular intervals based assessment of employees is also part of the recruitment and selection process. Recruitment and selection has

primarily been assessed upon the idea of job survival, turnover rate, and job performance of the employees (Syed, 2012). Also, it might call for some issues like personal referrals, in-house job postings and rehiring former employees. All these issues appear to have a certain contribution in value addition within the organization but also disturb the overall performance of the organization. It may help in filling the talent pool but also contain the issue of hiring personnel referrals which may create biasness and does not help in placing the right people for the right job (Vyas, 2011). For every organization, recruitment and selection hold integral value and treated as a very serious business because the quality of workforce defines the efficiency of the organization and translate its success. Recruitment and selection is also the first introduction of the organization to the employee. The environmental dynamics of an organization and the resources available to the organization play a vital role in making the choice of a perfect recruitment strategy for any organization. The survival and success of the recruitment depends upon five major questions that researchers have gathered in recent times (Casari, 2007).

- Whom to recruit?
- Where to recruit?
- What recruitment sources to use?
- When to recruit?
- What message to communicate?

Effectiveness of the success of the recruitment strategy of any organization is dependent upon its implementation of the strategy and also its employment policies. It's very important to create a symphony that creates a melodious tune because the application of the policies in accordance to the way they have been designed is important and should be managed appropriately. Studies have already discussed that the core objective of the human resource management approach is to help businesses attain the corporate objectives and execute the plans in a way that it materializes the strategic plan to its core. The HRM approach of any organization is deeply influenced by the labor market and the strength of the organization within it (Cleave, 2013).

The internal recruitment plan of any organization refers to the decision of the organization to seek employees from within the organization and let the employee from within the organization get consideration for a vacant post. However, this strategy is applicable to only those employees who are already on the payroll of the organization. This seems to be a viable option and is an important source as it provides the employees with growth opportunities and personal development (Falk, 2013). Also, the organization will be at the better place of development by providing the chance of growth to the existing employees and utilizing the existing employee base. Some authors and researchers have strongly proposed that the initial consideration should always be provided to the existing employees and even in some organizations, mostly local authorities allow existing employees to step on the same footing as external candidates to use the opportunity equally. There are multiple aspects of the organization using internal consideration as the option. The first one is the promotion which gives an upgrade to the employee in terms of job role, responsibilities,

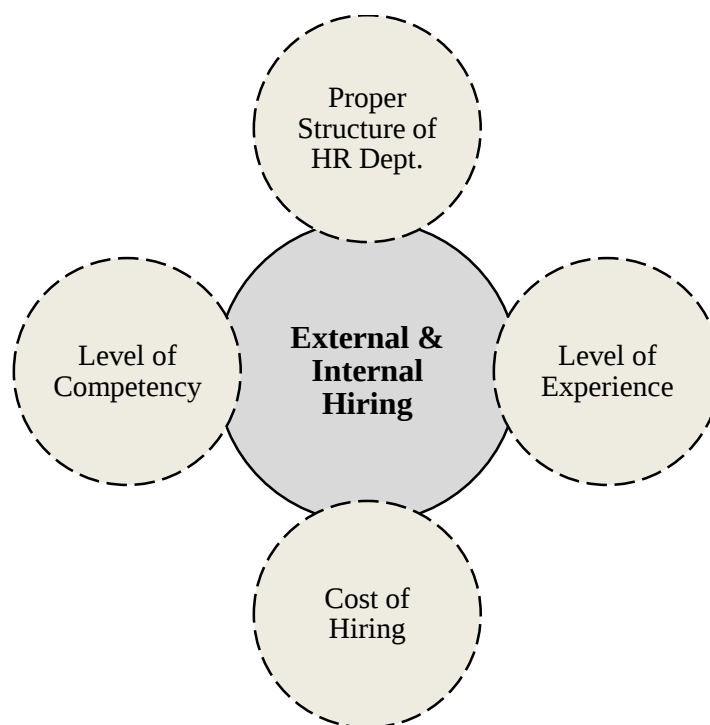
remuneration, facilities and statues. Any employee already on the payroll of the organization receiving this upgrade will be more willing to contribute more towards the growth of the organization. This is one important aspect that most of the organizations have followed this phenomenon on quite regular basis and have always used promotions as a chance to increase employee motivation (Krawczyk, 2011).

Promotions also encourage other employees as well and lay a drastic psychological impact on employees and enhance their efforts towards organizational growth. Second thing is the transfers which is the relocation of the employees from one job role to another or a shift from one place to another especially when the work load does not appear to be more so a strategic shift of the position is being made. It is good initiative and help in generating qualified employees from the over-staffed departments and uses the resources in an efficient manner. Further, job posting that allow individuals from within the organization to apply for vacant post as it is an open invitation from the organization. This is an open invitation from the organization and provides all employees currently working for the organization with an equal opportunity (Slonim, 2013).

Most of the prominent sources of external recruitment involves advertisements, employment consultants and agencies, educational institutes and e-recruitment to name the few. Each of these methods has its own perks and benefits that each organization can reap as per their need. Advertisement is one of the oldest methods used by the organizations for external recruitment and using multiple mediums, firms advertise the vacant positions in order to create a sufficient talent pool of applicants and researches have proved that ads trigger response quite rapidly and instantly. Though, it can be a costly affair but helps in gathering data in abundance and majorly quality applications. However, recruiters must have to take the follow ups and need to ensure that discriminatory words are being avoided (Breaugh J. A., 2012).

Advertisements usually attract many candidates, and it becomes quite challenging for the recruiters to evaluate all these applications as the evaluation of external candidates become challenging as compared to those of internal candidates. According to different studies, ads usually succeed in seeking attention from number of candidates developing strong interest of candidates towards employer. They also help in creating and maintaining the interest by delivering valuable and sufficient information. Finally, ads also help in simulating action. The online recruitment portals also help a great deal in attracting strong talent pool and are currently the most preferred method across the globe in almost every country and are adopted by every organization. This makes it easier not just for the candidates to apply for a particular job but also for the recruiters to attract and screen candidates followed by tracking their applications and on the basis of that offering jobs or rejecting their applications (Breaugh J. A., 2013). Human Resource consultancy firms also play a crucial role in generating leads that are competent enough to fulfill the desired job role. It is usually a new and upgraded approach that helps a great deal in recruiting the most suitable candidates for specialized positions. A precise information and requirements from the employer guides these recruiting private agencies which eventually decreases the burden from the employer

and initial screening process is finalized by these agencies. Therefore, these agencies help employer a great deal in burden sharing and also guide them through with only finalized options to choose from. However, there is a certain cost associated with this type of method as these agencies and consultants usually charge a decent amount of money from the employer for the services they provide (Brymer, 2014). On the other hand, the understanding of external recruiter will be different as they don't really understand the culture and ethics of the organization. Therefore, while selecting the final candidate there must be a difference in opinion while selecting the final candidates. It has to be a different attitude towards the process. Furthermore, the human resource individuals target educational institutes also known as campus recruitment in order to explore the young fresh talent and enroll them in different training programs to build them and guide them towards growth. This is important prospect to seek as the companies get the chance to build loyalty from start and eventually grow at a drastic pace (Carter, 2014).



Conceptual Framework

Objectives of the Study

- The significance of this piece of research will be to improve both the organizations and this researcher's knowledge of the different approaches to recruitment and selection available to human resource managers in manufacturing organizations, and how certain forms may reduce staff turnover.

- How imperatively the organizations and recruiters are using recruitment drives and channels to attract new talent that also fills in the gap rightly.
- To assess that which companies are using internal referral system for internal recruitment more appositely to find the right people for the right job.

Hypothesis

H1: Independent recruiting agencies does not provide the right mix for external recruitment and selection process.

H2: Internal recruitment and selection cannot be made better by introducing incentive based referral system.

H3: University recruitment drives are not fruitful in attracting the right talent for the right job.

H4: Internal recruitment and selection process cannot be improved by announcing internal management trainee programs.

Research Methodology

It is quite important to have a conceptual structure of the study or in other words the type of approach that will be followed during the course of research and this idea is known as research design. This research design or blueprint is important to have in the start to measure the variable, data collection and also in analyzing the data. The most important thing to develop the research design is to have clear objectives as it is directly linked with the research objectives that will later on help in answering the research question. It can be stated that the research design used is the cross-sectional study approach but the sample size chosen from the population is not that high but the idea of examine the relationship between the dependent and independent variables is the same. As the study is mainly focusing on quantitative data and has already been explained that the method or the approach used is the survey approach for which the instrument utilized in the research was questionnaire which has closed ended questions using likert and nominal scale and the data gathered was later on analyzed using the SPSS software.

Reliability and Validity

The reliability of the data that was collected and calculated using the reliability test option in this application will create a coefficient known as the Cronbach's alpha which represents validity of the gathered data. For validity MLR (Multiple Linear Regression) is the statistical model that will be implemented to this research to test the hypothesis assumed in this research. This model will be executed through computer software for statistical calculations known as SPSS.

Table 1: Reliability Test – Cronbach's Alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
.785	31

It is necessary to test reliability of primary collected response prior to be applied with selected statistical. The benchmark value for reliability test is 0.6. If the value of test is equal to or above this benchmark value than reliability is accepted and further applied with other statistical technique otherwise reliability has improved with further collection of responses. The result of reliability test for primary collected responses during current study reveals that collected data has met the requirement of reliability with Cronbach's Alpha value of 0.785 hence can be further preceded with selected statistical technique.

Table 2: Regression Model 1 – ANOVA

ANOVA ^a						
Model		Sum of Squares	d.f.	Mean Square	F	Sig.
1	Regression	592.138	4	148.035	27.800	.000 ^b
	Residual	910.583	171	5.325		
	Total	1502.722	175			
a. Dependent Variable: External Hiring Index						
b. Predictors: (Constant), Proper Structure of HR Dept., Cost of Hiring, Level of Competency, Level of Experience						

The ANOVA table for regression model 1, as mentioned below, reveals that overall model is accepted at 5 percent level of significance with significance value of 0.000. Furthermore, the value of F statistic is also high, greater than 4, with the value of 27.80 that also support the acceptance of regression model.

Table 3: Regression Model 1 – Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.628 ^a	.394	.380	2.30761
<i>a. Predictors: (Constant), Proper Structure of HR Dept., Cost of Hiring, Level of Competency, Level of Experience</i>				

The model summary results also reveals that selected independent variables i.e. proper structure of HR department, cost of hiring, level of competency and level of experience has found significant role in determine of external hiring options in IT firms in Pakistan around 39.4 percent that is evident form R square value 0.394

Table 4: Regression Model 1 – Coefficient Matrix

Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.047	.656		22.930	.000
	Level of Competency	-.045	.147	-.021	-.309	.757
	Cost of Hiring	-1.008	.169	-.388	-5.960	.000
	Level of Experience	-1.047	.195	-.393	-5.374	.000
	Proper Structure of HR Dept.	.051	.210	.018	.242	.809
a. Dependent Variable: External Hiring Index						

The coefficient matrix for regression table also reveals that cost of hiring and level of experience has found significant role in determination of external hiring of employees for vacant position in IT firms in Pakistan at 5 percent level of significance with significance value of 0.000 and 0.000 respectively. In contrast, there is significant impact of proper structure of HR department and level of competency in determination of external hiring of employees for vacant position in IT firms in Pakistan at even 10 percent level of significance.

It has also found from coefficient matrix table that cost of hiring and level of experience results negative interpretation of employment of external hiring options for selection of vacant position in IT firms. The coefficient value of cost of hiring is around 1.008 that means a unit an increase in cost of hiring result in selection of external options to recruit selected talent instead of going with internally holding human potential. It results in successful breeding with external talent to enrich human capital resource of the firm. Similarly, an enrichment of experience at HR level also went up with learning or trial and error process hence reflect requirement of external options to recruit required talent instead of sticking with internal options due to asymmetry of information while other two variables are not found with significant role in determination of external recruitment options in case of IT firms selected during current study.

Table 5: Regression Model 2 – ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	140.484	4	35.121	27.430	.000 ^b
	Residual	218.947	171	1.280		
	Total	359.432	175			
a. Dependent Variable: Internal Hiring Index						
b. Predictors: (Constant), Proper Structure of HR Dept., Cost of Hiring, Level of Competency, Level of Experience						

The ANOVA table for regression model 2, as mentioned below, reveals that overall model is accepted at 5 percent level of significance with significance value of 0.000. Furthermore, the value of F statistic is also high, greater than 4, with the value of 27.43 that also support the acceptance of regression model.

Table 6: Regression Model 2 – Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625 ^a	.391	.377	1.13155
a. Predictors: (Constant), Proper Structure of HR Dept., Cost of Hiring, Level of Competency, Level of Experience				

The model summary results also reveals that selected independent variables i.e. proper structure of HR department, cost of hiring, level of competency and level of experience has found significant role in determine of external hiring options in IT firms in Pakistan around 39.1 percent that is evident form R square value 0.391.

The coefficient matrix for regression table also reveals that level of competency, cost of hiring and level of experience have found positive role in determination of internal hiring from existing human resource factors with significance value of 0.000, 0.000 and 0.003 respectively. In contrast, it has found that there is no significant role of structure of HR department in determination of internal hiring options at even 10 percent level of significance for vacant position in IT firms in Pakistan The coefficient matrix reveals that level of competency, cost of hiring and level of experience determines positively internal hiring options in use of IT firms in Pakistan.

Table 7: Regression Model 2 – Coefficient Matrix

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.261	.322		13.241	.000
	Level of Competency	.304	.072	.284	4.224	.000
	Cost of Hiring	.309	.083	.244	3.731	.000
	Level of Experience	.289	.096	.221	3.021	.003
	Proper Structure of HR Dept.	.151	.103	.109	1.470	.143
a. Dependent Variable: Internal Hiring Index						

The coefficient value of level of competency is 0.304 that means an increase in level of expertise and competency of HR department in IT firm results in better assessment withholding potential and selection among those for vacant space in progression. Furthermore, cost of hiring is also an alarming option to firms hence an increase in cost of hiring also results in selection of required position employing internal resources without going to external options that usually results in an increase in cost to firm.

Table 8 : Hypotheses Assessment Summary

S. No.	Description	T Value	Sig. Value	Comments
1	There is a significant impact of level of competency in determination of external recruitment options in IT firms in Pakistan	-.309	.757	Hypotheses Rejected
2	There is a significant impact of cost of hiring in determination of external recruitment options in IT firms in Pakistan	-5.960	.000	Hypotheses Accepted
3	There is a significant impact of level of experience in determination of external recruitment options in IT firms in Pakistan	-5.374	.000	Hypotheses Accepted
4	There is a significant impact of proper structure of HR department in determination of external recruitment options in IT firms in Pakistan	.242	.809	Hypotheses Rejected
5	There is a significant impact of level of competency in determination of internal recruitment options in IT firms in Pakistan	4.224	.000	Hypotheses Accepted
6	There is a significant impact of cost of hiring in determination of internal recruitment options in IT firms in Pakistan	3.731	.000	Hypotheses Accepted
7	There is a significant impact of level of experience in determination of internal recruitment options in IT firms in Pakistan	3.021	.003	Hypotheses Accepted
8	There is a significant impact of proper structure of HR department in determination of internal recruitment options in IT firms in Pakistan	1.470	.143	Hypotheses Rejected

Discussion

This research study revealed that regression model for both internal and external recruitment are significant at 5 percent level of significance hence support the evidence in favor of selection of this study that is aimed to be investigated. This study clearly explained in light of selected variables to understand the relationship of both internal and external recruitment with level of experience, cost of hiring, structure of HR department and level of competency of HR unit in this overall process. It has explained through a study that recruitment and selection process in an institution or organization is a comprehensive process and required complete attention with assessment of different job position and their pre-requisite requirement hence it has found that firm's without required set of skills usually go with external hiring option to recruit required talents. This is specially in case of small and medium size firms while in case of large firms scenario is different they are will with well-equipped options to internally utilize their resource to perform this action (Terpstra & Rozell, 1993).

The results for regression model that used external hiring option as dependent variable and independent variables including level of competency, level of experience, structure of HR

department and cost of hiring. It has found from this regression model that there is a significant impact of cost of hiring and level of experience in determination of external hiring option at 5 percent level of significance. These variable has found negatively determine external hiring option. It has further revealed through this study that influence of level of experience is more evident in comparison to cost of hiring. It has also explained through a study that there are multiple criteria to assess the requirement of external or internal hiring options for selection of required talent in an organization (Armstrong, 2010). It has also found that firms with well-established and sophisticated recruitment process team with extensive level of experience usually favor to go with internal resource for recommendation for selection of talent for a vacant position. In addition, human professionals has found with necessary information and pre-requisite to assess potential candidates to fill the position without confronted with asymmetry of information. Another study also revealed that cost of hiring has also found significant correlation in selection of external or internal options for required set of skills and talent to fill the position (Beardwell & Holden, 2001).

It has found that an increase in cost of hiring usually reflect external options less trust worth as compare to internal options. Individual selection from internal referrals, promotions and internal recruitment have found significant contribution in lowering the turnover ratio as compare to external options hence in case of costly external hiring options usually internal resource are employed to accomplish this process. This study also revealed that level of experience of human resource staff and cost of hiring negatively determine employment of external hiring option for selection of required talent. This has further supported with relevant studies that experience of human resource professionals has found with gain of useful information in selection and recruitment process (Blume, Balswin & Dreher, 2010).

It has found with supportive role to smoothen recruitment and selection process. It has further explained through study that cost of hiring has significant correlation with external selection process. The negative correlation of cost of hiring to opt with external hiring option has based on the findings that an increase in cost of hiring result in reduction in intention of selection of external options to recruit selected talent and go with internally holding human potential. It means that an increase in cost of hiring results in less intention for firm to select external hiring option for recruitment of required talent because it put a burden on firm's operations. It also increases the cost to firm in case of low retention rate (Terpstra & Rozell, 1993). It has also found through this study that level of experience has also negative correlation with external hiring process. It has explained as an increase in level of experience results in reduction an intention to go with external hiring options. This means that experience make it easy for firm to internally ensure the selection for required talent from employment of internal options. Another study has also revealed that there is significant number of evidences in case of external hiring options to determine challenges with external recruitment process. External recruitment option has usually found with commission fee hence results in sharing information of potential candidates without proper initial screening hence results in an increase in turnover rate therefore put the responsibility on internal options to make the selection of required talents (Duggan & Croy, 2004).

This study also revealed that there is a significant impact of level of competency, cost of hiring and level of experience in determinate of internal hiring process in IT firms in Pakistan positively. It has explained through other research studies that there is significant contribution of competency scale of human resource department, hiring cost of required resources and endowment of experience in internal hiring process. These factors collectively determine the scope of internal recruitment process for selection of required skills (Armstrong, 2010). The coefficient value of level of competency is 0.304 that means an increase in level of expertise and competency of HR department in IT firm results in better assessment withholding potential and selection among those for vacant space in progression. Furthermore, cost of hiring is also an alarming option to firms hence an increase in cost of hiring also results in selection of required position employing internal resources without going to external options that usually results in an increase in cost to firm.

Conclusion

This research study has performed with an objective to understand the scope of internal and external selection and recruitment processes followed in IT industry in Pakistan focusing on case of IT firms operating in Karachi city to understand the pre-requisite of selection of internal and external recruitment selection process to understand the scope in controlling staff turnover ratio. This study also study the restriction to external recruitment process instead of internal in IT firms operating in Karachi city. This study followed with interpretive paradigm to answer research questions during this study. In this context IT firms in Karachi city are focused with employee size greater than 100 employees. The sample size of current study based on ten IT firms. The individual focused during study are in age bracket of 21 to 40 years with income ranging from 25 thousand to 200 thousand rupees. The sample size of study is around 176 respondents. This research study employed questionnaire as data collection instrument along with selection of regression technique as method of data analysis and investigation.

The results of this study reveals that revealed that both internal and external recruitment model has significant results to understand the role of level of competency, level of experience, structure of HR department and cost of hiring in determination of selection of either technique in talent acquisition. It has found through this study that cost of hiring and level of experience has found significant and negative role in determination of external hiring of employees for vacant position in IT firms in Pakistan while level of experience, cost of hiring and level of competency in have found significant and positive role in determination of external hiring of employees for vacant position in IT firms in Pakistan.

Recommendations

This study clearly explained the role of selected HR related factors in determination of selection of recruitment method i.e. internal recruitment or external recruitment process. The set of policy recommendations designed based on current research study are as follow:

- It is required to assess performance of selected candidate through internal and external selection process to understand their performance and their term of relationship with the organizations that reflect the comparative advantage of each selection process to firm.
- It is also needed to firm to determine marginal cost of newly selected talent and marginal benefit as selected from each medium i.e. external or internal selection or recruitment mode to understand its cost burden to firm.
- It is also needed to employee human resource experience and market knowledge to improve internal recruitment process and reduce reliance on external options or reduce the dependability.

Summary

This research study has performed with an objective to understand the scope of internal and external selection and recruitment processes followed in IT industry in Pakistan focusing on case of IT firms operating in Karachi city to understand the pre-requisite of selection of internal and external recruitment selection process to understand the scope in controlling staff turnover ratio. This study also study the restriction to external recruitment process instead of internal in IT firms operating in Karachi city. This study followed with interpretive paradigm to answer research questions during this study. In this context IT firms in Karachi city are focused with employee size greater than 100 employees. The sample size of current study based on ten IT firms. The individual focused during study are in age bracket of 21 to 40 years with income ranging from 25 thousand to 200 thousand rupees. The sample size of study is around 176 respondents. This research study employed questionnaire as data collection instrument along with selection of regression technique as method of data analysis and investigation. After analyzing and reading his research organizations will have a holistic and in-depth view about how certain organization factors tend to affect internal and external recruitment and which approach to use according as per situations. Furthermore the thesis will surely provide organizations with a more effective manpower hiring approach that shall increase surely enable the organization to reach its strategic goals more efficiently.

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