

USING RECRUITMENT AGENCIES TO OBTAIN THE BEST CANDIDATES

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ABSTRACT

Recruitment is the first step in the long-term commitment between management and the employee. Recruitment is the process of attempting to locate and encourage potential applicants to apply for existing or anticipated job openings. For an organization it is ethical to recruit within the organization. Given the difficulties with in-house recruitment methods, some managers may choose to use an external recruitment agency instead. In our article we show that choosing such an agency may help organization recruiting the suitable candidates, saving the employers the trouble of sorting out short list and concentrating on other important functions, like selection decision, which still rests with the organization, but also it enables an organization to source talent which it may not otherwise have any access to, it can approach the employees of their competitors, and it is up-to-dated the latest recruitment innovations. Even the organizations are not using the services of a recruitment agency, we want to show that recruitment agencies started gain an important position among organizations and those people which is looking for a job.

KEYWORDS: *recruitment, selection, recruitment agencies, large organizations, efficiency*

1. Introduction

The recruitment is a process of searching the future candidates and their stimulation in submitting their resumes for the vacancy [1]. The quality of recruitment is the result of the fit between the candidate and the need for recruitment [2]. The key decision is if the organization recruit from the outside or the inside the organization [3]. There are a whole range of recruitment channels available to employers who are trying to find the best employees for their organization. Recruitment agencies are also cited as a useful source of recruitment [4].

So, recruitment can be done from internal sources and external sources. External sources can be considered: expensive sources, sources of intermediaries (like recruitment agencies) and sources considered cheap (E-recruitment, “Open Day” events, recruitment without a CV). Recruitment agencies work on behalf of employers to help them fill the vacancies [5]. Recruitment agencies can be a great source of career advice. Now placement agencies are coming up as a good source of external recruitment [6].

2. The Role of Agencies in Recruiting the best Candidate

An agency will only be successful in locating the right applicant if it is equipped with accurate descriptions as specified in job specifications [7].

The recruiter will usually take responsibility for advertising the position, receiving applications and conducting the first round of interviews before providing employers with a short list of candidates [8]. The agency screens the applicants against the client's requirements and calls in the most suitable applicants for an interview [9]. After interviewing, tests may also be conducted. The employer needs to discuss with the agency the reasons for rejecting all or any of the applicants. Recruitment agencies aim for a "win-win" situation between candidate and company [10]. It is their role to ensure they provide companies with an impressive short list of candidates who meet the criteria for the job. A good recruitment consultant will give feedback on your interview technique and resume layout. Typically, data are collected by a search agent from the host organization to ascertain requirements [11]. A job specification and candidate specification are drawn up to measure the candidates against.

Agencies must first obtain "sufficient information" from the employer in order to

"select a suitable work seeker", and include [12]. the name of the employer and the nature of its activities; the date on which the recruit is required, and the duration of the work (temp or perm); the position, its location, hours of work, and known health and safety risks; the experience, training, qualifications and any authorization that the employer considers necessary; the minimum pay and benefits that the employer would offer, their frequency, and the notice period involved. Agencies should confirm the identity of the recruit and that the person meets the employer's criteria and that it is willing to work in the position concerned. Agencies must inform the employer any information that indicates the individual might be unsuitable. Agencies will have this duty for perm recruits at least for a period of three months. Agencies will pass copies of any qualifications and two references to the employer.

3. Services Offered by Recruitment Agencies

The agency must represent the interests of employers, no matter how good the candidates are, but "is very important the partnership with the candidate", said the Senior Consultant from W& P, Romania in a discussion had in 2011.

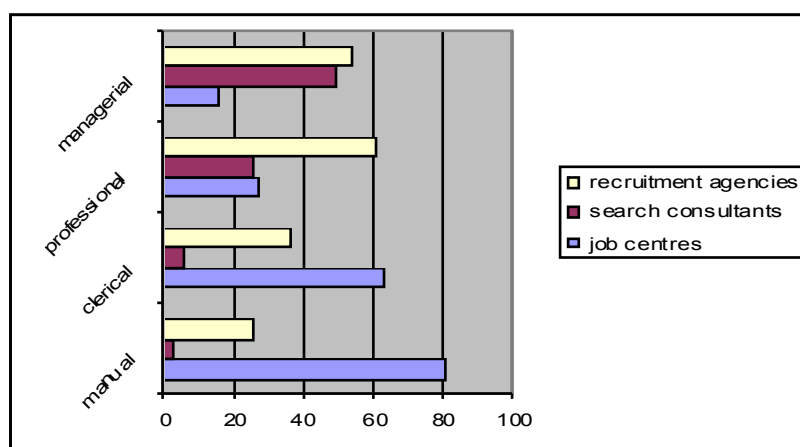


Fig. no. 1 The popularity of using recruitment external agencies for different positions
Source: Adaptation after Swift T.A., 2000.

Many managerial positions in the private sector are advertised through recruitment agencies. Some agencies deal only with vacancies in a specific profession. University of Sheffield made a survey and measured responses from 100 organizations in five sectors – engineering, electronics, plastics, food and drink, and miscellaneous (Figure no. 1) to see the popularity of using external agencies to assist in the recruitment and selection process. As we may see, the services of recruitment agencies are much more searched for managerial positions and also, for professional positions (specialists in the field).

Recruitment agencies are often the first point of meeting with employers wishing to make use of temporary workers of all types. In fact, more employers use these agencies as a source of temporary workers than to fill permanent positions [13]. A study made in UK (2003) in HRM Journal reported that 700,000 people are working as temps. The type of position generally determines the

decision regarding whether or not to use the services of a recruitment agency.

Recruitment agencies provide a degree of anonymity for both the candidate and the organizations. If the position requires a high degree of skills or specialization it is important for both to have a third-party mediator. It could be an embarrassment for a candidate to attend for interview at a major competitor's premises if s/he would be instantly recognized [14]. The appeal for employers of agencies' services lies in their potential to provide stop-gap staff at short notice. There are different recruitment methods, but men and women are using them in different percentage. A major government survey carried out in 2002 involving over a million people how they had found their current jobs [15]. Revealed that informal channels and recruitment ads are the main used recruitment methods, while the job centres and recruitment agencies are at the opposite pole [16].

Table no. 1

Recruitment methods

| <i>Recruitment methods</i> | <i>Men %</i> | <i>Women %</i> |
|-------------------------------------|--------------|----------------|
| Hearing from someone who work there | 30 | 25 |
| Recruitment ads | 25 | 31 |
| Direct applications | 14 | 17 |
| Recruitment agencies | 10 | 10 |
| Job centres | 9 | 8 |
| Other | 12 | 9 |

Source Labour Market trends (2002), from Taylor S., 2002, p.183.

They provide new skills, or when are existing temporary vacancies, or where vacancies are unfilled because of recruitment problems, and usually avoid the legal complications of direct recruitment by the employer [17]. Permanent recruitment through agencies offers several advantages, depending on the vacancy being filled. If the employers develop a permanent relationship with the agency, it will inform the organization about any person with high qualification who's becoming available, even the organization has not a vacancy [18].

In other cases, agencies act as a back-stop where vacancies prove difficult to fill through employers' own efforts. They may obtain job seekers on their lists, or uncover other potential candidates through advertising, referrals or the use of online recruitment.

4. Advantages/Disadvantages of using Recruitment Agencies

Advantages of external recruitment sources: qualified personnel; wider choice; fresh talent; competitive spirit; less chances

of favoritism. Disadvantages of external recruitment sources [19]: dissatisfaction among existing staff; lengthy process; costly process; chances of wrong selection; increase in labor turnover. Engaging a recruitment agency can be attractive to managers because [20]: it saves valuable time; "head-hunting can be undertaken at a distance; informal interview is done by the agency – shortening the recruitment and the selection processes for managers; there is a perception that the experts will be more objective; privacy may attract the right candidate.

Advantage of using recruitment agencies [21]: allows an organization's HR department to devote its attention to other responsibilities, including maximizing staff retention, it can be a cost-saving measure, when the costs involved in living a position vacant for a lengthy period and the potential for reduced internal inefficiencies, it enables an organization to source talent which it may not otherwise have any access to, it can approach the employees of their competitors, it is up-to-date the latest recruitment innovations, allows an organization to maintain confidentiality about a vacancy. What is great about professional recruitment agencies [22]: professional recruitment agencies are well connected and have many specifications that get advertised anywhere else; a professional recruiter can be a great source of interviews; more and more organizations are outsourcing their HR functions and will not deal with the candidate unless s/he will work through the recruiter; a professional recruiter will assist the candidate with some interview skills and general preparation about the organization; an expert recruiter will negotiate the best salary. Many employers recommend giving time and attention to establishing and maintaining effective communication with the agency, including holding regular meetings, providing feedback, and adopting an attitude of openness to the agency's input

and the disclosure of information. A candidate can benefit from the experience of the recruiters, because they really know what employers are after [23]. Recruitment agencies are keeping the employees' resumes until it can find the right job for them or are a great source of career advice [24]. Agency performance [25] is in customer' focus (agency must understand the employers requirements, must be receptive to feedback, and must give priority to organizations targets than meeting customer needs; candidate' suitability: must not send recruits who do not meet specification; or do not must send insufficient candidates. The candidate is likely to find work through a recruitment agency if [26]: s/he has selected professional agencies; s/he has chosen a career for which there is a great demand; s/he has a good track record without bad references; s/he makes a good impression physically; s/he has not been unemployed too long; s/he can sell her/him qualities in the interview; s/he is available and easy to reach.

5. Cost/Efficiency Analysis of using Recruitment Agencies

Using a recruitment agency can be an expensive exercise [27]. Its cost-effectiveness should be established, and monitored [28]. Signing up with a recruitment agency a job seeker is free of charge and offers candidate a chance to get its resume on those busy employers' desks. Agencies' charges tend to involve complex cost structures. The process is important in supplying temporary workers and can involve various levels of charges and penalty clauses. The hourly/daily/weekly rate, for example, may be based on the typical short-term demands of employers, but, where a longer-term need is identified, it may possible to negotiate a reduction in charges. The recruitment expert Stephen Taylor says that "hourly rates for agency workers are almost double from those who

are paid as regular permanent employees". There are huge variations in agency charges and is important to achieve savings by negotiating with agencies. According to the RussAm GMS survey, the average daily rate at the end of March 2003 was between £ 461 and £ 512 among IT interim managers. Private agencies identify the candidates through their own means and have direct contact with them (the cost raises on 30-33 % from the annual salary of the candidate) [29]. Normally, the agencies take a proportion of first year salary (typically between 20 to 30 percent) from clients for candidates they provide [30]. These employers pay the agency a fixed or a fee which is usually a percentage of the first year's salary for the employee [31] and depends on the salary level [32]. Generally no charge is made if the agency fails to find the right applicant, although there is a growing trend to pay on a pro rata basis as each phase is accomplished. A formula often adopted is one-third of the agreed fee on appointment with the agency, another one-third on the production of a suitable shortlist, and the rest on the successful employment of a candidate. The majority of agencies also offer a proportional refund of the fee if the employee leaves the job or is usually referred to as a guarantee. Many agencies offer services charging a tax [33] in order to offer temps or perms for organizations and ask a percentage from the salary received for a long period (e.g. for a year). Fees range from 5 % of base salary for general positions up to 20 % for executive and highly technical positions. Advertising may or may not be included in the fee.

When employers choose an agency, 50 % of them take into account the agency's specialist expertise; 41 % take into consideration the cost, which represents a major discriminating factor; only 22 % of

organizations take into consideration ensuring equality of equal chances; and agency's possession of ISO 9000 as quality standard is important only for 13 % of employers in choosing agencies [34]. These problems are a common occurrence, according to the employers; 57 % of them with experience of using agencies have encountered difficulties, although the public sector is more content (31 % of them have experienced problems) and in the private sector 74 % have experienced problems [35]. But these difficulties provide valuable learning points for others. Once an employer has identified the criteria that it will use to choose an agency is easy to establish the type of relationship it wishes to foster.

6. Case Study – Large Organizations from Dâmbovița County

The research was made in the large organizations from Dâmbovița County, because they have a human resources department, a HR manager, specialists of HR or recruitment specialists with great experience, a clear written HR strategy, and which are using good HR practices, and performance results which offer them the opportunity to use the services of recruitment agencies. Data collection took place in June-August 2011 for my PhD thesis and in November-December 2013 for this research, and the information was gathered from HR managers and recruitment specialists from the large organizations, and discussions with consultants from W& P, Romania, had in 2011 [36].

From the first questions we see that the analyzed organizations are: one from Romania, two from Turkey, one from Russia and one from Korea; in what percentage they are owned by private external sector, and how many employees have they got, is shown in Table no. 2.

Table no. 2

Information about the analyzed organizations

| No. | Organization | Location | % owned by private external sector | National membership | Nb. of employees (2013) |
|-----|--------------|------------|------------------------------------|---------------------|-------------------------|
| 1. | ELSID | Titu | 0 % | Romania | 253 |
| 2. | Arctic | Găești | 100 % | Turkey | 2500 |
| 3. | Otel Inox | Târgoviște | 91 % | Korea | 870 |
| 4. | UPET | Târgoviște | 100 % | Russia | 600 |
| 5. | Erdemir | Târgoviște | 100 % | Turkey | 315 |

Source – data from HR managers and recruitment specialists from analyzed organizations and their official sites [37], [38]- [41].

All five analyzed organizations have got a clear HR strategy and a clear procedure of recruitment and selection, which are known by the employees.

In the next six month all five organizations intent to recruit new candidates, from the following motives: two, due to their activity extending and having new vacancies. Otelinnox is trying to hire between 10-20 persons and Arctic intent to hire till five hundred employees due to the development project of a new production line to Găești. Following the implementation of this project, the production capacity will increase by 30 % and will create 572 additional jobs in the company Arctic [42] and Elsid and Erdemir due to the fluctuation of the employees. UPET is not recruiting any candidate, because it is in a restructuring plan.

The next question is about the using services of a recruitment agency. The analyzed organizations answered that they use only one time recruitment agencies (Otelinox and Arctic) but in the next period they are not indenting to use them again, due to next causes:

- the recruitment process is too expensive,
- when it is no urgency for organizations to find new employees,
- when the HR specialists or the experienced recruiters have a strong network of contacts, and only the organizations understand better their needs, their business and their staff.

But there is another cause too we say, that the analyzed organizations are not using the services of a recruitment agency, due to the fact that in the Dâmbovița county there are no recruitment agencies.

Using a strong in-house recruitment function, the organizations are using recruitment agencies only as a “back-up”.

Choosing a recruitment agency implies cost analysis, expertise analysis, prior relationship and internal process analysis. Large organizations often develop long-term relationships with one or two recruitment agencies. Recruitment has become meanwhile an independent service [43], but we can see form our research that, only two large organizations from all five analyzed, are using services form a recruitment agency.

Recruitment agencies often are used by organizations that have little or no time to devote to finding and interviewing viable candidates.

Many organizations use recruitment agencies exclusively (in our case no organization make use exclusively the recruitment agencies), other use them occasionally (two analyzed organizations) [44], but as we can see from our case study, the other analyzed organizations are not using them at all.

The two analyzed organizations who used services of a recruitment agency, answered at the question which are the motives of using them, on a scale from 1 (low importance) to 5 (very important).

Table no. 3

Necessary attributes to choose an agency

| <i>Attributes</i> | 5 | 4 | 3 | 2 | 1 |
|--|---|---|---|---|---|
| 1. improving the recruitment quality | | | | | |
| 2. agency reputation | | | | | |
| 3. past collaboration relationship | | | | | |
| 4. agency experience and expanded relationships | | | | | |
| 5. minimizing the negative feeling between colleagues | | | | | |
| 6. favorable long-term outputs | | | | | |
| 7. great chances to recruit a performance candidate | | | | | |
| 8. equal chances promotion | | | | | |
| 9. new experience, skills, and knowledge from a new employee | | | | | |

Using the scale of semantic differentiation, we will calculate the appreciation averages.

For each attribute (A) we obtain the next averages of appreciation (scores- S):

After calculating the appreciation averaging,

$$S1=0x1+0x2+0x3+1x4+1x5/2 = 4,5$$

$$S2=0x1+0x2+0x3+1x4+1x5/2 = 4,5$$

$$S3=0x1+0x2+0x3+0x4+2x5/2 = 5$$

$$S4=0x1+0x2+0x3+1x4+1x5/2 = 4,5$$

$$S5=0x1+0x2+1x3+1x4+0x5/2 = 3,5 \quad (1)$$

$$S6=0x1+0x2+0x3+2x4+0x5/2 = 4$$

$$S7=0x1+0x2+0x3+0x4+2x5/2 = 5$$

$$S8=0x1+0x2+0x3+1x4+1x5/2 = 4,5$$

$$S9=0x1+0x2+1x3+1x4+0x5 = 3,5$$

we see that the greatest influence on choosing a recruitment agency, are the next three ranked attributes: 1 – the collaboration relationship and the chance to hire a

performance employee, 2 – improving the quality of recruitment process, the agency reputation and experience and the promotion of equal chances, 3 – obtaining favorable results.

At the question for what type of employees the organization wish to use the services of recruitment agencies, we find that they used such agencies to hire permanent employees, not temporaries, and for managers position, not for execution, due to the experience of recruitment team and their skills in recruitment.

The next question was to denote the motives for which they haven't used till now or why they don't use anymore the services of a recruitment agency. The five analyzed organizations answered using a scale from 1 (low importance) to 5 (very important) that:

Table no. 4

Attributes for which the organizations do not choose an agency

| <i>Attributes</i> | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| 1. big costs | | | | | |
| 2. lack of a recruitment agency in the area | | | | | |
| 3. possibility of hiring the wrong person | | | | | |
| 4. lack of employee motivation | | | | | |
| 5. longer period that can stretch the recruitment, selection and hiring processes | | | | | |
| 6. other motives | | | | | |

Calculating the appreciation averaging
 $S1=0x1+0x2+0x3+0x4+5x5/5= 5$
 $S2= 0x1+0x2+0x3+2x4+3x5/5= 4,6$
 $S3=0x1+0x2+0x3+3x4+2x5/5= 4,4$ (2)
 $S4=0x1+0x2+2x3+2x4+1x5/5= 3,8$
 $S5=0x1+0x2+1x3+3x4+1x5/5= 3,6$
 $S6=$ other motives: the organizations answered that they don't use services of a recruitment agency due to the specialist from HR department and to experience of their recruitment team, we see that the greatest influence on choosing a recruitment agency, are the next three ranked attributes: 1 – big costs, 2 – lack of a recruitment agency in the area, and 3 – possibility of hiring the wrong person.

At the final question, the organizations said that they will not use the services of a recruitment agency or in 6 months (two organizations), or in the next year (three organizations).

7. Proposals and Conclusions

It is worth contracting relevant recruitment firms to increase chances of finding the right job. While the ability of an agency to provide staff to specification represents the fundamental reason for using it, employers sometimes seem to expect the impossible. Where skills are in short supply, even the best agency will struggle to meet employers' demands. In fact, some employers mentioned that they welcomed some honesty. A key potential advantage of using agencies lies in their responsiveness. Agencies should have access to a pool of jobseekers that they can draw on as soon as an employer contacts them.

As we can see, using recruitment agencies can be expensive, with fees ranging between 10 and 30 percent of the annual starting salary for a job. Because of this expense, many employers prefer to conduct their recruiting internally.

No matter the many advantages of using recruiting agencies, the analyzed organizations still don't use their services. In other countries is representing a major recruitment source to find the right candidate.

Recruitment agencies represent an important source of permanent and temporary labor for employers [45], but they are starting to lose their popularity, due to Internet recruitment development [46]. An IRS survey of recruitment methods for managers established that the top three methods of recruitment, based on the quality of the applications received, were the use of commercial employment agencies (32 %), advertising in specialist journals (23 %), and national newspaper (22 %) [47].

So, we propose that an organization, especially a large one, can mix recruitment alternatives, using in-house recruitment and recruitment through an agency, due to their expertise, qualified personnel; wider choice; fresh talent; competitive spirit; less chances of favoritism, offer privacy, allows an organization's HR department to devote its attention to other responsibilities, including maximizing staff retention, it enables an organization to source talent which it may not otherwise have any access to, it can approach the employees of their competitors, and it is up-to-date the latest recruitment innovations.

By creating new opportunities, the agency wants to add value to people's lives every day by treating them like the clients or co-workers, with dignity and respect and taking the time to listen to them; in doing so, this job feels like a privilege. They try to differ from the competition in the things which make the difference in service for the clients. The evaluation of a recruitment agency performance is made according to what has been achieved with the client at the end of a project.

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