Effect of Private Employment Agencies Recruitment Strategies on Organizational Effectiveness in the Hospitality Industry: A Study of Selected Hotels in Nigeria

University Ovuokeroye Edih, Enaikpobomene Mina Irejeh
Department of Marine Economics & Finance
Nigeria Maritime University
Okerenkoko, Delta State, Nigeria
oweilade123uni@gmail.com, irejehmina@gmail.com

Kennedy Asinedu Nwafili
Department of Business Administration
Dennis Osadebay University
Asaba, Delta State, Nigeria

Derek Agilobeni Edih
Department of Computer Science
University of Benin
Edo State, Nigeria

Abstract

The hospitality industry has become very competitive these days due to global creativity and innovations deployed in the delivery of services to teeming customers. To meet up with these tasking demands of remaining afloat in business, managers of hotels are considering the best or appropriate recruitment strategies to woo competent and amenable personnel who can apply these new methods of rendering the required services. Hence, this study examined the effect of private employment agencies recruitment strategies on organizational effectiveness in the hospitality industry, a study of selected hotels in Nigeria. A 10-item validated structured questionnaire served as the research instrument to 350 staff of the selected hotels in Delta, Enugu and Ekiti States, Nigeria. Out of the 350 sets of questionnaire administered, a total number of 345 (98%) were retrieved and five (2%) were rejected. Analytical tool used was multiple regression analysis. It was found that private employment agencies had significant effect on organizational effectiveness. The study therefore concludes that, private employment agencies have a positive and significant effect on organizational effectiveness of selected hotels. In other words, the effectiveness and efficiency of an organization largely rely on the composition (resourcefulness, core competencies) of its manpower. Hence, the study recommends that there is the need for managers of hotels to contract the job of recruitment to private employment agencies as this will lead to the employment of competent and resourceful manpower for organizational effectiveness and sustenance.

Keywords: recruitment strategy; private employment agencies; organizational effectiveness; hospitality industry, Nigeria.

1 Introduction

The indispensability of the human resource in any organization especially the service industry where customer’s satisfaction, courtesy and other intangible resources are determinate factors cannot be fathomed in modern business world (Jolaosho, et al., 2018; Omisore and Okufu, 2018). The essential roles of planning, organizing and co-ordinating the activities of an organization to achieve target
In modern times, most private organizations have relegated the importance and welfare of employees to the use of robotic machines at the expense of productive human asset and organizational effectiveness. More so, the veritable procedure of recruiting and selecting the appropriate organization-fit personnel (Cheng, Ioannou and Serafeim, 2014) has been replaced by casual employment measures.

What is therefore recruitment? Walker (2009) defines recruitment as the process of identifying and attracting potential candidates from within and outside an organization to begin evaluating them for future employment while selection begins when the right calibre of candidates has been identified and attracted for employment. According to Opatha (2009) recruitment and selection are employee resourcing process which involves choosing among applicants for vacant jobs. He contends that, recruitment and selection are negative process because unsuitable applicants are eliminated. From the philosophical realm of Opatha (2009), we can also infer that recruitment or selection is a positive process of addition because suitable candidates increase the number of employees of an organization. The latter view is corroborated by Leopold (as cited in Jolaosho et al., 2018). He sees recruitment as a positive process of generating pools of candidates by reaching the right audience suitable to fill job vacancies.

In business, or employment contract, the relationship between an employee and the organization is based on a contractual term and it is expected that the employee performs its best for the overall success of the organization. Employee effectiveness or performance is an action or outcome usually tied to its competence in adding value to productive activities in an organization. Asfaw, Argaw and Bayissa (2015) define employee performance / effectiveness as the achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost and speed. Employee effectiveness or performance can be measured in its improvement in production, the ease of using new technologies and motivational packages for workers (Nassazi, 2013). It has been replicated that employees are the building blocks of organizations. It therefore, behoves management to wake up to its responsibilities of recruiting capable and adaptable staff, train and motivate them for organizational effectiveness.

1.1 Research Problem

Staffing an organization is a critical management function. The issue of dismal performance in business organizations may have been caused by recruiting in competent and unproductive hands. Usually at inception of business operations, managers and other employees must be recruited from the labour market. The mistake of recruiting wrong hands may negatively alter the business ecosystem. Recruiting from family members and friends without the required credentials and competencies for the job may sometimes metamorphose into managerial ineptitude and organizational ineffectiveness.

Moreover, the tourist/hotel industry is becoming more competitive and many hotels are finding it extremely difficult to survive in this tensed competitive business environment resulting to the moribund state and winding up of some organizations. In addition, with the free entry of competitors into the hospitality industry, existing hotels are finding it to remain viable and sustainable, attract more customers and retain them. Therefore, competent personnel who are amenable to the market dynamics are required to maintain an appreciable service delivery standard. This calls for strong positioning of an organization for growth and effectiveness.

In this competitive atmosphere, organizations (hotels) need workers who are innovative, experienced and can develop new strategies to win customers’ hearts. The costs of business failure and eventual wind-up is high and devastating to the economy when some hotels fail to adapt new recruitment strategies. It is on this background, the study examined the effect of private employment agencies on organizational effectiveness in the hospitality industry.

It is observed in this study that scholars in the field of Management and Psychology have researched on the significance, correlation of recruitment or selection strategies and procedures to employee’s and organizational performance. Specifically, Zirra, Ogbu and Ojo (2017) studied the impact of recruitment and selection strategies on employee performance. Adeyemi, Dumade and Fadare (2015) examined the influence of recruitment and selection on organizational performance. Also, Mavis (2014) conducted a thesis on employee recruitment and selection practices in construction industry in Ashanti, Ghana. These studies made passive reference to private employment agency being a recruitment strategy as part of their recommendations. They did not examined its effect on performance (whether employee or organization). This is the gap this study has filled.

1.2 Objectives

The main focus study is to examine the effect of private recruitment agencies on organizational
effectiveness. This will be achieved by carrying out investigation using questionnaires and testing the responses.

1.3 Research Hypothesis

This study has a single hypothesis to be tested.

H₀: Private employment agencies have no positive and significant effect on organizational effectiveness.

2 Review of Literature

The study reviewed related literature in three perspectives, conceptual, theoretical and empirical reviews sequentially.

2.1 Conceptual Review

Two major concepts such as, private employment agency and Organizational effectiveness were considered under this sub-head.

2.1.1 Private Employment Agencies

Private employment agencies are professional organizations whose jobs are to assist business concerns in the recruitment of qualified staff for their operations. The job of recruitment must not be left in the hands of quacks or anybody, be it the manager or an employee of the organization. It is a specialized function that should be carried out by trained personnel (Salami et al., 2010). Private employment agencies are forms of labour market intermediary. They mediate between user enterprises and temporary employment workers. The mandate of private employment agencies is to match labour demand and labour supply. It is people-based business (service) activity. The centre function of private employment agencies forms a triangular relationship with user enterprises (i.e. organizations) and intending workers (ILO, 2009). Studies have confirmed that there exists a close correlation in many industrialized countries between gross domestic product (GDP) growth and the use of temporary agency workers (ILO 2009).

In the industrialized clime, private employment agencies are regulated by International Legal Framework such as World Trade Organization, WTO, International labour Organization, ILO, European Union, EU, etc. These legal frameworks are affected by domestic legislations of member states. Most of these codes are influenced by conflicting international standards that member states have ratified. (Eichhorst et al., 2013).

ILO (2009) defined private employment agency as any enterprise or person, independent of the public authorities which provides one or more of the following labour market functions: (1) services for matching offers of and applications for employment; (2) services for employing workers with a view to making them available to a third party (user enterprise); and (3) other services relating to job seeking such as the provision of information, that do not aim to match specific employment offers and applications. The role and activities of private employment agencies comprises private employment placement agencies and temporary work agencies, TWA. We also have public employment agencies, which is the other leg of labour market intermediaries.

Labour market intermediaries are entities or institutions that mediate between workers and firms to facilitate, inform and regulate how workers are matched to organizations. They also help in resolving conflicts between them. Public employment agencies are government owned institutions, which focus on providing information only about job seekers and job vacancies. On the other hand, private employment placement agencies interview job seekers and try to match their qualifications and skills to those required by employers for the specific job openings. The report also clarified the role of temporary work agencies as to provide temporary employee to user enterprises to cover employee absence, skill shortage and varying seasonal workloads (Autor 2008; Autor and Houseman, 2010; Eichhorst et al., 2013).

Temporary work agencies are dominating the scene of providing employment services both for the job seekers and for firms in the developed world. Several reasons have been canvassed for this upsurge such as, meeting short-term staffing needs and screening of potential employees without legal burden of dismissal regulations. Other reasons include the improvement in the matching efficiency of agencies, deregulation, technical developments and improvement in the reputation of agencies as cited in Eichhorst et al. (2013). It has been argued that, by deregulating temporary work agency increases labour markets flexibility and overall employment as cited in Eichhorst et al. (2013). This proposition is supported by (Hirsch and Muller, 2012) claiming that temporary work enhances numerical flexibility, allows the screening of potential workers and increases productivity.

In European Union (EU) member states, about 41 million people are employed by temporary work agencies every day. This represents two (2) percent of total employment. Agency work has been growing tremendously in the developed work. According to company annual reports and web sites the top 20 private agencies in the world are as follows: Adecco
(Switzerland), Randstad (Netherlands), Manpower (United States), Allegis (United States), Kelly Services (United States), Goodwill Group (Japan), USG People (Netherlands), Hays (UK), Robert Half International (United States) and Tempstaff (Japan). Others are Volt Information Services (United States), Pasona (Japan), MRS Group (United States), Spherion (United States), Express Employment Professionals (United States), Synergie Group (France), Michael Page (UK), True Blue (United States), Monster (United States) and CDI Corp (United States) (ILO, 2009).

The dire need to recruit the best hands in the highly competitive market result to hiring the services of private employment agencies, who are specialists in the recruitment process. In Nigeria, the policy of liberalization and privatization of the economy to a large extent allowed private companies to manage hitherto monopolized sectors of the economy. This has created market for private employment agencies in Nigeria. The number of recruitment agencies in Nigeria is increasing on daily basis. Accordingly, the top 15 recruitment agencies are, IRIS consulting, BBC consulting Limited, Change Management Associates Limited, people Temp, PG consulting, Philips consulting, Poise, Private World International, Chase Executive Services, and consulting and management Services. Others are Innovative Solutions, Adecco Nigeria Limited, African Development consulting Group Ltd, Alder consulting and International Executive Placement Services. These private employment agencies have their head offices in Lagos State (company websites).

The question is how has the service industry (hotels) appropriated this recruitment strategy to sustain and improve their competitive advantage? Since business environment is volatile due to several dynamic factors, business organizations should be proactive in making decisions particularly on recruitment.

2.1.2 Organizational Effectiveness

The overall reason for utilizing several recruitment and selection strategies in employing staff into an organization, particularly, in the hotel industry which is entirely service driven, is to enhance organizational performance. Organizational effectiveness is achieved through gamut of factors such as staff competence, training, promotion and reward system, staff team spirit, job security, work environment, and manager/employee relations amongst others.

Studies have proven that there is a positive relationship between recruitment and selection process and organizational performance. Jonathan, Moses and Willis (2012) in their study affirmed that there existed a relationship between recruitment and selection process on employee’s performance. The study of Ekwoaba et al., (2015) also showed that there was positive relationship between recruitment and selection process and performance of employees in organizations. Ezeali and Esigu (2010) assert that the success of any organization or efficiency in service delivery depends on the quality of its workforce.

Generally, the right people need to be hired because performance of a business organization is determined by the people working within it (Ongori and Temtime, 2009). This proposition is supported by Sinha and Thaly (2013). They suggest that employing a qualitative system in the recruitment and selection process will help organization to get the right people for job vacancies. Naveen and Raju (2014) also advocate that successful recruitment and selection practices are key components at the entry point of human resource in any organization. Based on the significance of recruitment and selection process, and practice to organizational success, Rakib (2012) stresses the need to bank on professionalism and career orientations in recruitment, selection, and recommendations.

Thus, recruitment and selection, job security and management styles have significant effects on the image of the organization (Ntiamoah et al., 2014; Kanu, 2015; Ekwoaba et al., 2015; Oginni and Oggunyimi, 2012). Workers’ morale and effectiveness are negatively affected where an organization recruits and selects incompetent staff (Custodian of good governance, 2015). The influence of political considerations, nepotism and ethnicity flatten economic growth and national development. In spite of the enormous benefits from a well-planned recruitment and selection strategy to organizations, majority of small and medium enterprises (SMES) have no formal recruitment and selection strategy. It was found that small and medium enterprises in Ghana had inconsistent and unsystematic recruitment and selection practices (Asiedu-Appiah et al., 2013).

2.2 Theoretical Review

This study adopts the matching and system theories because, one, the essence of recruitment is not just to staff the organisation but to match employable applicants with the required credentials to the characteristics and vision of such recruiting company. Two, employees of an organisation are presumed to work as a team to achieve its objectives, purposes or long-term plan. Certainly, an individual does not have such endowment or capacity to work alone and attain the magnitude of results desired for company. The need for synergy is therefore very paramount to the success of the organisation, especially in a competitive industry as well as this digital world.
2.2.1 Matching Theory

Fombrum, Tichy and Devanna (1984) were the acclaimed proponents of the matching model or theory developed in Michigan school. The matching theory contends that, to achieve organizational objectives, human resource management (HRMD) should effectively apply the five major functions of selection, performance (output), appraisal (assessment), rewards and development. The model emphasizes that; employee must pass through the process of recruitment and selection as a matter of organizational culture. The work and contribution of selected employees have to be evaluated using appropriate performance techniques. The model also stresses the notion that rewards, which serve as incentive to workers, should be offered based on results of appraisal and the performance of employees. In order to achieve qualitative performance from the workers, organization must embark on training and development measures or programmes on regular basis. Based on the model’s ideology, it could be termed as descriptive theory of human resource management (Beer et al., 1984).

Examining the matching model critically, it is clear that recruitment is key to human resource management and organizational effectiveness is dependent on recruitment strategies. The model also denotes that, in order to have a strategic selection procedure, the human resource department (HRD) must have done its homework on planning; job analysis and job description to ascertain the calibre of employees required which buttresses the use of private employment agencies. Based on the foregoing, the matching theory has root in the recruitment process of any organization.

2.2.2 System Theory

Mitchell (1982) attributed the first proponent of the system theory to Von Bertalanffy (1968). He defined a system as a set of inter-related parts or subsystems. That, each of these parts may have several sub-parts knitted together and are mutually related. Any change in one part of the system has a natural course or effect on the other parts. A system can interact with other systems in a given environment. There are two types of environment, the internal and external environment. A system may be open or closed and an open system interacts with the external environment while a closed system is highly restrained.

Katz and Kahn (1976) laid credence to the significant roles played by the individuals in an organization. According to them, they identify the roles an individual will play in an organization and these roles are determined by the expectations of significant role senders (the managers) of the organization. The organization has an expectation - the goals to be achieved through the individual roles while the individual (employee) has its expectations from the organization. These expectations reinforce themselves through the reflexive actions designated as reflexive roles expectations.

The system theory will help managers to know the key functions of the various departments that will generate high organizational performance, because each of the sub system in the human body has its peculiar and definite function, which another subsystem cannot carry out. This means no subsystem is indispensable, but are inter-dependent, working symbiotically together to attain a common objective. The core essence of team work, team spirit and inter personal relationships among employees will be given paramount attention by the managers and operators of hotels through the application of management principles, theories and practices. It can be inferred that the principles of collective responsibility, otherwise expressed as team work, team spirit which form the basis of organizational synergy are critical to any recruitment or selection model.

2.2 Empirical Review

This section covers review of previous and related studies to the research problem. Three of such studies were thoroughly dissected as follows:

- Mavis (2014) carried out his thesis on employee recruitment and selection practices in the construction industry in Ashanti region. The study focused on identifying existing recruitment companies in Ghana. Questionnaire comprising both closed and open-ended multi-choice type of questions were used in the study. Sixty-two (62) contracting companies were used as the sample size. The data obtained were analysed with the use of SPSS. Findings showed that, newspaper advert, in-house (internal recruitment), labour office, employment agency, employee referral, radio advert and internet recruitment were the most used recruitment sources. Identifies challenges to recruitment and selection of workers were, poor human resource planning, ineffective job analysis, competency level of employee; cost of recruitment, poor working condition and lack of human resource unit. The study recommended that before recruitment and selection, job profile should be designed to reflect job requirements.

- Zirra, Ogbu and Ojo (2017) studied the impact of recruitment and selection strategy on employee performance: A study of three selected manufacturing companies in Nigeria. The study...
examined the recruitment and selection strategy on employee’s performance in the real sector using descriptive survey research design. The inferential statistics used was the one sample T-test to find the level of relationship between recruitment and selection process and employee performance. The findings of the study were that, the use of recruitment agency and internal employee recommendation in the recruitment and selection process enabled organization recruit committed and productive employment. In similar vein, recruitment done through the influence of host community led to organizational inefficiency. The study recommended that organization could make use of employment agencies in their recruitment and selection process and accept referred candidates from committed and active employees for employment. It was suggested that recruitment and selection should be based on the capability of the candidate to perform the job.

Adeyemi, Dumade and Fadare (2015) examined the influence of recruitment and selection on organizational performance in the banking sector in Nigeria. The research found out that the bank policy on recruitment and selection was based on several phases. One, internal recruitment and invitations to applicants from the general public. When vacancies were discovered, capable staff within the department were considered first and where, there were no competent staff, referrals were used. Two, the bank also source for employees through agencies that helped in recruiting for the bank. Another method was through general advertisement in the dailies. Thereafter, shortlisted applicants were invited for an interview and subsequent selection was done. Summarily, methods used by banks were employee’s referral, employment agencies, professional associations and advertisements in the dailies. The research revealed that banks had structured methods of selecting new employees. Potential employees must have the right educational qualifications before they are qualified for an interview. Selected employees undergo training and orientation process to abreast them of the culture, principles, values and processes of the bank. The study affirmed that the focus of recruitment and selection was to match the capabilities of prospective candidates against the demands and rewards system in the job. The study recommended that, banks should devote considerable resources and energy to create high quality selection system. Recruitment and selection strategy, no doubt, were important practices for human resource management and organizational success.

3 Data and Methods

The study adopts multiple regression analysis. This is because, multiple regressions analysis accommodates two or more independent variables. In the model organizational effectiveness is dependent on several factors (recruitment strategies, competence, teamwork, training, motivation, conditions of services, etc). Data generated from the field through structured questionnaire administered to 350 sampled population across 50 hotels in three states in Nigeria-Delta Enugu and Ekiti States. However, three hundred and forty-five sets of questionnaires (345) was returned. This implies that 98% sets of questionnaires were returned and used for the study. This is in consonance with the proposition made by Mugenda and Mugenda (2003) that a response rate of 50% or more adequate for data analysis.

Accordingly, the multiple regression model which accommodates two or more independent variables is as follows:

\[ Y_i = \alpha + 6X_1 + \mu \] (Koutsoyianni, 2001) ....................1

where \( Y_i \) = dependent variable
\( X_i \) = independent variable
\( \mu \) = error term (stochastic disturbance)
\( \alpha \) = constant/intercept

The modified model equation for the study is:

\[ \text{Org eff} = \alpha + 6(\text{sea}) + 62(\text{cs}) + 63(\text{expr}) + \mu \] (Edih, Osadume & Onoriode, 2022) ..............................2

where \( \text{sea} \) = services of employment agency
\( \text{cs} \) = competent selection
\( \text{expr} \) = experts recruitment

4 Results and Discussion

Primary data were generated from the field through the instrument of questionnaire, which were subjected to multiple regressions analysis and results tabulated in Table 1 below. The single hypothesis tested in the study is replicated as follows;

\( H_0 \): Private employment agencies have no positive and significant effect on organizational effectiveness in hotel industry in Nigeria.

4.1 Results
Responses from the fieldwork were statistically analysed and tabulated under this subsection as demonstrated below (Table 1).

4.2 Discussion

Results from Table 1 showed the contribution of each facet of employment agencies to organizational effectiveness. As indicated in the multiple regression Table, the services rendered by employment agencies had significant effect on organizational effectiveness (Coeff. = 0.110, p = 0.005 < 0.05), competent selection dimension/strategy of private employment agencies had a significant effect on organizational effectiveness (Coeff. = 0.126, p = 0.001 < 0.05) and expertise/specialty selection dimension/strategy of private employment agencies had a significant effect on organizational effectiveness (Coeff. = 0.701, p = 0.000 < 0.05). Since the p-values are less than 0.05 at 1% level of significance for employment strategy (private employment agencies), we reject the null hypothesis. This states that private employment agencies have no significant effect on organizational effectiveness in selected hotels in Nigeria, and accept the alternate hypothesis, which states that private employment agencies have a positive and significant relationship with organizational effectiveness.

As indicated in Table 1, Adj. R-Squared of the models is 0.728 implying that 72.8% change in the dependent variable (organizational effectiveness) was brought about by the independent variable employment strategies (employment agencies). The outcome is therefore modelled as:

\[ \text{ORG\_EFF} = 0.293 + 0.110\text{SEA} + 0.126\text{CS} + 0.701\text{EXR} + \text{U1} \]

This position is supported by Mavis (2014) and Adeyemi, Dumade and Fadare (2015) that significant and positive relationship exist between Employment agencies and organizational performance in ensuring the achievement of organizational goals and objectives. Mavis (2014) study showed that labour office and employment agencies, newspaper adverts, employee referral and internal recruitment were the most used recruitment sources. Adeyemi, Dumade and Fadare (2015) supported the above position by canvassing the import of employment agency to the recruitment of competent manpower for organization effectiveness. ILO (2009) credence to the position that private employment agencies have increased the gross domestic product of developed economies.

5 Conclusion

This study examined the effect of private employment agency recruitment strategies on organizational effectiveness in the hospitality industry, a study of selected hotels in Nigeria. Results from the study revealed that organizational effectiveness (performance) is positively influenced by employees recruited through private employment agencies because of their reputable expertise and experience in the recruitment profession. This was reflected by the test of hypothesis, which showed that private employment agencies have a positive and a significant relationship with organizational effectiveness.

It was also evident that private employment agencies are specialized agencies that recruit good hands for their contracting organizations. They have proven their wit in recruiting competent workforce for various organizations in both developed and developing countries. Therefore, partnering with them is of great essence to organizational success and sustainability.
6 Recommendations

It is therefore recommended that the contracts of recruiting staff should be given to reputable private employment firms. This would help in employing retainable and sustainable manpower for organizational effectiveness and success.

More so, with the available competent workforce, hotels would survive the competitive dynamics due to upgraded competitive advantages in our digitalized business world.

Acknowledgements

We wish to thank Evangel Computer Centre, Asaba for their services. We also thank the Management and staff of the selected organizations for their support and prompt response to questionnaire. We wish to state that there were no funding from any organization and no conflict of interests.

References


