

# RECRUITMENT AND SELECTION TECHNIQUES USED IN CORPORATE SECTOR: A COMPARATIVE STUDY OF INDIAN AND MULTINATIONAL COMPANIES

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## Abstract:

Primary data based on 426 respondents were analysed to compare the recruitment and selection methods being practiced by Indian and multinational organisations operating in India. Through application of latent trait model, this study found that in addition to the increasing recognition of internet based recruitment methods; most accepted methods in MNCs and Indian companies were direct applicants, placement consultants, and employee referrals. The recruitment methods like temporary staffing and advertisement in newspapers were relatively less practiced in all the organisations, whether MNCs or Indian organisations. In case of selection methods, both MNCs and Indian organisations put emphasis on written tests, general interview and test on specific skills. However, psychological tests and technical interviews were relatively more practiced by MNCs than Indian organisations. Implications and limitations of the study were also discussed.

**Keywords:** Recruitment Practices, Selection Practices, HRM, India, MNCs, Latent Trait Model

## INTRODUCTION

With increased globalisation and competitive pressures, recognition of human resources as a potential source of competitive advantage and changing workforce demographics and attraction of the best available talent have become a top management concern. Currently, attracting a large number of applicants is not a big issue but recruiting the right applicants is the primary concern of many employers. A number of recent studies on personnel selection (Anderson & Witvliet, 2008; Lievens, van Dam, & Anderson, 2002; Sackett & Lievens, 2008) have acknowledged the main trends and developments in recruitment and selection techniques and their reasons over recent years i.e. improved decision making acceptance of selection systems, greater use of information technology over traditional recruitment techniques, but most of the studies reviewed tended to be about personnel selection in general rather than comparing recruitment and selection in Indian and multinational companies in particular.

In present times, boundaries between nations have melted and multinational firms have become necessity for development. Researchers need to understand how HR practices transform

across various nations. While adopting global selection practices, multinational organisations are presented with a number of obstacles in the name of legal requirements and cultural values of a given country and ignoring them can lead to breakdown of the system (Ryan, Wiechmann, & Hemingway, 2003). It is for this reason a multinational firm need to understand what kind of recruitment and selection practices are successful in a particular country where it wishes to enter. With increasing FDI inflows and domestic economic growth, foreign firms in India are growing at a very high rate. To keep pace with fast growth, it becomes imperative for both Indian and foreign firms to recruit qualified personnel. Few empirical studies have examined the importance of HR practices in multinational firms in India (Aggarwal & Thite, 2003; Budhwar, 2012; Jain, Makhija, Mookerjee, Mysore, Raghavan, & Ramachandran, 2006), however, these studies are deficient in providing evidences of certain HRM issues. The present study is aimed to overcome the HR challenges of recruiting and selecting employees in particular the diversity of cultures, differences in selection method popularity, and legal and societal differences by facilitating the adoption of best recruitment and selection practices that are aimed at pooling and selecting the talented professionals.

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## PURPOSE OF THE STUDY

The foremost objective of the study was to investigate the various recruitment and selection techniques being adopted by the organisations operating in India. The following were set as sub-objectives:

- to examine the variations in adoption of recruitment practices/techniques between Indian and multinational companies
- to investigate the disparities in adoption of selection practices/techniques between Indian and multinational companies.

## LITERATURE REVIEW

In a tight labour market, organisations are facing a great competition in chasing the desired employees. A survey of 33,000 employers in 23 countries reveals that 40% of employers find it difficult to find and hire the desired talent (Manpower Inc., 2006). Having a significant number of employees who are knowledgeable or skilled in a particular technology definitely constitutes a potential source of competitive advantage for an organisation (Khandekar & Sharma, 2005). As a result, more and more domestic and global organisations are designing their hiring systems in a way that enable them to acquire best person whose knowledge can be used for competitive edge. However, a single course of action does not exist that can tell how to recruit and select employees as different employers have different recruitment and selection methods and policies depending on their operations, size and industry needs (Sackett & Lievens, 2008). According to Dowling and Schuler (1990), staffing is the most prominent IHRM practice that multinational companies have used to help co-ordinate and control their far-flung global operations. With significant increase in the presence of multinational companies in India, it becomes imperative for HR practitioners to have thorough understanding of local staffing practices so that they can successfully implement staffing practices. This study attempts to explore the recruitment and selection methods practiced by employers in Indian domestic and foreign organisations.

Considerable variations exist in recruitment and selection methods and practices across national borders. A number of research studies support culturally divergence view of HRM with recruitment and selection practices being related to culture and to differ across nations (Easterby-Smith, Malina, & Yuan, 1995; Hsu & Leat, 2000; Ryan, McFarland, Baron, & Page, 1999). On reviewing 13 surveys of selection techniques applied in European organisations, Levy-Leboyer (1994) have found that interviews and application blanks are used in all countries but graphology is used only in France. However, written references are not used to a great

extent in France. They have concluded that situational tests and assessment centers are applied more often in the UK, Germany and the Netherlands as compared to France and Belgium. According to Dean (1992), work sample tests are hardly used in the United States. In Germany, it is reported that use of general mental ability tests is decreasing day by day (Schuler, Hell, Trapmann, Schaar, & Boramir, 2007). In Australia, 35% of companies have seldom used situational interviews (Di Milia, 2004). Scholarios and Lockyer (1999) highlight in their study that no Scottish firm use assessment center as a selection practice. Hsu and Leat's (2000) study of Taiwanese firms has reported that for entry level recruitment, employers in Taiwan mostly use employees' referrals of family members, relatives, or close friends.

Indian culture is found to be different from a number of countries while using Hofstede's (1980) cultural dimensions as a metric. Being high on uncertainty avoidance dimension, Indian organisations tend to use more types of selection tests, monitor their recruitment processes in more detail and are used to collect objective data for making selection decisions (Ryan et al., 1999). It has been identified that the nature of HR function in local Indian firms is similar to traditional personnel management due to strong influence of local management practices (Saini & Budhwar, 2008). Ryan and Tippins (2004) have stated that culture is the main factor that has lead to differences between Indian and American organisations' hiring practices. Indians do not prefer privacy as much as do Americans, and therefore do not hesitate to include questions related to personal information during the hiring process. Being high on power distance dimension, organisations in India still use limited search methods while recruiting and emphasize more on connections whereas countries like US and Denmark that are low on power distance dimension, adopt multiple search methods, prefer extensive advertising while recruiting. Recruitment channels and methods are informal and network-based in organisations of high uncertainty avoidance countries. Internal recruitment methods such as 'promotion from- within', 'transfers' and 'job rotations' are quite popular and important in Indian context as Indian culture is characterised by a high degree of in-group collectivism (House, Hanges, Javidan, Dorfman, & Gupta, 2004). However, it has been identified that this way of recruitment is not much successful in getting qualified employees in foreign firms in India as these firms have not yet largely formalised internal recruitment (Holtbrügge, Friedmann, & Puck, 2010). Innovative practice like external recruitment is generally adopted in cultures that are low on uncertainty avoidance (Aycaan, Al-Hamadi, Davis, & Budhwar, 2007).

Recruitment is generally defined as the procedure of developing a pool of skilled candidates who can apply for employment in an organisation (Bratton & Gold, 2003). It represents one of the core staffing activities as provides an

important resource- human capital to the organisation and therefore, need to be proficiently planned and conducted for organisations to achieve success (Heneman & Judge, 2005). Several research studies have recognised recruitment techniques as being either formal or informal (Ullman, 1966). Major formal recruitment practices are newspaper advertisements, job centres, and employment agencies whereas technique like “word of mouth” or we can say, referral by existing employees is a good example of informal recruitment methods (Carroll, Marchington, Earnshaw, & Taylor, 1999). According to Zottoli and Wanous (2000), informal recruitment methods result in higher quality and more committed workers than formal methods.

In a study of Scottish professional firms, Scholarios and Lockyer (1999) have found that the most popular sources of recruitment are local and national press, recruitment agencies, and informal methods, such as referrals, although some variation have been found across professions. Terpstra (1996) has analysed the effectiveness of nine recruitment sources through a survey of 201 large United States (US) companies. The study has also identified employee referrals, college recruiting and executive search firms as top ranked sources for recruitment. Jusoh and Kok Ai (2002) have highlighted media advertisement as the highly utilised source to recruit managers in Malaysian firms, followed by employee referrals and executive search firms. In recent years, Internet has emerged as a popular recruiting tool and is widely used by both recruiters and job seekers across the world (Arthur, 2008). Approximate 90% of large US organisations are presently recruiting applicants via internet, while showing a high dependence on the ‘careers’ sections of their websites (Anderson, 2003). According to Lermusiaux (2003), organisations that put their own career websites recruit proactively and thereby, increase their chances of finding suitable employees. Rioux and Bernthal’s (1999) survey highlights that Internet is the most successful advertising medium for recruiting managerial/professional positions, whereas local newspapers are the preferred advertising medium for non-management positions, and national newspapers are widely used to recruit managerial/professional candidates.

Selection is the process of gathering information for the purpose of evaluating and deciding who should be employed in particular jobs (Dowling, Schuler, & Welch, 1994). The selection techniques available to organisations can be bifurcated from more traditional methods like interviews, application forms and references to more sophisticated techniques that encapsulate aptitude tests, assessment centres, work samples, psychological testing, and so forth. Considerable progress in understanding of selection systems has been made in recent years. According to Sackett and Lievens, (2008), organisations have greatly improved their ability to predict and model the likely outcomes of a

particular selection system. Choice of selection methods in organisations is generally based upon the nature of the work being done (skill requirements), training, and pay level (Wilk & Cappelli, 2003). While assessing selection methods in various professions, Scholarios and Lockyer (1999) have found clear preferences for less technical selection methods, most obviously, the CVs, references and interviews. They have reported that very few firms were formalised structured methods such as psychometric tests and assessment centers. Sri Lankan companies place high emphasis on use of objectivity in selection criteria and therefore, practice written tests, interviews and psychometric tests to a greater extent (Wickramasinghe, 2007). Snyder and Shahni-Dennings’ (2012) study on Indian professionals reveals that among various employee selection methods, interviews and resumes were perceived as the most favourable selection methods, while graphology and honesty tests were among the least favourable methods. It seems that candidates in India have a preference for methods that focus on their personal characteristics over methods that focus on work-related characteristics.

## RESEARCH METHODOLOGY

### The Sample

Primary data based on 426 respondents of 126 organisations were collected and analyzed to achieve the stated objectives. The distribution of the sample can be seen in Table 1. Table 2 displays the characteristics of the sample. Table 1 showed that the sample included Indian companies (42.06%) and multinational companies (57.94%), further, managers sampled in Indian companies was (42.3%) and in MNCs was (57.7%).

**Table 1: Distribution of the Sample**

Variables	Categories	Number	%
Organisations	Indian	53	42.06
	MNCs	73	57.94
	Total	126	100.0
Managers	Indian	180	42.3
	MNCs	246	57.7
	Total	426	100.0

Out of the total sample, 81.8% were males and 18.2% were female managers/ employees. 84.5% employees/executives were married. Considering the age of employees, most managers fall in the age category of 26-30 years (28.6%) and 31-40 years (34.3%) and average age of the respondent employees/ executives was found to be 35.5 years. Further, out of the entire sample 54.0% were HR managers and 46.0% were non-HR (line) managers. Average total work

**Table 2: Characteristics of the Sample**

Variables	Categories	Average	Number	%
Gender	Male		346	81.8
	Female		80	18.2
	Total		426	100.0
Marital status	Married		366	84.5
	Unmarried		60	15.5
	Total		426	100.0
Age	Under 25 years.	35.5	34	8.0
	26-30 years	(SD =7.123)	122	28.6
	31-40 years		146	34.3
	41-50 years		94	22.1
	51-60 years		30	7.0
	Above 60 years		0	0
	No Response		0	0
	Total		426	100.0
Designation	HR		230	54.0
	Line		196	46.0
	Total		426	100.0
Work Experience	Corporate Sector	10.93 (SD =7.359)		
	Present Company	5.47 (SD =5.304)		

experience of the managers in the corporate sector was 10.93 years, whereas average work experience in the present company was 5.47 years.

## The Measure

Two separate measures were developed for investigating the adoption of recruitment and selection methods, one for recruitment methods and another for selection methods. All the statements included in both the measures were of dichotomous nature. Available literature has provided us the directions to recognize the indicators of recruitment and selection practices adopted by the corporation working in India. For the recruitment measure, eight items viz. direct applicants, placement consultants, job portals, employee referrals, through temporary staffing, head hunting, advertisement in newspapers, and maintaining corporate websites were selected (Arthur, 2008; Wickramasinghe, 2007). In case of selection methods, five items i.e. written tests, test on specific skills, psychometric tests, general interview and technical interview were considered (Arthur, 2008; Ryan *et al.*, 1999; Wickramasinghe, 2007). For all items/statements contained in both the measures, the respondents were required to say 'yes' if the respondent agreed about the method as being followed by the organisation. Similarly, if the respondent did not agree over the statement, he was

required to say 'No'. 'Yes' response was given the value of '1' and to 'no' response, it was '0'.

## Statistical Methods

To identify the major dimension of responses of items, the study relied on Latent Trait Model (Bartholomew, Steele, Moustaki, & Galbraith, 2008; Moustache, 1996). In survey data focusing on specific problem, it is generally expected that the variables involved are interrelated to each other due to some common factors also named as latent variables. To determine whether the interrelationship can be explained by a small number of latent variables, the researcher always searches for data reduction techniques. Earlier researchers have suggested to use factor analysis or its variants, in case the variables are measured on a metric scale (discrete or continuous). In a typical factor model, it is assumed that the observed variables ( $x_1, x_2, \dots, x_p$ ) are metrical and can be put as a function of latent variables ( $f_1, f_2, \dots, f_q$ ) and residual ( $e_i$ ). The model is therefore, depicted as:

$$X_i = \alpha_{i0} + \alpha_{i1}f_1 + \dots + \alpha_{iq}f_q + e_i \quad (i=1,2,\dots,p)$$

Here it is assumed that  $f_i$  are normally distributed i.e.  $f_i \sim N(0,1)$  and  $e_i$  is also behave as  $e_i \sim N(0,1)$ . Since  $f_i$  and  $e_i$  can take any value and are independent of each other,  $x_i$  can also take any value. The problem arises when variables cannot

be measured on a metric scale, in that case, such linear factor model is no longer remain valid for data reduction. It becomes important to identify the link function which can generate the dichotomous values for given latent variables. In recent past, a statistician has searched out this link function in the form of logistic function where frequency plays the same role as correlation in factor analysis. If we work in the spirit of factor analysis in case of binary variables ( $x_i$ ), then expected value of  $x_i$  given the  $f_s$  can be written as:

$$P_r(x_i=1/f) = \pi_i(f)$$

where  $\pi_i(f)$  is the conditional probability that binary variable  $x_i$ , equals one given the values of the  $q$  latent variables  $f_1, f_2, \dots, f_q$  represented by  $f$  vector. The function which measures relationship between  $x_i$  and  $f$  is known as link function. In case of latent trait model, this link function is to determine the latent variables underlying the interrelationship between binary variables is based on logistic regression model. It can be specified as:

$$\log \pi_i(\mathbf{f}) = \log_e \left( \frac{\Pi_i(\mathbf{f})}{1 - \Pi_i(\mathbf{f})} \right) = \alpha_{i0} + \alpha_{i1}f_1 + \dots + \alpha_{iq}f_q$$

where  $i = 1, 2, \dots, p$

where the left hand side is a probability that takes values between 0 and 1 and the right hand side is not restricted in any way and can take any real value. A latent variable model is accepted as a good fit when the latent variables account for most of the association among the observed responses. This fitness can be checked by mainly three ways, which are discussed briefly as follows:

**Global Goodness-of-fit Test:** This test is used for comparing the observed and expected frequencies across the response pattern. A test based on such a measure is the log-likelihood-ratio test. In such cases, the log-likelihood-ratio test statistic  $G^2$  is defined as:

$$G^2 = 2 \sum_{r=1}^{2^p} O(r) \log_e \frac{O(r)}{E(r)}$$

where  $r$  represents a response pattern, and  $O(r)$  and  $E(r)$  represent observed and expected frequencies respectively of response pattern. An alteration of it is to use the Pearson chi-squared goodness-of-fit test statistic  $\chi^2$  given as

$$\chi^2 = \sum_{r=1}^{2^p} \frac{(O(r) - E(r))^2}{E(r)}$$

with degree of freedom  $(2^p - p(q+1) - 1)$ , where  $2^p$  is the number of different response patterns and  $q$  = number of parameters = category of responses.

**Goodness-of-fit for Margins:** In this method, the fitness of the model is reviewed by constructing the contingency table of responses of two variables. The cells of contingency

table are examined for variations in observed and expected frequency by using  $\chi^2$  test. The proximity of these values represents the fitness of the model. Greater than four value of  $\chi^2$  statistic implies the poor fit of the model. The individual margins criterion provides the information about where the model does not fit.

**Properties of  $G^2$  Explained:** It measures to what extent the model explains the observed behaviour. It is defined as:

$$\%G^2 = \frac{G_0^2 - G_q^2}{G_0^2} \times 100$$

where  $G_0^2$  is the log-likelihood-ratio statistic, measuring the association between  $x_s(x_1, x_2, \dots, x_p)$ . The log-likelihood-ratio statistic  $G_q^2$ , for the model with  $q$  latent variables is the measure of the residual association between the  $x_s$  which have not been explained by the model. Its value always lies between 0 and 1.

## RESULTS AND DISCUSSION

To know or investigate the sequence pattern in the responses of indicators, latent trait model was employed in the study. For recruitment indicators, the results are presented in Table 3 and Table 4 and for the second i.e. the selection methods, the test results are tabulated in Table 5 and Table 6.

### The Recruitment Methods

In Table 3, the results are presented mainly in two columns for given data sets, and figures in last row shows the fitness of the model. Column related to sample frequency consists of relative frequency of responses of 'yes' in overall sample, and the frequency of 'no' response can be derived from it by subtracting yes proportions. Sample frequency is signified as relative frequency which may assume fractional values within the range of 0 to 1. For aggregate data and in its subgroups (Table 3), all the items have 'yes' responses in majority, but having variations. It depicts that all the firms whether Indian or MNCs are adopting recruitment practices embodied in all eight recruitment methods, though these are not equally established in both the sectors. The recruitment practices like temporary staffing and advertisement in newspapers are relatively less practiced in all the organisations, while same is true for MNCs also, and in case of Indian companies, the less practiced practices are temporary staffing, advertisement in newspapers, head hunting and maintaining company websites. Further the very less adopted recruitment technique in Indian companies is advertisement in newspapers.

These companies are working under similar macro-economic and policy environment, which may have caused this interrelationship between item responses. To decide on the

**Table 3: Sample Responses and Most Likely Responses Regarding Recruitment Techniques**

Items	All data set (N = 426)		MNCs (N = 180)		Indian companies (N = 246)	
	Sample frequency	Median probability P(X=1/Z=0)	Sample frequency	Median probability P(X=1/Z=0)	Sample frequency	Median probability P(X=1/Z=0)
Direct applicants	0.831	0.996	0.902	0.9575	0.733	0.8438
Placement consultants	0.906	0.938	0.935	0.9839	0.867	0.8779
Job portals	0.812	1.000	0.902	0.9972	0.689	0.7365
Employee referrals	0.878	0.959	0.951	0.9914	0.778	0.8832
Through temporary staffing	0.634	0.886	0.659	0.8998	0.6	0.9396
Head hunting	0.709	1.000	0.772	0.9997	0.622	0.7048
Advertisement in newspapers	0.662	0.882	0.724	0.8778	0.578	0.6502
Maintaining company website	0.784	0.969	0.87	0.9835	0.667	0.8661
% of G-square explained	-----	67.0825	-----	57.1985	-----	46.5054

most likely chances of responses under general environment, latent trait model is used on the observed data. The results of the model are offered in terms of median probability positioned in the neighbouring column of sample frequency. These probability figures are also called transitional probability of responses. For instance, among all the given recruitment items, the figure .882 for aggregate dataset, .877 for MNCs data set, and .650 for Indian companies data set regarding advertisement in newspapers are less likely to be answered positively by median individuals or randomly selected 50% individuals. These statistics are further employed to recognize the recruitment techniques that make discrimination between the responses in the system. Such high values of median probability help in predicting the more likely chances of getting positive responses for assumed indicators regarding recruitment under common environment/factors in relation to sample frequency.

The findings of estimated latent trait model related to recruitment techniques are tested for its goodness-of-fit at aggregate level and at marginal level; the last row of table includes the %G values of the model showing the percentage of correct responses reflected by the model at aggregate level. Table 4 shows the response pattern and observed vs. expected behaviour of the responses. It exhibits that most of the categories of responses having frequency below 5, which makes the model difficult to compute the fitness criteria in terms of  $\chi^2$  statistic with positive degree of freedom. However, on constructing the contingency tables of responses for given items on marginal level, model is found to be fit according to the given data and most of the computed chi-square values are below 4. The figures in third column of each data set (i.e. all, MNCs and Indian companies) of Table 4 are consistent with our findings, where majority of response pattern is yes

to all the items.

It may be deduced that on an average, the firms want to utilise more of all the methods of recruitment in relation to observed behaviour. India is a vast country and dual in nature regarding the access to information, so the firms in present market oriented competitive environment are using several methods of recruitment to tap the talent in the system. In this environment, temporary staffing and advertisement in newspapers can be taken as discriminating indicators for responses for aggregate data set. Further, newspaper advertisement is no longer regarded as a trending practice in recruiting suitable candidates. Its value reflects the less likely to use, consistent with IT driven new business environment. However, Scholarios and Lockyer's (1999) study has found local and national press as the most popular sources of recruitment. Across the group, it is found that the MNCs behaviour is almost similar to the aggregate behaviour. The recruitment techniques adopted in Indian organisations vary from MNCs, further, the results have revealed that advertisement in newspapers, head hunting, and job portals are major indicators to make distinction in the responses. It may be argued that for acquisition of good talent, Indian organisations have to compete with MNCs as MNCs are using Internet based sources like maintaining their own websites and job portals more in comparison to Indian companies. With rise in waves of internet era, the number of internet users in India is increasing considerably which is why, the Indian firms have deviated from traditional low tech methods of recruitment like advertisement in newspapers and are now more inclined towards internet based methods. On the same line, Arthur (2008) has opined that being a popular recruiting tool, Internet is widely practiced by organisations across the globe these days. Despite being the popularity of Internet

**Table 4: Response Pattern Regarding Recruitment Methods**

All data set			MNCs			Indian companies		
Obs.	Exp.	Response PATTERN	Obs.	Exp.	Response PATTERN	Obs.	Exp.	Response PATTERN
226	209.568	1 1 1 1 1 1 1 1	150	139.562	1 1 1 1 1 1 1 1	76	57.378	1 1 1 1 1 1 1 1
12	1.824	0 1 1 0 0 1 0 0	16	7.886	1 1 1 1 0 1 0 1	12	0.629	0 1 1 0 0 1 0 0
8	2.969	1 1 1 1 0 1 0 0	8	3.449	1 1 1 1 0 0 0 0	4	1.024	1 1 1 1 0 1 0 0
4	0.688	0 0 1 1 0 1 0 1	8	1.298	0 1 1 1 0 0 0 0	4	0.1	0 0 1 1 0 1 0 1
12	3.462	1 1 1 1 0 0 0 0	4	1.043	1 1 1 1 0 1 0 0	4	1.995	1 1 1 1 0 0 0 0
16	8.891	1 1 1 1 0 1 0 1	4	0.82	0 1 1 1 1 1 0 1	4	0.747	1 0 1 1 1 1 0 1
8	6.615	0 1 1 1 0 0 0 0	4	0.173	1 0 0 1 0 0 1 0	4	0.482	1 1 0 1 0 0 1 1
4	1.057	1 0 1 1 1 1 0 1	8	15.324	1 1 1 1 0 1 1 1	4	0.776	0 1 1 1 0 0 0 1
4	2.944	0 1 1 1 1 1 0 1	4	1.471	0 1 0 0 0 0 0 0	4	2.554	0 1 1 1 1 1 1 1
4	0.426	1 0 0 1 0 0 1 0	4	0.018	1 0 1 1 1 0 1 0	4	0.251	1 1 0 1 1 0 1 0
8	5.001	1 1 0 1 0 0 1 1	4	1.007	1 0 1 1 0 0 0 1	4	1.2	0 0 0 1 0 0 0 0
4	1.638	0 1 1 1 0 0 0 1	4	2.261	1 1 0 1 0 0 0 1	8	2.26	1 1 0 1 0 0 0 0
8	13.307	1 1 1 1 0 1 1 1	4	0.675	1 0 0 1 0 0 0 1	4	3.925	0 1 0 1 0 0 0 0
12	7.829	0 1 0 0 0 0 0 0	8	1.008	0 1 1 1 0 1 0 1	4	0.07	1 0 1 0 0 0 1 0
4	0.06	1 0 1 1 1 0 1 0	4	0.098	1 1 0 0 0 0 1 1	4	7.044	1 1 0 1 1 1 1 1
4	3.386	0 1 1 1 1 1 1 1	4	5.8	1 1 1 1 0 0 0 1	4	0.139	1 1 0 0 1 0 0 1
4	0.67	1 0 1 1 0 0 0 1	4	0.046	1 1 1 0 1 0 1 1	4	0.166	1 1 0 0 0 0 1 1
4	0.699	1 1 0 1 1 0 1 0	4	0.675	1 1 0 1 0 0 1 1	4	0.113	1 0 0 1 1 0 0 1
4	1.945	0 0 0 1 0 0 0 0				8	10.093	0 1 0 0 0 0 0 0
4	5.188	1 1 0 1 0 0 0 1				4	0.033	0 0 1 1 1 1 1 0
4	1.191	1 0 0 1 0 0 0 1				4	0.335	0 1 1 0 0 0 1 0
8	6.203	0 1 1 1 0 1 0 1				4	0.754	1 1 0 1 1 0 0 1
8	1.117	1 1 0 0 0 0 1 1				4	0.491	1 1 0 0 0 0 0 1
8	6.704	1 1 0 1 0 0 0 0						
4	4.349	0 1 0 1 0 0 0 0						
4	0.04	1 0 1 0 0 0 1 0						
4	3.408	1 1 0 1 1 1 1 1						
4	0.347	1 1 0 0 1 0 0 1						
4	4.127	1 1 1 1 0 0 0 1						
4	0.287	1 0 0 1 1 0 0 1						
4	0.093	0 0 1 1 1 1 1 0						
4	0.384	1 1 1 0 1 0 1 1						
4	0.119	0 1 1 0 0 0 1 0						
4	1.73	1 1 0 1 1 0 0 1						
4	2.031	1 1 0 0 0 0 0 1						

based recruitment methods, traditional methods like direct applicants, placement consultants, employee referrals are still popular in both MNCs and Indian companies. Further, recruitment through temporary staffing is moderately used by MNCs as well as Indian companies.

### Selection Methods

The procedures practiced for selection among existing companies is investigated by using five prominent dimensions i.e. written tests, test on specific skills, psychological tests, technical interview, and general interview. To get the overall picture of these dimensions, we adopted the same procedure

**Table 5: Sample Responses and Most Likely Responses Regarding Selection Methods**

Items	All Data Set (N = 426)		MNCs (N = 180)		Indian Companies (N = 246)	
	Sample frequency	Median probability $P(X=1/Z=0)$	Sample frequency	Median probability $P(X=1/Z=0)$	Sample frequency	Median probability $P(X=1/Z=0)$
Written test	0.878	1.0000	0.951	1.000	0.778	0.9995
Test on specific skills	0.784	0.9899	0.854	1.000	0.689	0.9331
Psychological tests	0.258	0.2518	0.293	0.276	0.211	0.0003
Technical interview	0.897	0.8968	0.894	0.967	0.900	0.9047
General interview	0.958	0.9914	0.984	0.998	0.922	0.9966
% of G-square explained	-----	83.313	-----	96.5193	-----	87.0296

**Table 6: Response pattern regarding selection methods**

All Data Set			MNCs			Indian Companies		
Obs.	Exp.	Response Pattern	Obs.	Exp.	Response Pattern	Obs.	Exp.	Response Pattern
206	210.144	1 1 0 1 1	132	133.131	1 1 0 1 1	74	75.078	1 1 0 1 1
2	0.259	1 1 0 0 0	2	1.978	1 1 0 0 0	10	7.531	1 1 0 0 1
30	24.539	1 1 0 0 1	20	19.932	1 1 0 0 1	22	20.75	0 0 0 1 1
88	83.011	1 1 1 1 1	50	49.817	1 1 1 1 1	38	34.765	1 1 1 1 1
2	2.288	1 1 0 1 0	2	1.531	1 1 0 1 0	14	16.855	1 0 0 1 1
28	27.746	0 0 0 1 1	6	5.848	0 0 1 1 1	2	0.186	0 1 0 1 0
26	30.222	1 0 0 1 1	6	4.38	0 0 0 1 1	4	3.424	0 0 0 0 1
2	0.189	0 1 0 1 0	12	11.46	1 0 1 1 1	12	10.783	0 0 0 1 0
6	5.189	0 0 1 1 1	12	13.153	1 0 0 1 1	4	2.174	1 0 0 0 1
12	7.304	1 0 1 1 1	4	3.865	1 1 1 0 1			
4	9.794	1 1 1 0 1						
4	2.977	0 0 0 0 1						
12	8.969	0 0 0 1 0						
4	3.343	1 0 0 0 1						

as in the above recruitment methods. The behaviour of observed responses and responses mapped by latent trait model is presented in Table 5 and Table 6, respectively. The figures in the last row of Table 5 indicate that the model related to selection methods has high goodness of fit. Also, the majority of the computed values of chi-square are found below 5, highlighting the reliability of results in the form of median probability.

The figures in Table 5 revealed that all organisations have more emphasis on practicing the methods related to evaluation of skills, education, communication skills, and general behaviour. The psychological test has emerged as one of the indicators to discriminate among the responses. The similar types of results are also generated by the latent trait model (ref. Table 5) given in the column heading under

median probability. It may be reasoned that psychological tests are primarily developed under western environment, so these tests may not be effective to evaluate the attitude of person groomed in Indian culture.

For subgroups behaviour of MNCs and Indian companies, the overall behaviour is almost similar to aggregate behaviour. However, the psychological test has emerged as relatively more discriminating method in Indian companies. It may be due to the reason that Indian organisations are now conscious of ineffectiveness of psychological test, causing it is less likely to be used for selection process. On the other hand, in MNCs, psychological test is also less practiced in relation to other components of selection procedure. But being part of international environment, psychological test is considered as a formal component of selection process,

so these companies are using relatively more than the Indian companies. Written tests, general interviews, and tests on specific skills for selection are prominently practiced for selection in both MNCs and Indian organisations.

Mathew and Jain's (2008) study has also reflected similar findings. They have also not found differences between Indian and foreign MNCs on adoption of HRM practices. According to them, the unpredicted similarities are possibly due to more developments in information technology, close levels of innovations between Indian and foreign MNCs, and related business cultures of Indian and foreign MNCs. The technical interview is relatively more used by MNCs than Indian organisations. It may be rationalised that MNCs in general are in the business where Indian firms have comparative disadvantage, so they enter in the system with specific technology which require person who are well versed with its skill dimensions. Broadly, the results of latent trait model as presented in Table 5 showed that both MNCs and Indian companies tend to prefer written tests and general interviews as common selection procedure for entry level of managers. In addition, to test the specific skills and technical knowledge of the candidates, median probability scores have highlighted that MNCs use test on specific skills and technical interviews comparatively more than Indian companies.

## CONCLUSION

The study presented here explores the progression in previous work on recruitment and selection that is not only theoretically grounded but also practically relevant. The results suggest that there are both similarities and variations in recruitment and selection methods among Indian and multinational firms operating in India. The recruitment methods like temporary staffing and advertisement in newspapers are relatively less practiced in all the organisations, whether MNCs or Indian organisations. However, in Indian companies, head hunting and maintaining company websites are also less adopted practices. The results reflect that the very less practiced recruitment method in Indian companies is advertisement in newspapers. Also, it has been found that conventional methods like direct applicants, placement consultants, and employee referrals are still accepted in both MNCs and Indian companies. In case of selection methods, both MNCs and Indian organisations put emphasis on written tests, general interviews and tests on specific skills. However, psychological tests and technical interviews are relatively more practiced by MNCs than Indian organisations. The explanation of variations in recruitment and selection methods can be given as varied degree of adoption, adaptation and innovation of HR practices within organisations operating at global level. It can be said that the differences are appeared to be driven by factors such as the corporate strategy, structure or culture

of an organisation. In contrast, the similarities are reflected due to adoption of "best practice approach" and increased use of IT tools at various levels in organisations.

The present study generates insights that will contribute to employers' understanding in areas related to staffing function. The practices found here may constitute benchmarks for other foreign organisations that are about to enter in Indian market and are less known to the business environment in India. Indian organisations can also learn from the behaviour and practices of MNCs while recruiting and selecting people in the organisations. This may help for creating a bigger pool of candidates and making better choice of talent. This study extends the existing literature and will definitely make addition to management and human resource management literature. The current study has also some limitations. Being a national level study, the chosen sample is relatively small. To get more concrete and generalised results, the future researchers need to adopt reasonably bigger sample size. Further, future survey may be conducted across industries which is again a limitation of this study. As the data sample was related to the respondents belonging to Indian culture only, the future researcher may collect data across cultures to make the study comprehensive.

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