

Internal Recruiting Strategy as an Instrument for Managing Knowledge Workforce During Critical Times

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Abstract

In determining whether to recruit from within or outside the organization, employers should consider the nature and level of the job, structures of the firm and industry, and an organization's system of human resource management policies and procedures, such as intensive recruitment and screening policies and training are required. This article focuses on why internal recruitment should be considered as a source of recruitment. Secondly, to reduce the cost of hiring and to retain stable employees with the required competence for a position. The internal recruiting strategy provides a source of motivation for each individual promoted and assures that high performers are rewarded. Internal hiring must be preferred to external hiring considering the knowledge and skills specific to the firm are essential for the organization growth when promotions are vital for encouraging and motivating current workers when the recruitment budgets of a hiring blunder are mainly large, and when a surplus vacancy is not too costly (created when a worker switches jobs internally). This article focuses on analyzing the significance of internal recruitment and justifies its need for particular positions in the organization.

Keywords: Internal recruitment, Promotion, Retention, Internal mobility and Leadership.

Introduction

Hiring and retaining worthy employees is not only important to business, but it is very crucial. Hiring should not be an issue thought about only on the day that an employee gives notice and present you with the immediate need to fill a position. The question is essential, but it should not be the utmost critical in terms of defining if an individual in a new position succeeds or fired. There are significant benefits of internal promotion over external applicants that lead to continued resilience of domestic labor markets in the face of pressures of worker mobility. The recruitment process determines whether qualified internal candidates exist to ensure the right person with the right skills is selected for advancement opportunities. There can be a more precise evaluation of internal candidates because they are acquainted with the organization; there are strong references and performance assessment records available for them.

Research Methodology

This article is based on a review of several authors who worked on an internal recruiting strategy. This study is a review based research methodology to understand why internal recruitment is preferable than external. This article tried to analyze the significance of internal recruitment and justify its need for particular positions in the organization. There is an extensive research gap found while studying the review of the literature related to internal recruitment that most studies focus on all recruitment sources and justify on the pros and cons of internal and external but which is the better way in the present context

remains a dilemma. Therefore, this article focus on reflecting on studies of internal recruitment and analyzed its importance of internal hiring versus external hiring approaches.

Review of literature

According to DeVaro (2016) stated that “managerial and professional jobs” are more frequently occupied through “internal promotions” or horizontal transfers than through external hiring’s.

There is an apparent reason to select internal employees because they understand the business and its organizational culture and have developed competence that is organization-specific and as per the need of the organization. These managerial competence try to inculcate long-lasting employment relationships between employees and employers because of their uniquely productive employment relationship; it benefits both employees and employers and develops cordial & loyal relations. Moreover, both parties’ prospects that the employment relationship will encourage the desire to invest in further developing this competence. Also, when hiring internally, the level of ambiguity is lower down, which reduces the mistakes of hiring and cost-effective for the organization.

According to DeVaro (2016). “That consideration is individually important when the organizational costs of a bad hire are high.” Other rationales for internal hiring concern incentives.

According to Chan (1996) stated that If workers know that “they need to outperform only their internal peers to win a promotion, (as opposed to a vast pool of potential external hires) a bit of extra effort can meaningfully increase their chance of victory.” In distinction, also having to outperform an undetermined number of external applicants is unfavorable, and additional effort may not seem worthwhile. Employers might then bias promotion competitions in favor of insiders.

According to Internal talent market technology in the Gartner Hype Cycle for Human Capital Management, 2018 stated in their article that benefits of an internal talent market are many. Employee willingness to go above and employee intent to stay is 33% higher and beyond at work is 27% higher, at organizations with a more vibrant internal labor

market. Managers also report internal hires to perform better than those hired from outside across a whole range of measures, collaboration, including attendance, and meeting expectations — factors that all contribute to fewer hires regretting their decision to take the job.

Companies often underweight the value of engagement capital; they have built-in their existing workforce.

According to Handcock in his article, it was stated that “The best organizations understand that it is insufficient to empower employees simply, you need to actively ‘engineer the market,’” “Companies often don’t realize the true value of engagement capital they have built-in their existing workforce, and the organizational knowledge those people possess within the organization. Ensuring that organization are tapping into this organizational talent pool, while still bringing in people from outside with diverse backgrounds and experiences, is the only a winning formula as stated by HR professionals.”

The literature on employee mobility displays that a noteworthy portion of jobs is occupied by internal as an alternative to external recruiting (e.g., Baker et al. 1994 and Lazear & Oyer 2004b). Three hypothetical descriptions have been presented for businesses’ trends to support internal promotion. Internal mobility—how that happens—is not just a way to retain talent. It also helps to create a strong magnet for people outside your industry who seek professional fullness. The result? The talent market can see your organization as one that champions ambition and performance in everything it does. Think about what kind of talent you’ll attract and keep—whether inside or outside your organization. A new approach to internal mobility Transforming a culture to promote internal movement should be seen as part of a more significant, systemic approach to talent management. It begins with an experience that one of the multiple valid ways to promote retention, internal mobility and career ambition is to champion it at the highest levels and build it into the culture of the organization. But that takes a shift in mindset.

The first explanation state as it is disproportionate facts. If organizations are better well-versed about internal candidates than about external candidates (e.g., Novos 1992 and Novos 1995), this may be

the reason that internal candidates are selected over external ones with similar observable characteristics. For instance, a foreign applicant with a slight high education and knowledge level would be screened out over a low-educated and knowledge level internal candidate who is perceived to be with average ability may be favorably treated.

The second explanation for an internal hiring preference is that individual workers are valuable assets to the firm; they are “specific human capital than external workers” the external worker may lack particular knowledge about the organization (e.g., Bayo-Moriones & Ortín-Ángel 2006 and DeVaro & Morita 2013). Thus, internal hiring prefers over foreign in this type of condition and always prefer for the betterment of the organization as it may require less training cost overtraining an external candidate. The third explanation for favoring internal candidate is the “concerns of incentives” (Malcomson 1984 and Chan 1996) or rewarding employees. According to DeVaro et al. (2014), one aspect of promotions is to create incentives to utilize the effort of the internal candidate. These incentives are cut if the firm hardens its employees’ competition by hiring external candidates and makes an internal employee uncomfortable.

As Waldman (2003) suggested that the internal hiring procedures are different for different sector firms to realistically commit towards supporting promotions for internal employees even when there are superior external candidates existing and ready to work. This decides a time contradiction is produced by the “dual role of promotions.” That is, an organization must depend on promotions to generate motivation level for the top performer (Internal) if it later becomes clear that there is a more substantial (perhaps external) candidate for a managerial post. But such a transition decision is considered when the internal candidate starts underperforming, and the organization has to tolerate its harmful effect. The result is that organizations prefer to hire internally and only hire externally when the applicant is perfect. These incentive concerns are exclusively related when the number of staff in the promotion category is fixed.

The Benefits of Internal Recruitment or Hiring of Candidates

According to Sullivan (1999) state, the causes for outside selection are a comprehensive and costly affair; encouraging a range of leaders from within also carries many benefits. The motivations of internal candidates include a more precise evaluation of candidate presentation, and it’s cost-effective. Also, the promoted member of staff is already accustomed to the organizational culture and policies. Lastly, the promotion of the internal team determines the probability of career growth within the organization and motivates other employees to show equal effort.

Applicant Appraisal

According to Mitchell et al. (2013), The staffing process determines whether qualified internal candidates exist to ensure the right person with the right skills is chosen for the progression opportunities. The precise estimation can be composed of internal candidates for the reason that they are known, and there are having organization references, and performance appraisals record available (Sullivan, 1999).

Smooth Changeover

The internally promoted candidate is previously acquainted with the organization’ policies and culture. This offers a smooth changeover when both manageable and uncontrollable factors contribute to filling the vacant position in management. There is the steadiness of the broad vision of the organization; subsequently, internal recruits are trained and equipped to accept the management position (Ellinger et al. 2014). Leaders promoted from inside can initiate their new role faster (Sullivan, 1999).

Cost-effective Recruitment

The internal hiring there is no requirement for advertisement and orienting new candidates, which might cut down on the cost (Gruzd, 2011). According to Gruzd (2011), hiring and training new staff is costly, and therefore, retention strategies, like promoting from inside the organization, are a top priority. Hiring internally for management positions permits the organization to hire externally for entry-

level positions where the cost is lower. The extents of a poor choice are also smaller (Sullivan, 1999).

Career Development

They are choosing an internal candidate often consequences in several promotions inside the organization. Internal promotions provide a cause of motivation for each individual promoted and designates that high performers are rewarded. Organizations that promote from inside are frequently seen as providing career progression and career safety, which supports the pull of staff enthusiastic for long term careers in a particular organization (Sullivan, 1999). Promoting employees inside the organization offers numerous benefits that are not found when hiring external candidates. In the end, the result is based on whether the gains are more while promoting from inside than the benefits of hiring an external candidate.

Staples Inc. is an American office retail company. It is business-to-business-oriented delivery operations and primarily involved in the sale of office supplies and related products via retail channels. At Staples, they are focusing on developing high-potential talent and preparing them for the next step in their careers. They have recognized the need for a rigorous talent management process and helping their associates to make for future roles. At Staples, Survey after survey shows that career development is one of the top motivators for employees.

An effective transformation of HR's approach to internal talent requires buy-in across the organization, especially in an age where teams are replacing hierarchies. Groups are a testing ground for potential leaders—in short-term assignments and focused projects, someone can lead a team with minimal management experience. This provides them a window into their skills as a leader and gives them a chance to shine. Managers and HR leaders should work together to use team-based structures to identify possible internal candidates for promotion and further growth opportunities. It's not just about posting job openings and creating internal career mileposts. It's about stretching workers' imaginations, helping them see that they're capable of more than they thought and challenging them in real-life situations. HR will often have to take a leading role, and This work doesn't happen by itself.

Convolutedly linking culture, leadership, and HR can increase internal mobility and retention. But it makes specific efforts such as including the talent acquisition function, establishing career narrative-building, and creating learning and skills programs and investing in employee experience.

At Staples, they are super passionate about Culture of mobility: What you need is to retain associates and fill positions from within, you need to create a culture of mobility.— you can't ask for more than having your most senior leader talk about the importance of internal mobility. It will show internal candidates other employees who are already in a role they're interested in so they can connect with them and learn about the position before they apply. It's all about creating more connections and building awareness within and across the organization.

The net result of these efforts can be an organization able to invest confidently in its people. And just like buying back stock in its own growth story, the company knows exactly what it's getting and why it's confident in making a move.

As rightly stated by the Principal Product Manager, Anita Bowness, Customer Success for Saba Software. As the Global Practice Leader in Saba's Strategic Services group. She said in her article that to *build a legacy, we need to have leaders from within. That only can be possible if we believe in Internal recruitment as an ongoing process in developing an internal talent pipeline, which will almost certainly improve leadership bench strength and increase retention. She further stated that in helping people to learn new, directly applicable skills to perform at higher levels, the organization could also experience an increase in performance outcomes at all levels.*

While it is much less likely that an employee will devote his or her entire career to only one company, organizations that create opportunities for employees to explore new roles have a much higher chance of long-term retention.

Mentorship Programs support internal recruitment considering new initiatives that allow employees to explore and pursue their interests or mentor new hires to share their core knowledge. It determines the level of success by reviewing the ratio of internal hires to see how effective your succession and development programs can bring changes within the organization.

Retain, Develop, and Support People in a Competitive Market and Critical Times

Rapidly changing business conditions can't get in the way of the organization's success. The companies that are confident in their talent development strategies and workforce succession plans know that the war for talent won't suspend their business goals.

The Internal recruitment strategy helps to spent time, energy, capital, and other valuable resources to find and hire them. And, smart business leaders will continue to leverage internal hiring as a key tactic in their more critical recruitment strategy, in this highly competitive market and during critical times.

Results and Discussion

The findings of this study suggest that according to the result stated by Waldman (2003) is that "firms prefer to hire internally and only hire externally when the candidate is perfect." Several organizational practices, such as assessing employees' competence and determines training needs which are associated with internal hiring (Pfeffer & Cohen 1984, Wholey 1985 and Bayo-Moriones & Ortín-Ángel 2006) the majority prefer to promote internal candidates into management roles. Furthermore, the reasons for the preferences were very similar, indicating that middle and upper management both value the same benefits when it comes to selecting candidates from within the organization than external the organization.

Conclusion and Implications

The outcomes can be evaluated for the organization's growth, expansion, innovation, and accomplishments. Results can be used in the future, employing the decision-making abilities of the Human Resource Department. The outcomes in this study could be applied in several ways. First, further research could explore the extent of insights, hiring preferences to investigate organization-specific depending upon institution focus and the difference between internal promotions and external applicants. According to DeVaro et al. (2015) they stated that "the higher levels (Managerial & Professional), internal promotion is the most common transition (39.9%)". Respondents indicated that when presented with an option to promote from within or hire an external candidate, the majority prefer to promote internal

candidates into management roles. Implications for hiring preferences of middle and upper management, internal promotion in hiring provides organization awareness by which management observes the quality and suitability of employee application. Reasons for applicant selection is predicted to reduce stress and other challenges connected with current hiring practices. The hiring manager often knows internal applicants and typically has a relationship with them as well. Knowing a great deal about your internal candidates and their performance will often shorten the interviewing process, getting you back to business sooner.

Internal recruitment teams are the way of the approaching future needs and tackling technological up-gradation is making it easier for companies to manage their recruitment process for futuristic companies who are a fast-moving pace. The digital methods to keep evolving the reason for trusting internal employees for upgradation. In this competitive era, candidates are changing at the same speed, so it always recommended to strengthen the organizations hiring processes if organizations need to be moving faster than others with an employee of choice that can run at the same pace with ease. Building and managing critical talent pipelines supported by a talent pool database of talent profiles are an essential part of a broad talent management strategy designed to foster organizational success.

During critical times it better to rely on internal resources rather than external. The future is unpredictable, as it is fast-moving. It is better to upgrade the internal mobility and development of the employees rather than searching for talent outside. An organization needs to be proactive and visualize the need for internal employee's growth opportunities by providing them leadership positions and stay motivated to engage themselves for the betterment of the organization.

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